

EFFECTS OF POST-COLD WAR PEACE IN THE FORMER YUGOSLAVIA

Ivica Lj. Đorđević, PhD
Faculty of Security Studies, University of Belgrade,
E-mail: djivica@gmail.com

Zoran Jeftić, PhD
Faculty of Security Studies, University of Belgrade,
E-mail: jefticz@ymail.com

Abstract

The fall of the Berlin Wall symbolically represents the end of the bipolar world order. That moment marked the beginning of a new era in international relations. Change at the top of the pyramid of world power, in fact, is the change of social, political and economic environment in global terms. Positive expectations related to the end of the Cold War were let down. There exists an escalation of instability in the areas, which are on the borderline of conflict of interest of former large rivals. The intention to dominate on a global scale has led to the activation of hotspots in the neuralgic geopolitical areas. The new practice has been promoted and introduced in the former Yugoslavia. Today's situation shows a total fiasco of the so called transitional model in most of the states formed on the territory of the former Yugoslavia. The economic and the political reality is a paradigmatic image of a failing transition model and the unfulfilled expectations of the Cold War.

In this paper, a comparison of the economic situation in the countries of former Yugoslavia in the eve of its dissolution as well as of the current situation is made through multivariate analysis, based on current economic indicators. The current status of the quality of life of citizens living in the countries formed on the territory of the former common state is analyzed based on the concept of human security settings and

by its dimensions and indicators. Results of the analysis show that the basis of the current issues is the poor economic situation resulting from the applied model of economic transition from socialism to capitalism.

Keywords: Cold War, the Berlin Wall, Transition, Human Security

Introduction

Post Cold War period is a significant disappointment in many respects compared to expectations of the majority of the people in the world. The effects of the processes of transition in the territory of the former socialist countries compromise democracy and capitalism as the ideals of which people behind the Iron Curtain dreamed.⁶¹ Particularly painful were experiences of the people who lived in the former Yugoslavia. The inability of local rulers to solve the economic problems that Yugoslavia was facing over the years caused discontent among the population. In order to maintain their position of party oligarchy, they diverted public attention from real problems and personal incapacity by pointing a finger at the members of other nations or republics. Social discontent was being instrumentalized and transformed into the worst forms of chauvinism which resulted in breaking of the common state. From today's perspective, we can say that the former Yugoslavia is a perfect example to prove the justification of the existence of the concept of human security. All seven dimensions of the concept had a negative trend in the movement of status indicators. Poor local conditions were additionally stressed by the negative impact of foreign factors. The unfortunate set of circumstances led to internal conflicts and implosion which is explained in different ways, but the fact is that the middle-age generations still have the feeling that their life in the former joint state was better than the life they live today.

In what follows, we will try to confirm (or dispute) the thesis that the quality of life in the former state community was better than it is today in independent mini states arisen from the rubble of the Socialist Federal Republic of Yugoslavia (SFRY or Former Yugoslavia).

⁶¹ According to the EBRD research for 2010, commitment to democracy in most transition countries has declined (EBRD, 2011: 22).

Concept of Human Security as Analytical Framework

The fall of the Berlin Wall and the disintegration of the Soviet Union and Eastern military and political Bloc is a turning point in international relations. The institutional control mechanisms, established under the pressure of ideological alternative existence are rendered disfunctional and a restrictive factor to doing business activities. Renouncing the concept of welfare state and a retrograde approach to resolving the problems of systemic crisis of capitalism has its manifestation in the territory of the former socialist (communist) countries, too. The Pamphlet on the End of History (Francis, 1992) gets its economic counterpart: the neo-liberal (neo-conservative) transition model whose promoter is Jeffrey Sachs⁶². The effects of the reforms implemented in the territory of the former Soviet Union are best described by the phrase: *economic genocide* (Bohlen, 1992). The coupling of former apparatchiks and representatives of big capital from the West leads to the collapse of institutions and their instrumentalization for the purpose of interests for maximizing the Transnational corporations (TNCs) profit. In the Report for 1994, having noted the negative trends of the effects of *the Washington Consensus* (Williamson, 2004) in transition countries the expert UNDP⁶³ team promotes the concept of human security, which evaluates the security of individuals in relation to the quality of their lives (UNDP, 1994). Certainly, there were previous cases in history of the state and its institutions working against the interests of its citizens, but the specificity of the transitional period is the high incidence of the phenomenon, or the number of people covered by this negative practice. Particularly important is the fact that the so-called transition and the perestroika before it are inspired by the wish to attain all of those positive effects of the free market and democratic political system of which the people behind the Iron Curtain dreamed.

The basic idea, presented in the Washington Consensus, which is operationalized through Jeffrey Sachs's transition model is banning state institutions from economic and public spheres. Privatization in all areas, not just state (socially) owned economic assets, but also the education system, health care and municipal services. Having noticed the cataclysmic consequences of their own model, the very

⁶² Jeffrey David Sachs, economic advisor to many politicians in different states through the years of transition (Poland, Slovenia, Russia, Estonia). <http://jeffsachs.org/about/>

⁶³ United Nations Development Program <http://www.undp.org/>

creators of the Washington consensus soften their initial position and switch to a less radical model expressed through the so-called New Washington Consensus, which does not insist on full privatization of education and health systems, and municipal services (Stiglitz, 2004). The consequences of the period of so-called primitive accumulation of capital in the transition countries have a bad effect on living conditions of the majority population. Given that the process is managed through mechanisms of institutions of national states it turns out that the citizens as the biggest victims of the transition are completely subjected to the mercy of predatory capitalism that has seized the opportunity and set out to conquer the previously inaccessible area.

The authors of the report have realized that the carriers of negative practice are very powerful, so much so that an individual country cannot deal with the imposed practice by itself. The idea is to point out the problem and initiate an international framework that could confront it on the basis of specific indicators. Opting for a seven-dimensional matrix whose elements are based on indicators of the quality of life of citizens, the authors of the report attempt to objectify the parameters to the existing status on the basis of which they can take the appropriate corrective action. In the aforementioned UNDP report the analysis of the state of security of citizens through the following seven dimensions (UNDP, 1994: 24-25) is proposed:

1. Economic security,
2. Food security
3. Health security,
4. Environmental security,
5. Personal security,
6. Community security and
7. Political security.

As can be seen from the structure of dimensions it is about aspects of life of citizens whose quality depends exactly on status indicators within each of the dimensions. Here an appropriate question can be asked: why the accent is on security and not on the quality of life. Our personal impression about it is that by securitization the authors wanted to pinpoint the gravity of the problem. In the previous bipolar world the concept of security had a magical power to mobilize resources and draw attention to specific issues. Viewed from this historical distance, it seems to us that the good intention of the authors of the Report on the UNDP development in 1994 is not fully realized in practice. The positive thing is pointing out the problem, which appears with

the globalization of economic flows, because after 1989, the world literally becomes the global capitalist battleground of large TNCs. Under the pressure of organization rationalization and goods and capital flows facilitation, the disempowered State is losing its main levers of power to control and influence the course of events. The inability of governments to create an environment in accordance with the needs of the local population leads to the absurd situation in which the citizens are less and less interested in participating in political processes and the political processes are increasingly used to shape the system in accordance with the needs of TNCs.

Economic security is not without reason, the first on the list of dimensions on which the security of citizens depends because the actual state in other dimensions depends on economic conditions. Certainly there is a feedback loop that the situation in other areas affects the level of economic security. The level of economic standard affects the quality of food, living conditions, the effectiveness of the system of medical care, environmental conditions, the level of crime, the efficiency of institutions, level of corruption, system stability and interest of citizens to participate in the political life of the community.

The situation in the former Yugoslavia could be used as a textbook example of a real practical value that the concept of human security has. Based on the situation and concrete indicators with the use of an early warning system in the territory of that country the alert lights would have lit up in at least 4 of the 7 listed areas. Economic indicators had a negative trend in a long period, the political system was showing serious signs of dysfunction, the security of individuals and communities in one part of the territory (Kosovo and Metohija) was completely undermined and such a situation was spreading to the rest of the country. We can open a discussion on whether the problem of dysfunctional political system led to the economic crisis or the economic crisis enlarged the shortcomings of the system, however it seems to us that it is irrelevant from this perspective; far more important is the fact that the accumulation of several factors contributed to the known outcome of events.

A short overview of the possible causes of the breakup of Yugoslavia

There are many causes that contributed to the disintegration of multinational and multi-confessional community composed of six federal units. Perhaps the most

comprehensive display of disintegration causes can be found in the journal *Philosophy and Society*, the issue on the subject: theoretical assumptions of understanding the breakup of Yugoslavia, in which prominent authors who were contemporaries of the process gave their view of chain of events (IFD, 1994). Of course, each author puts emphasis to their area of professional engagement, but a thin red line that connects most of the works emphasizes the economic aspects of the weak federal structure that contributed to intensifying hostility between the federal units. If we apply the concept of human security as an analytical framework for understanding the process, we come to the conclusion that, as we have already said, the economic situation is the result of poor conditions in other areas (dimensions) of human security.

Galtung, a Scandinavian author who knows well the state of affairs in the former SFRY presents some interesting observations about the political situation in this country: the political class, which was in power for about forty-five years managed to implement the program of reconstruction and development and to achieve impressive results. However, the maximum reached within the set political and economic model was followed by stagnation due to rigidity and inability to adapt to new conditions. During the seventies, and especially during the eighties, after Tito's death, deficiencies of the system come to the fore. Those deficiencies are not removed because of ideological reasons. Systemic deficiencies are manifested in the political sphere through the established vast bureaucratic apparatus (doubling the structures on the federal and republic level) that fails at being functional, which leads to the economic slump. The complex internal situation is further complicated by changes of the set of international circumstances: primarily a jump in interest rates in the international financial market that turns cheap loans into a heavy burden for the faltering economy, but also the fact that the country is losing the role of a buffer zone between the East and West, which has allowed Yugoslavia a privileged position in its relationships with major powers (Galtung, 1994: 25-28).

Political monopoly of the Communist Party without an alternative program does not allow for corrective mechanisms but further deepens the already existing crisis. Instead of solving economic problems and stabilizing the situation, incompetent party structures strengthen their shaken position by turning to nationalism. By definition, multinational federations, are unstable formations. In the case of former Yugoslavia, that moment is further emphasized by the historical burden of past events and experiences of the Second World War. Many of the problems arising during the

formation of a common state, especially during the great world conflict were not solved but only pushed under the carpet and covered with the glaze of brotherhood and unity of all nations and nationalities who lived in former Yugoslavia. This concept produced positive results in the period of prosperity of the common state but along with the first signs of economic stagnation the first nationalistic outbursts in Croatia and Serbia begin, ending with an all-embracing suspicion of everyone with respect to anyone.

In addition to economic and political dimensions of human security, negative trends also appear in other spheres relating to the quality of life of citizens in the territory of the former Yugoslavia. The continuing drop of real wages leads to a deterioration of economic standards but also to a declining efficiency of the system institutions, which reflects in the quality of food, level of health care, personal security and community security. Although the quality of life of most citizens of Yugoslavia is better than in the neighboring countries, dissatisfaction is growing with the fact that the parameters, by which citizens evaluate their position in the system, are dropping. In addition to internal defects, the pressure applied by the International Monetary Fund (IMF), which imposes restrictive models to the purpose of paying off foreign debt, is a very important factor for the negative trends. Instead of an improvement of the situation and changes for the better in the economic structure, the authorities opt for the reduction of consumption and imports in order to provide funds for the repayment of external debt. Stagnation of wages as a result of reduced investments and imports of raw materials additionally complicates the already complex situation. Like many times before, the conditions imposed by the IMF produce negative effects in practice, and in this context we can say that this organization gives its contribution to the dissolution of the SFRY (Chossudovsky, 1998: 243-263; Woodward, 1995).

International position of Yugoslavia is changing drastically with the warming of relations between the US and the Soviet Union (or Russia). A country that had significant privileges in the treatment by the great powers in times of the Cold War because of its geopolitical position, loses its former geopolitical significance after the fall of the Berlin Wall. Due to the change in the overall situation the then US administration was no longer willing to engage resources in the earlier scope to the purpose of monitoring events in former Yugoslavia. The structure of people in the administration who are not qualified enough to understand the implications of the upcoming process of disintegration also changes. On the other hand, the Soviet Union (and later Russia) has problems of its own. In these circumstances, the countries that

have emerged as new protagonists on the international geopolitical scene (united Germany and Hungary) see the opportunity to strengthen their influence in the Balkan Peninsula. Steps are made to stimulate the disintegration process through political support given to republics that want to leave the community (there were concrete steps towards arming the separatist forces in Croatia).

Interior institutions of the SFRY are unable to provide an adequate response in the existing circumstances. Stipe Mesic, Head of the Collective Presidency as the Croatian representative at the time of the dissolution, boasts of his role in crushing the country he chairs. Unity of the League of Communists of Yugoslavia as the only political organization of federal character is broken because of the struggle of republic structures for better positioning in the new set of circumstances. Republic structures take more care of their own positions by approaching the nationalist movements than of the reform of the system in relation to the new circumstances. One of the moments that seem incomprehensible from the perspective of democratic and institutional achievements is the announcement of multiparty elections without passing laws on party organization. This fact has enabled an active participation of the HDZ (Croatian Democratic Union - the party that gathered separatist-minded members of the Croatian nation) and SDA (Party of Democratic Action - the party that gathered nationalist-oriented Muslim). In their programs, these two parties openly promote breaking of the state and unitary BiH as the goals of their political activities.

Having been left without a supreme commander (Presidency) the Yugoslav People's Army as the armed force which constitutionally have the role (and obligation) to preserve the territorial integrity and sovereignty of the country is not able to change anything. Instead of carrying out its constitutional role, generals travel to Moscow and Washington seeking a solution and support for the action, which they do not get. Due to such set of circumstances, the breakdown occurs that has claimed thousands of lives, and devastated the economy and infrastructure.

Comparison of current economic indicators with the situation on the eve of the dissolution

The process of disintegration of Yugoslavia, as we have seen, is caused by many factors. Our consideration in this paper is restricted to the economic parameters. The

justification for this approach lies in the fact that the economic crisis has triggered the process of disintegration. While the economic situation was favorable, nationalism was sporadic but with the deepening of economic crisis national tensions gain strength. In addition, there is not enough space to deal more with the historical circumstances of the formation of a common state of southern Slavs and the roots of animosity between the nations that made up this country.

As a result of frequent borrowing on international financial market and taking cheap loans after the first oil crisis the Yugoslav economy enters a debt spiral. The rise of interest rates on loans drawn from abroad together with an increase in oil prices and a reduction in foreign demand is the beginning of the ongoing economic crisis, which lasts until the breakup of Yugoslavia (Stojanović, 1989: 103-104).

Statistical figures in Table 1 show that due to the discontinuity of the development and disintegration of the single economic space the situation is far worse in relation to the lost potential products of economies that continued to operate independently. A fully justified objection can be made regarding the approach, taking into consideration the further trend of tightening the economic crisis, but the answer would be that from today's perspective, we cannot predict a possible different scenario. Arguably a possible missed course of events could be a successful economic reform. With adequate support from international financial institutions the course of history could be altered in the Balkan Peninsula.⁶⁴ The scenario that actually took place definitely is not a favorable solution and it is far from optimal.

A short analysis of the data in Table 1 may give an insight into the current situation in the former unified economic entity. Because of the comparability of data, the year 2005 is taken as the base and in relation to it the calculation of data from 1990 and 2015 is made. Comparing the cumulative GDP in 2015 (for all economies incurred in the territory of former Yugoslavia) with the Yugoslav GDP from 1990, we can see that a 27% growth was achieved in this period. Republic of Serbia is in the most disadvantaged position as it has not yet managed to reach the GDP achieved in the year prior to the breakup of Yugoslavia (down 20% i.e. the realized GDP in 2015 makes 80% of the one in 1990). Slovenia did best of all new economies but it already had the best economic indicators in the former common state (a 59% growth).

⁶⁴ According to estimates of the then experts a financial injection of \$ 10 billion was sufficient for the consolidation of the former economic situation.

Table 1. Selected macroeconomic indicators of the economies incurred in the territory of former Yugoslavia in prices from 2005

		GDP (mil. USD at constant 2005 prices)	GDP p/c	External debt stocks, total in mil.USD 2005 prices*	Total population in thousands ^{***}
Serbia (Kosovo and Metohija excluded)	1990.	38.104	4.825		7.897
	2015.	30.492	4.298	24.970	7.094
Administrative District Kosovo and Metohija	1990.	6.315	3.185		1.983
	2015.	5.531	3.148	1.750	1.757
Croatia	1990.	42.544	9.081		4.685
	2015.	45.377	10.702	41.230**	4.240
Slovenija	1990.	25.452	13.032		1.953
	2015.	40.478	19.583	41.370**	2.067
BiH	1990.	12.870	2.850		4.516
	2015.	13.770	3.614	10.440	3.810
Montenegro	1990.	2.636	4.093		644
	2015.	3.119	4.892	2.160	626
Republic of Macedonia	1990.	5.750	2.698		2.131
	2015.	8.587	4.132	5.630	2.078
Total	1990.	123.672	5.194	24.760	23.809
	2015.	157.354	7.908	125.800	17.866

Sources:

- The United Nations Statistics Division, The National Accounts Main Aggregates Database <https://unstats.un.org/unsd/snaama/selCountry.asp>

* - Data for 1990. External Debt Statistics: Historical Data 1998 Resource Flows, Debt Stocks and Debt Service: Apports de ressources, encours et service de la dette, OECD Publishing, Dec 6, 1999, p.205.

- For the rest World Bank, International Debt Statistics.External debt stocks, total (DOD, current US\$) <http://data.worldbank.org/indicator/DT.DOD.DECT.CD?view=chart>

** - CIA World fact book, estimation for 2015: <https://www.cia.gov/library/publications/the-world-factbook/geos/hr.html>

- CIA World fact book, estimation for 2015: <https://www.cia.gov/library/publications/the-world-factbook/geos/si.html>

*** Data for population: The Federal Statistical Office (1991): Yugoslav Statistical Yearbook 1991. Beograd: The Federal Statistical Office and Savremena Administracija.

Data from Table 2 tells us that the decline in economic activity in the territory observed is also evident in relation to the countries of Western Europe. In the reporting period, Germany records a GDP growth of 43%, while Greece as a country with approximate economic profile as the former Yugoslavia achieves GDP growth of 24%. The external debt of the SFRY in 1990 amounts to USD 24.8 billion, while the sum of debts of the individual states incurred in the territory of the former common state for 2015 amounts to 125.8 billion US dollars at the prices in 2005 (an increase of 408%) . We notice the very negative trend of stagnation of GDP and a multiple increase in foreign debt. Poor living conditions influence the departure of many citizens from the territory of the country of origin and unfavorable living conditions lead to a reduction in the birth rate so that there is a negative trend regarding the number of the total population. The total population of 2015 has decreased by nearly 6 million (reduction of 25%) relative to the 1990. The only country which records a growth of population is Slovenia (5.84%), which can be attributed to its better economic situation compared to the other countries in the former common space. Slovenia has managed to maintain the population, including the arrival of foreign nationals who are relocating to the area of Slovenia regarding this as an opportunity to improve the quality of their and their family lives. In the observed period, Germany increases the number of its population 2.19% and Greece 8%.

Table 2. Selected indicators for Germany and Greece

		GDP at constant mil. USD 2005 prices	Per Capita GDP	Population
GER	1990	2.286.945	22,353	78.958.237
	2015	3.291.225	41,686	80.688.545
GRE	1990	160.923	9,662	10.131.737
	2015	198.913	17,788	10.954.617

Source: <https://unstats.un.org/unsd/snaama/selCountry.asp>

From Table 3 we can see how the parameters by which we can assess the stability in an area generally follow (they are in correlation with the data about it) GDP. All the parameters show that Slovenia is in the best position: the lowest unemployment rate, the least social stratification and the highest life expectancy. Only the data on the percentage of the population below the poverty line are less favorable compared to the

same parameter for Serbia. From today's perspective, we can say that the starting position allowed Slovenia to pass through a transition vortex with less damage. Focusing on self-interest and relatively successful secession without war and economic damage enabled Slovenia to follow the developed countries by economic parameters. Macedonia together with BiH is most disadvantaged in relation to the number of unemployed, the value of GINI index and the population below the poverty line. In terms of population below the poverty line, BiH is in a more favorable position compared only with Kosovo and Metohija. When it comes to the Corruption Perceptions Index only Slovenia is significantly separated from the other countries of the former Yugoslavia with an index of 61; for all other countries index values range from 36 to 49.

Table 3: Selected parameters indicative of the social stability

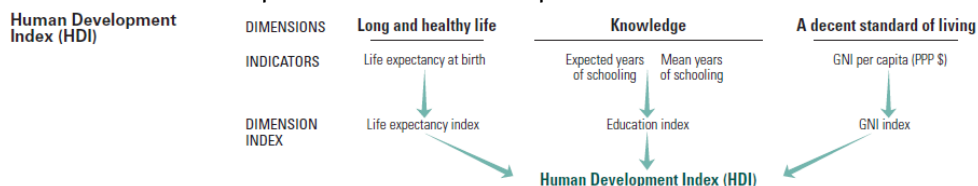
	Unemployment rate (2016)	Distribution of family income - Gini index (2012)	Life expectancy (year 2014)	CPI 2016*	Population below poverty line (%) (2014)
Serbia	18.9	38.7 (2014)	76	42	9.2 (2013)
Administrative District Kosovo and Metohija	35.3(2014)	29.4 (2012)	71	36	30
Croatia	15.8	32,5 (2012)	77	49	19.5
Slovenija	11.6	23.7 (2012)	81	61	13.5 (2012)
BiH	43.2 (2015)	36.2 (2007)	76	39	17.2 (2011)
Montenegro	18.5 (2014)	26.2 (2013)	76	45	8.6 (2013)
Republic of Macedonia	24.9	43.6 (2013)	75	37	30.4 (2011)

Source: - CIA (2017) World fact book. <https://www.cia.gov/library/publications/the-world-factbook> (visited on 15.04.2017)

*-Transparency International (2017) Corruption Perceptions Index 2016. http://www.transparency.org/news/feature/corruption_perceptions_index_2016 (visited on 20.04.2017).

Human Development Index⁶⁵ created by the UNDP is the closest to the presentation of the situation in relation to the elements of the concept of human security.

Picture 1. Human Development Index and its components



Source: **UNDP** (2017) Human Development Reports. <http://hdr.undp.org/en/content/human-development-index-hdi> (visited on 20.04.2017).

From Table 4 we can see the index values for all the republics (now independent states) of the former Yugoslavia. The data show a certain degree of correlation between the achieved GDP p/c and the parameters based on which the UNDP evaluates the quality of life during the formation of HDI. Slovenia is again in the best position by all parameters, followed by Croatia, and other countries. The only deviations is evident in the parameter values for Macedonia and Bosnia and Herzegovina, and Serbia and Montenegro, which may be explained by the minimal differences in the previous period, but also by the current processes in the territory of these states.

⁶⁵ Human Development Index (HDI) was created to emphasize that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth alone. The HDI can also be used to question national policy choices, asking how two countries with the same level of GNI per capita can end up with different human development outcomes (UNDP, 2017).

Table 4. Human Development Index and its components (2015 years)

HDI rank	Country	Human Development Index (HDI)	Life expectancy at birth	Expected years of schooling	Mean years of schooling	Gross national income (GNI) per capita (2011 PPP \$)
25	Slovenia	0,890	80,6	17,3	12,1	28.664
45	Croatia	0,827	77,5	15,3	11,2	20.291
48	Montenegro	0,807	76,4	15,1	11,3	15.410
66	Serbia	0,776	75,0	14,4	10,8	12.202
81	Bosnia and Herzegovina	0,750	76,6	14,2	9,0	10.091
82	Republic of Macedonia	0,748	75,5	12,9	9,4	12.405

Sources: **UNDP** (2017) Human Development Reports. Human Development Index and its components <http://hdr.undp.org/en/composite/HDI> (visited on 20.04.2017).

In this context it is interesting to compare the values of HDI for Yugoslavia in 1970 and 1985. At the beginning of the period of economic stagnation, HDI value for the SFRY is 0.757. Although the value of economic indicators stagnated permanently, HDI grows until 1985, when it reaches its maximum of 0,917 (UNDP, 1991: 97). The conclusion is that despite the economic crisis, the quality of life of citizens improves, which can be partly explained by the increase in external debt. However, current data show that although the common debt of all countries far exceeds the level of indebtedness of the former country, HDI values for all countries are at a lower level than in 1985. According to the UNDP, Yugoslav HDI was in 1990 and 0.893 and by this indicator Yugoslavia is ranked 34 of 160 countries ranked at that time (UNDP, 1991: 15-16). Today, with the exception of Slovenia, which records some progress, all other countries have fallen on the list of the ranked by the value of HDI.

Conclusion

Previous analysis confirms the initial assumption that the quality of life for citizens living the territory of former Yugoslavia is worse than it was at the time of the breakup of that country. The recorded growth of GDP p/c is more the result of the growth of external debt rather than of the improved economic performance. In addition to debt growth at the level of newly formed states, a certain increase in social differences was also recorded, which indicates the potential for instability because of social tensions.

HDI together with a proper analysis of the political situation, indicators of environmental conditions and level of criminal activity would give a more accurate picture of the situation in the observed area. This holistic approach requires much more space, so we take this opportunity to point only to the fact that the high level of CPI is the indicator that warns of further possible complications in the analyzed area. Corruption as a systemic problem does not help to change the situation for the better, but on the contrary, further deepens the current problems.

The role of international factors must be taken into account in the analysis of the current situation in the same way as it provides a part of the explanation for the historical dimension of the analysis. In addition to the former East - West conflict, some new actors have appeared meanwhile such as the Islamic factor, but also China, which as a global power is expressing interest in the area of the Balkan Peninsula as a significant access road to its goods to the EU market. Further course of the current situation will depend on the ability of local elites to recognize the common interest of the people living in the Balkans and their resilience to the instrumentalization as the function of realization of geopolitical (geo-economic) factors interests. In addition to raising economic performance, integrative connecting of economies in this area on the basis of common economic interests could contribute to stabilizing the existing situation.

The fact that thousands of highly educated young people⁶⁶ have left the Balkans is discouraging because of the fact that it has greatly reduced the capacity to

⁶⁶ Most comprehensive material on migrations related to the Balkan Peninsula can be found in the proceedings: Goran Penev, ed. (2011): *Migracije, krize i ratni sukobi na Balkanu s kraja 20. veka*, Društvo demografa Srbije / DémoBalk. Beograd.

overcome the crisis. Departure of the most vital part of the population further complicates the situation because it reduces the chances of timely coming out of the crisis and overcoming the conditions that have led to it. Bearing in mind the current economic situation, the trend of the departure of highly educated personnel and the continuation of the practice of attracting foreign investments on the basis of cheap labor or various benefits to foreign investors can be expected to continue, which further complicates the local conditions. Getting out of the vicious circle is not possible without the help of developed countries. However, given the current crisis of the global system and the problems that the developed countries are being faced with for almost a decade, it will be difficult to get significant help. The only likely solution that remains is the option of reliance on one's own powers and resources rather than those of others along with curtailing the predatory appetite of big business.

References:

1. **Bholen, C.** (1992) "Yeltsin Deputy Calls Reforms Economic Genocide". New York Times. The 9th February 1992.
2. **Chossudovsky, M.** (1998) "How the IMF did dismantled Yugoslavia". In: The globalization of poverty, impacts of IMF and World Bank reforms. London: Zed books. pp. 243-263.
3. **CIA** (2017) World fact book. <https://www.cia.gov/library/publications/the-world-factbook> (visited on 15.04.2017)
4. **EBRD** (2011) Life in Transition, After the Crisis. London: European Bank for Reconstruction and Development.
5. **IFD** (1994) Journal: Filozofija i društvo Vol. VI. Univerzitet u Beogradu, Beograd: Institut za filozofiju i društvenu teoriju.
6. **The Federal Statistical Office** (1991): Yugoslav Statistical Yearbook 1991. Beograd: The Federal Statistical Office and Savremena Administracija.
7. **Francis, F.** (1992) The End of History and the Last Man. New York: The Free Press.
8. **Galtung, J.** (1994) „Četiri teze o jugoslovenskoj krizi“. Filozofija i društvo Vol. VI. Univerzitet u Beogradu, Institut za filozofiju i društvenu teoriju. pp. 25-28.

9. **OECD** (1999) External Debt Statistics: Historical Data 1998 Resource Flows, Debt Stocks and Debt Service: Apports de ressources, encours et service de la dette, OECD Publishing.
10. **Penev, G.** ed. (2011) Migracije, krize i ratni sukobi na Balkanu s kraja 20. veka. Beograd: Društvo demografa Srbije / DémoBalk.
11. **Stiglitz, J. E.** (2004) "The Post Washington Consensus", Conference sponsored by Foundation CIDOB and the Initiative for Policy Dialogue held in Barcelona in September: "From the Washington Consensus towards a new Global Governance". pp. 41-56.
12. https://www8.gsb.columbia.edu/faculty/jstiglitz/sites/jstiglitz/files/2008_Is_This_a_Post-Washington_Consensus_Consensus.pdf (visited on 10.04.2017).
13. **Stojanović, I.** (1989) Kuda i kako dalje: zapisi o odnosima i protivrečnostima ekonomije i politike. Beograd: Ekonomika.
14. **Transparency International** (2017) Corruption Perceptions Index 2016. http://www.transparency.org/news/feature/corruption_perceptions_index_2016 (visited on 20.04.2017).
15. **UNDP** (1991) Human Development Report. New York - Oxford: Oxford University Press.
16. **UNDP** (1994) Human Development Report. New York - Oxford: Oxford University Press.
17. **UNDP** (2017) Human Development Reports. <http://hdr.undp.org> (visited on 20.04.2017).
18. **The United Nations Statistics Division**, The National Accounts Main Aggregates Database <https://unstats.un.org> (visited on 15.04.2017).
19. **Williamson, J.** (2004) "A Short History of the Washington Consensus". Paper commissioned by Fundación CIDOB for a conference "From the Washington Consensus towards a new Global Governance," Barcelona, September, <https://piie.com/publications/papers/williamson0904-2.pdf> (visited on 10.04.2017).
20. **Woodward, S.L.** (1995) Balkan tragedy. Washington: The Brookings institution.
21. **World Bank** (2017) World Bank Open Data. <http://data.worldbank.org/indicator> (visited on 15.04.2017).