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# Under the Iron Heel of Western Financial Institutions: The Collapse of Communist Yugoslavia

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UNDER THE IRON HEEL OF WESTERN FINANCIAL  
INSTITUTIONS: THE COLLAPSE OF COMMUNIST  
YUGOSLAVIA

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NICK CEH

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The modern-world system always functioned on hegemonic free-market economic institutions and ideology. The Cold War represented one era in the history of the modern-world system where both superpowers, the United States (US) and the Union of Soviet Socialist Republics (USSR) or Soviet Union, pursued parallel international foreign policies confirming their hegemonic positions in the world during the Cold War. The superpowers mirrored each other's foreign policy because their policies represented actions of subversion and intervention in their respective spheres of influence.<sup>1</sup>

The Soviet Union intervened in East Berlin, Hungary, Czechoslovakia, and Poland, while the United States intervened in Greece, Iran, Guatemala, and Japan. The Soviet Union imposed its dominance on its satellites, and the US imposed its hegemony on "developing" areas of the world, resulting in the domination of newly forming industrial societies. These superpower interventionist tactics created a worldwide expansion of military and economic might with far-reaching negative economic and political consequences for smaller countries.<sup>2</sup>

The collapse of communist Yugoslavia in the early 1990s produced many scholarly works investigating the reasons for its failure and the ethnic war that paralleled its demise. These works argue about communist Yugoslavia's internal economic problems, different ethnic groups' desire for political independence, and ancient ethnic hatreds. While bits and pieces of these works may or may not carry some validity, a global analysis that explains the collapse of Yugoslavia from an alternative perspective has not previously been explored. This alternative approach links Yugoslavia's collapse to its peripheral position in a global system. Yugoslavia's dependence on Western financial institution monetary loans after the Tito-Stalin break in 1948 contributed to both the collapse of communist Yugoslavia and the war that followed.

## **Yugoslavia Expelled from the Soviet Union's Sphere of Influence**

Yugoslavia hoped the Soviet Union would support its change in international status as an independent communist nation during the early Cold War, but it soon saw that hope destroyed when the Soviet Union broke diplomatic relations in 1948. On June 28, 1948, the Communist Information Bureau (Cominform) met in Bucharest passing a resolution expelling Yugoslavia from the communist sphere of influence. The Soviet representative Andrei Zhdanov accused the Yugoslav leader Josip Broz "Tito" of being an imperialist spy. Yugoslavia's expulsion from the international communist community signified the culmination of tension between the two nations dating back to World War II.<sup>3</sup> Communist Yugoslavia found itself in a hostile international system fighting for its very survival.

The Cominform Resolution expulsion of Yugoslavia mirrored the Soviet Communist Party's criticism of the Yugoslavs as outlined in accusations leveled by the USSR in earlier communiqués. The resolution pointed out that the Communist Party of Yugoslavia (CPY) deviated from the international workers' movement because nationalist elements within the party had attained dominant positions with the leadership of the CPY, and that these nationalist elements had broken international traditions and embarked on a road of nationalism. This attitude of nationalism, the Cominform Resolution suggested, had been seen in the CPY leadership's deficient Marxist theoretical training when they argued that they could attain independence and build socialism without the help of the Soviet Union or the people's democracies. This poor training, the Soviets argued, was evident in the Yugoslav foreign policy that curried favor with the imperialists in hopes of gaining independence and advancing the state toward capitalism. The Kremlin accused the CPY of advancing the idea of bourgeois-nationalism to build a capitalist state on the basis that the Soviet Union was more dangerous to the independence of Yugoslavia than the capitalist states.<sup>4</sup>

The Soviet Union expressed its dominant position as a core country in its sphere of influence by its announcement of expelling Yugoslavia from the communist world. The resolution warned the Yugoslav leadership that such a nationalistic policy would lead to colonization by the imperialist powers. It then called on all "healthy elements" within the CPY to admit to their mistakes, rectify their deviation, and adhere to the international traditions of the CPY. In

conclusion, the resolution audaciously requested that the healthy elements within the CPY fulfill an honorable task by rebelling and replacing the CPY's leadership if the leadership did not change its ways. The threat to replace the CPY leadership represents the imperialist Soviet policy toward Yugoslavia. In the modern-world system, only core countries can carry out imperialist policies.<sup>5</sup>

The Cominform Resolution probably shocked and demoralized the Yugoslav leadership. In all likelihood, the CPY leadership would have accepted any compromise not involving its submission and loss of power to Moscow. On the other hand, Stalin would have accepted only complete submission of Belgrade to Moscow and he believed he could oust the CPY leadership by appealing to the loyal Yugoslav Communists and to the international communist community. Stalin's belief that he could control Yugoslavia was erroneous; this incorrect estimate created momentous political and economic consequences that did not unfold immediately, but would in the future.<sup>6</sup>

Jakub Berman, Undersecretary of State of the Presidium of the Council of Foreign Ministries and a member of the Politburo of the Polish Communist Party, provided insight to the Soviet Union's hegemonic attitude toward Yugoslavia. The Soviet Union realized that, during this time of relative peace internationally, it needed to clean up its own house and the houses of its satellite countries. Berman stated that the Soviet Union was well aware of its unpopularity in certain satellites. Moscow's understanding of the strong nationalism that prevailed in certain satellite countries, whether under Turks, Teutons, or Russians, made nationalism a cardinal sin in Communist policy vis-à-vis the satellite countries. Nationalism had always been seen as one of the most dangerous threats to Soviet hegemony in Eastern Europe; thus, it "must be extirpated at all costs since, in the last analysis, it might, in time of crisis, be synonymous with disloyalty or wavering loyalty, and the USSR, from its own point of view, must have complete fidelity to the Cause."<sup>7</sup> The Polish undersecretary believed that Moscow did not want war at that time, but that "the possibilities of peaceful settlement were diminishing"<sup>8</sup> in the international arena.<sup>9</sup>

The Kremlin wanted complete devotion from the countries in its sphere of influence. It became clear that the CPY wanted to pursue an independent path from Moscow. The Yugoslavs pursued a disloyal foreign policy by following their own course of action on the Greek question; they persisted in surrounding themselves with a large powerful army and an effective secret police force and did not put themselves on the frontline at the United Nations. Tito and the CPY seemed to know what they were doing under the difficult conditions, and Stalin more than

likely was astounded that he could not remove Tito at his will. The Western nations were profoundly perplexed as to the importance of the Yugoslav excommunication from the Cominform. The main question to be answered after the excommunication was how the CPY would survive politically, economically, and militarily. Yugoslavia survived by becoming dependent on Western financial institutions. This dependency provided the means for Yugoslavia to survive for decades but it also created one of the conditions that played a role in its demise.<sup>10</sup>

#### Yugoslavia's Road toward Western Dependency

Traditionally, scholars have argued that United States (US) economic aid to Yugoslavia after the Cominform Resolution "kept Tito afloat." No one would seriously argue that US aid did not help Yugoslavia survive after its exile from the Communist world in 1948. The US wanted Tito to survive as a wedge or with a competing ideology in the Communist movement hoping to weaken Moscow's international power. This policy of "keeping Tito afloat" meant preventing the Yugoslav economy from collapse. One should not, however, overlook the fact that US aid made Yugoslavia dependent on the West and integrated Yugoslavia into the Western free-market economy playing a crucial role in Yugoslavia's future economic development and foreign policy decisions.<sup>11</sup>

The western powers thought about keeping Tito afloat since the Cominform Resolution. The term "keeping Tito afloat" stems from a 1948 speech given by the British Foreign Secretary, Ernest Bevin. The British had hoped to use the Yugoslav case for propaganda reasons to argue that a Communist state could survive without interference from Moscow. Furthermore, the British hoped that somehow their economy would benefit from economic relations with Yugoslavia. On the other hand, the US National Security Council (NSC) adopted George F. Kennan's recommendation suggesting Tito should receive aid if he asked for it. The US wanted to use the Yugoslav economy as a model to show other countries how prosperous they could become if they entered trade agreement with the West. For example, a US State Department policy about Yugoslavia concluded, "[Yugoslavia can] provide an example to those dissatisfied elements in the Communist Parties of the Cominform countries of what they too might have if they embark on Tito's course."<sup>12</sup> The first sign of US assistance began soon after the Cominform Resolution when the US released Yugoslav gold reserves. Another earlier sign was the sale by the US and England of fifty to sixty thousand tons of crude oil to Yugoslavia in July 1948. The United States' motives and goals for

assisting Yugoslavia were clear. The motive was to integrate Yugoslavia into the Western market economy and hope other Soviet satellite countries would see the benefit of being part of the same market economy. National Security Council Report 18 represented the US as a core country, trying to integrate the Soviet Union's periphery satellite countries into a Western dominated periphery region.<sup>13</sup>

The United States, England, and France were giving top priority to Yugoslav needs. President Truman allocated \$60 million in the Mutual Security Act of 1951 for Yugoslavia with provisions for an economic mission. At a meeting of the International Security Committee on July 17, 1951, it was agreed that it was of great importance to the security of the United States to furnish additional economic aid immediately to Yugoslavia. Truman recommended \$60 million be made available to Yugoslavia for fiscal year 1952. Washington's objective consisted of keeping Yugoslavia outside of the Soviet sphere of influence.<sup>14</sup>

The Western powers agreed in principle to cover the foreign exchange requirements for Yugoslavia for the next fiscal year up to the equivalent of \$150 million. This agreement was principally supposed to have facilitated a World Bank loan to Yugoslavia, but the President of the World Bank, Eugene R. Black, withheld his final judgment until he saw the Western powers agreement finalized in legal form. Mr. Black, no doubt, played a substantial role in the negotiations both as banker and as political adviser.<sup>15</sup>

On October 17, 1951, the World Bank extended a \$28 million loan to Yugoslavia for specific development projects in conjunction with the Yugoslav Five-Year Plan. These specific projects included electric power, mining, transportation, and forestry. This loan was less than either Yugoslavia or the Western powers would have liked. The loan was far more in line with the preliminary Western trade agreement of about \$50 million, not the \$150 million, announced in August 1951. Moreover, the British representative to the World Bank voted for the \$28 million loan but took the strong position that the bank should see some progress toward the utilization of these funds before any more loans to Yugoslavia be granted. It seemed likely Yugoslavia would request an additional \$100 million in 1952 to sustain its economy and the Five-Year Plan, and the US seemed to be the prime source for such financing.<sup>16</sup>

By November, Yugoslavia began investigating the possibility of the Western powers underwriting the balance required to complete the Five-Year Plan. Knowing that the West was completely committed to Yugoslavia, economically,

politically and militarily, Tito began to put pressure on the US for more money. In December, the Yugoslavs publicly stated that the richer countries should aid the poorer ones. Next, the chairman of the Yugoslav Economic Council, Boris Kidrich, stated that he foresaw a budget deficit of about \$185.5 million for the 1952 calendar year. He also commented that Yugoslavia had the moral right to expect economic aid and urged the Western powers and the World Bank to cover the projected deficit.<sup>17</sup>

The Western powers gave in to Yugoslavia's pressure and revised the original agreement to cover the Yugoslav foreign exchange deficit up to \$120 million for the fiscal year 1952. The US covered \$78 million, England \$27.6 million, and France \$14.4 million. President Truman obtained the authorization for the first grant as part of his message to Congress on November 7, 1951, notifying Congress of the use of funds under the Mutual Security Act of 1951.<sup>18</sup>

The Western powers' coordinated actions lasted until 1953. During 1953, the West provided \$99 million to assist Yugoslavia. The US once again contributed the majority of the funds by providing \$78 million. Western power coordination played an important role in lessening the US financial burden to Yugoslavia and discouraged the Yugoslavs from requesting small loans at a moment's notice. The Western power coordination influenced the International Bank for Reconstruction and Development (IBRD) to look at the Yugoslav situation more favorably. For example, Martin Rosen, an IBRD representative, attended the Western powers' negotiations in London in 1951. He expressed the bank's interest in providing a loan so Yugoslavia could pay back their deficits on existing accounts. United States policy makers used the British and French economic commitment to Yugoslavia as an instrument to convince the US Congress that the US needed to keep providing its share. The Yugoslav government believed Western financial help sent Moscow a signal that the West supported Yugoslavia's independence. Yugoslavia leaders failed to understand they had switched from Soviet hegemony to Western economic dependence.<sup>19</sup>

Yugoslavia's rising deficit after receiving Western financial assistance represents its status as a periphery country. Yugoslavia's deficit skyrocketed two and one half times more than export earnings in 1953 setting a postwar disparity record. Through the Mutual Security Act, the US provided 31 percent (\$122 million) of Yugoslav import value for 1953. Yugoslavia imported \$234 million worth of US goods while exporting only \$26 million to the US. The Western powers met in April of 1952 agreeing that Yugoslavia should not request any more

international credits without consulting the West. The Yugoslav government grudgingly accepted the Western recommendation to incorporate seven guidelines to reduce investment in key Yugoslav economic development projects; however, by 1953 Western powers made Yugoslavia dependent on the western financial institutions for its survival.<sup>20</sup>

Yugoslavia faced another financial issue when its currency (dinar) experienced its first post-war devaluation from 50 to 300 dinars on the US dollar creating a more realistic exchange rate. The dinar's devaluation followed the International Monetary Fund's (IMF) guidelines guaranteeing Yugoslavia a \$9 million credit to soften the adjustment. Agriculture collectivization and compulsory produce deliveries stopped and a coupon system of exchange was terminated by 1952. Foreign trade enterprises allowed Yugoslavia to keep forty-five percent of their export earnings in the form of foreign exchange. Due to cutbacks in a centralized bureaucracy, some five thousand officials transferred to lower administrative levels.<sup>21</sup>

Richard Allen, the head of the US Economic mission in Yugoslavia told his officials that large-scale foreign aid would still be needed by Yugoslavia for a long time to come unless it scaled back on investment and military expenditures. In response to this suggestion by Allen, Yugoslav investment came down gradually from a high 34 percent of net national produce in 1952-1953 to just above 30 percent for the rest of the decade. The Yugoslavs committed four-fifths of these investments in 1952 to key projects. These key projects consisted of developing heavy industry, which the IBRD was against. From the Yugoslav perspective, these key project investments provided the only opportunity for them to cover military needs while accelerating the slow growth of new material production by 2.3 percent a year between 1947-1952. These same years experienced the growth of industrial investment by 16 percent annually and foreign aid accounted for 73.5 percent of that figure. Foreign aid covered 88 percent of Yugoslavia's current deficit, which resulted from the industrial related imports. The fact that foreign aid only covered 12 percent of the current account deficits made it clear that Yugoslavia still had major reforms to implement if it wanted to stop foreign aid dependency on the West.<sup>22</sup>

Non-ferrous metals represented the major source of sale to the US. The US expressed interest in those strategic minerals because the West was in short supply. As early as March 1949, Yugoslavia requested a loan of \$20 million from Bank of



America and a \$40 million loan from Chase Manhattan Bank. The Yugoslavs wanted to use the loans to buy mining equipment. They offered gold reserves to secure the loans but Western banks refused on the grounds that they would only accept gold reserves for security that were held outside of Yugoslavia. Chase Manhattan Bank eventually provided \$5 million worth of credit for ninety days at four percent interest in return for exclusive rights to sell Yugoslav exports in the US in 1952. The Yugoslavs did not draw on this credit until 1952. Yugoslavia's problem in entering the Western market stemmed not only from lack of US commercial credit but also from other obstacles as well.<sup>23</sup>

Yugoslavia linking its economy to the West forced it to downsize its bureaucratic structure. This downsizing negatively impacted Yugoslavia's opportunity for economic development. For example, Shell Oil's plan to establish operations in Yugoslavia in 1952-1953 failed because Shell had to negotiate different contracts with each of the separate republics in Yugoslavia. The US firm Socony-Vacuum reported the same difficulty when dealing with Yugoslav decentralization. Exporting Yugoslav goods to the West was just as problematic. The famous Josef Kras chocolate factory earned a contract to produce chocolate figurines for the US holiday season in 1952. The contract was not fulfilled because Kras management made smaller profits from exports compared to profit from its domestic market. Exports to the Western markets suffered.<sup>24</sup>

Yugoslavia informed the US that if Yugoslavia had to pay back its Western European short-term debt, its interest and principal payment would rise to twenty percent in 1954 from 7 percent in 1953. The only way the Yugoslavs could afford this bill was to drastically reduce imports for the next two years. The consequences for the Yugoslav state in reducing its trade imports would have meant that its heavy industry and standard of living would have declined. As a result of this dire situation, the US wanted to organize a conference to discuss restricting Yugoslavia's ability to enter into bilateral agreements with Western Europe. The US wanted this restriction because it felt that bilateral agreements ran counter to the general western movement toward free trade in convertible currencies. The US Embassy in Belgrade argued that a healthy Yugoslav economy provided Western security and security should outweigh any other narrow commercial interest. In addition, the US wanted the Yugoslav government to reduce investment in heavy industry. Previous US influence limited the number of industrial projects in Yugoslavia, but perversely affected the economy by concentrating scarce capital

resources in heavy industry rather than in the development of domestic consumer goods or potential production exports. In the end, the US hoped that the Yugoslav government would embark on a more credit-worthy investment benefiting Western financial institutions.<sup>25</sup>

Yugoslavia's road to dependency began with the intention of "keeping Tito afloat" after the Cominform Resolution and Yugoslavia's integration into the Western market economy. However, it was not possible for Yugoslavia to enter the Western market on an equal basis. Even if Yugoslavia wanted to enter on an equal basis, the Western powers would not have allowed that to happen. This unequal partnership was exemplified in 1954 when the US embassy argued that western security outweighed any Yugoslav economic interests. The Cominform Resolution forced Yugoslavia to enter into economic relations with Western powers. This relationship evolved into a classic case of establishing Yugoslavia as a periphery country dependent on the core Western powers for survival.

Stalin died in March of 1953 and relations between the Soviet Union and Yugoslavia started to normalize. In 1956, the Belgrade Declaration reestablished normal trade relations between the Soviet Union and Yugoslavia. Yugoslavia linked its economy to the West by the time of the Belgrade Declaration making it an integral part of its economic strategy. The two decades before the 1980s looked promising for Yugoslavia.

The post-Stalin years saw Yugoslavia's economy regain some of its strength. From the Belgrade Declaration to Tito's death in 1980, Yugoslavia slowly regained its economic stability. Its yearly gross domestic product (GDP) growth averaged 6.1 percent, health care was free, the literacy rate was 91 percent, and life expectancy was seventy-two years. Slowly, however, the Western powers under the leadership of the United States started to dismantle Yugoslavia's economic stability.<sup>26</sup>

The US *National Security Decision Directive* 133 dated March 1984 reiterated the same attitude toward Yugoslavia expressed in 1954 about Yugoslavia's importance in providing security for Western powers. It stated, "an independent, economically viable, stable and militarily capable Yugoslavia serves Western and U.S. interests."<sup>27</sup> The *Directive* went further and showed US intentions of keeping Yugoslavia dependent on the West by stating, "We [US] will also continue to encourage Yugoslavia's long-term internal liberalization . . . [and] promote the trend toward an effective, market-oriented Yugoslav economic structure."<sup>28</sup> The idea of liberalization represented a diplomatic way to promote the

free-market and dismantle communism in Yugoslavia.

The implementation of *National Security Decision Directive* 133 came at a time when Yugoslavia was in the progress of its economic decline. Before 1980, Western powers demanded a financial reform in Yugoslavia so it could pay back its Western creditors. The implementation of the economic reforms started to dismantle Yugoslavia. For example, following these reforms, industrial growth dropped to a negative 10 percent by 1990. The IMF ordered wages to be frozen and real wages collapsed by 41 percent for the first six months of 1990. The IMF forced the Yugoslav central bank to pay its Western creditors instead of transferring state funds to the Yugoslav republics to finance economic and social programs. The lack of sending state revenue to the Yugoslav republics signaled the Western powers' successful dismantling of the Yugoslav federal communist system.<sup>29</sup>

Western financial institutions controlled Yugoslav banking institutions and forced massive bankruptcy for Yugoslavia's industries. From 1989 to 1990, the IMF directed 1,137 total firms toward bankruptcy. These bankruptcies devastated the Yugoslav work force. As many as 614,100 workers out of a total industrial work force of 2.7 million were laid off. Serbia, Bosnia-Herzegovina, Macedonia, and Kosovo felt the brunt of the layoffs. The World Bank outlook for the remaining Yugoslav industries was dismal. After the initial bankruptcies, the World Bank estimated that there were still over two thousand enterprises that could be closed. The total number of layoffs for both rounds of bankruptcy would exceed 48 percent of the workforce. The economic hardships experienced by Yugoslavs started to become evident in multi-party elections scheduled for 1990.<sup>30</sup>

The multi-party elections in 1990 dismantled Yugoslavia's political structure. It provided the platform for nationalist leadership to advance their cause. Representatives from different republics started to blame other ethnic groups for the economic downward spiral. Politicians started to advance the idea of secession to create new nation-states from Yugoslav republics. Outside nationalist militia groups, with Western finances, began to show up in Yugoslavia creating even more instability in the area. Yugoslav President Borisav Jovic pointed to the dire political situation stating, "Citizens have lost faith in its institutions . . . The further deepening of the economic crisis and the growth of social tensions has had a vital impact on the deterioration of the political-security situation."<sup>31</sup> President Jovic made this statement in April of 1991, and by June of 1991, Slovenia and then

Croatia declared independence from Yugoslavia. The federal Yugoslav Army rolled tanks into Slovenia to stop the independence movement but to no avail. The war that ensued after 1991 lasted until the American-brokered Dayton Accord in 1995.<sup>32</sup>

There are multiple interpretations as to why Yugoslavia collapsed. Some argue from a nationalistic perspective that suppressed ethnic groups rose up to create new nation-states. Others view it as the inherent weakness of a communist system. Others view it as the re-emergence of ancient ethnic hatred seeking revenge for past atrocities committed. All of the above interpretations have some merit. One interpretation that needs further analysis is the incorporation of the modern-world system theory to explain the collapse of Yugoslavia. Susan L. Woodward, a former Senior Fellow in the Foreign Policy Studies Program at the Brookings Institute, suggested that Yugoslavia's position in the world from 1948 to 1981 led to its unexpected collapse. She stated:

In the Yugoslav Case, the balance-of payment deficits and dangerously depleted foreign-exchange reserves were the consequences of an external shock—the economic blockade by the Cominform countries in 1948-49—not of domestic prodigality. The decision to seek foreign aid within four years of the socialist revolution was not made easily, but once taken it led to a systematic decentralization of the Yugoslav economy, abandonment of development planning in favor of market, and integration into the world economy in response to the policies dictated by the IMF in exchange for credits over the next 20 years (1951, 1960 and 1965 are particularly important). This dismantling of socialism had been accompanied by persistent balance-of payment deficits, high unemployment, high inflation, and increasing inequality.<sup>33</sup>

The value of this interpretation is that it incorporates a longer view of Yugoslavia's history and diplomatic relations. This longer view highlights the fact that Yugoslavia's dependency on the West after the Tito-Stalin break in 1948 contributed to both its collapse and the war that followed.

## Notes

1. The purpose of this article is not to analyze or explain the World-system theory but to use it as a paradigm for analysis to understand the collapse of communist Yugoslavia. The theory in short looks at the “international division of labor” that divides the globe into three categories: core, semi-periphery, and periphery. The core areas control domestic and international capital-intensive institutions while the other areas provide cheap resources and labor for the system to function properly. This system reinforces the core areas political and economic global hegemony. Immanuel Wallerstein advanced the most comprehensive theory of the World-system starting in the 1970s. The French Annales School of historiography in the 1920s laid the foundation for the development of the modern-world system theory. Prominent scholars such as Lucien Febvre, Marc Bloch, and Fernand Braudel founded and advanced the Annales School’s idea.

2. Milan Rai, *Chomsky’s Politics* (London: Verso, 1995), 82-83. Leften Stavrianos in his book *Global Rift* argues that the “third world” (periphery region) made its first appearance in the Balkans and Eastern Europe providing raw materials for the textile and metal industries of England and Holland as far back as the fourteenth century and continued on a path of underdevelopment as trade and investment patterns took their natural course.

3. For an analysis of Yugoslav-Soviet tensions during World War II refer to works of Tito’s official biographer Vladimir Dedijer, *Tito* (New York: Simeon and Schuster, 1953), 256-257. Other works that discuss the same issue include Dennison Rusinow, *The Yugoslav Experiment* (Berkeley: University of California Press, 1978), 23. “Declaration of the Second Session of the Anti-Fascist Council of the People’s Liberation of Yugoslavia-Jajce 29 November 1943,” in *Yugoslavia Through Its Creation to Its Dissolution*, eds. Sneza Trifunovska, (Boston: Martinus Nijhoff Publishers, 1994), 206-10.

4. “Resolution of the Information Bureau Concerning the Situation in the Communist Party of Yugoslavia, June 1948,” in *The Soviet-Yugoslav Controversy, 1948: A Documentary Record*, eds. Robert Bass and Elizabeth Marbury, with an introduction by Hans Kohn (New York: Prospect Books, 1959), 40-45; Department of State, *Memorandum: Translation of the Cominform Document: Tito and the Situation in Yugoslavia from the American Legation, June, 30, 1948*. File 860H.00/6-3048. Record Group 59, (Washington, D.C.: National Archives).

5. *Ibid.*, 45; Department of State, *Telegram from Sofia to Secretary of State, June 30, 1948*. File 860H.00/5-3048, Record Group 59 (Washington D.C.: National Archives), 1-2.

6. Robert Lee Wolf, *The Balkans in Our Times*, revised edition (New York: W.W. Norton & Company, Inc. 1978), 364.

7. Department of State, *Incoming Airgram From Warsaw to the Secretary of State*, File 8000.00B Communist International/7-848, No. A-960. Record Group 59 (Washington, DC. National Archives), 2.

8. *Ibid.*

9. *Ibid.*

10. *Ibid.*, 2-3; U.S. Congress, Senate Committee on Judiciary, *Yugoslav Communism, A Critical Study*, 87<sup>th</sup> Congress, 1<sup>st</sup> Session, (Washington, D.C.: U.S. Government Printing Office, 1961), 166-167. The following sources can be consulted to examine the political and economic impact on Yugoslavia after the Cominform Resolution: Bela K. Kiraly, “The Aborted Soviet Military Plan Against Tito’s Yugoslavia,” in *At the Brink of War and Peace: The Tito-Stalin Split in a Historic Perspective*, ed. Wayne S. Vucimich, (Brooklyn: Brooklyn College Press, 1982), 284-288; Vladimir Dedijer, *Novi prilozci za biografiju Josipa Broza Tita*, Vol. 3 (Belgrade: Rad, 1984), 443, 445-446; Slobodan Pauljevic, *Strasno budjenje* (Rijeka: Otokar Kersovani, 1982), 133; Enver Hoxha, *With*

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*Stalin: Memoirs* (Tirana: 8 Nentori, 1979), 142-143; Jozo Tomasevich, "Immediate Effects of the Cominform Resolution on the Yugoslav Economy," in *At the Brink*, ed. Vucnich, 102-104; Federal People's Republic of Yugoslavia, Ministry of Foreign Affairs, *White Book on Aggressive Activities by the Government of the USSR, Poland, Czechoslovakia, Hungary, Bulgaria and Albania towards Yugoslavia* (Beograd: Ministry of Foreign Affairs of the Federal People's Republic of Yugoslavia, 1951).

11. Lorraine M. Lee, *Keeping Tito Afloat: The United States, Yugoslavia and the Cold War* (University Park: Pennsylvania State University Press, 1997).

12. United States Department of State, *Foreign Relations of the United States* (Washington, D.C.: U.S. Government Printing Office, 1949) 5:941 (FRUS).

13. FRUS 1949 5:29, 899, 903, 923; John Campbell, *Tito's Separate Road* (New York: Harper & Row, 1967), 17; Lorraine Lees, "The American Decision to Assist Tito, 1948-1949," *Diplomatic History* (1978); 407-22; FRUS 1948, 4: 1093-95.

14. U.S. Congress, Senate Committee on Foreign Relations and the Committee on Armed Services 1762, *Mutual Security Act of 1951*, 82<sup>nd</sup> Congress, 1<sup>st</sup> Session, Serial No. 97360 (Washington, D.C.: U.S. Government Printing Office, 1951), 114-118. *Determination by the President That It Is Essential to Render Further Assistance to Yugoslavia and Notification of the Appropriate Congressional Committees*. White House Central Files. Box 26. Harry S Truman Presidential Library, Independence, Missouri, 1,3.

15. *New York Times*, June 13, 15, 1951.

16. International Bank for Reconstruction and Development, *The World Bank: Policies and Operations* (Washington, D.C.: International Bank for Reconstruction and Development, 1960), 144-145; U.S. State Department, *Memorandum of Conversation, October 11, 1951. Document 868.10/10-1151*. Record Group 59. Washington D.C.: National Archives, 1-2; *New York Times*, December 30, 1951.

17. *New York Times*, December 14, 30, 1951.

18. U.S. State Department, *Incoming Telegram, January 7, 1952*. Document 768.5 MSP/1-752 No. 861. Record Group 59. (Washington, D.C.: National Archives), 1; U.S. State Department, *Memorandum of Conversations, February 19, 1952*. Document 768.5-MSP/2-2952. Record group 59. (Washington, D.C.: National Archives), 1; U.S. Department of State, *Office Memorandum, March 6, 1952*, Document 768.5-MSP/3-652. Record Group 59. (Washington, D.C.: National Archives), 1-2; Mutual Security Agency, *Memorandum on U.S. Position Paper on Aid to Yugoslavia*. Document 768.5 MSP/3-1252. Record Group 59. (Washington, D.C.: National Archives), 1-3.

19. John R. Lampe, Russell O. Prickett and Ljubisa S. Adamovic, *Yugoslav-American Economic Relations Since World War II* (Durham: Duke University Press, 1990), 39.

20. Savezni zavod za statistiku, *Razvoj Jugoslavija, 1947-1981* (Belgrad, 1982), 124; Savezni zavod za statistiku, *Statisticki godisnjak SFJRJ* (Belgrad: 1954-1959, 1960, 1965); FRUS, 1952-54 8:1285-1290; *Quarterly Economic Review* (Dec 1, 1953 and August 25, 1954).

21. U.S. State Department, *Memorandum date December 31, 1952*, File 868.00/12-3152, no 702 (Washington, D.C.: National Archives); J.V. Mladek, E. Struc and M.R. Wyczalkowski, "The Change in the Yugoslav Economic System, in *IMF Staff Papers* (November, 1952), 407-38; Susan L.

Woodward, *Socialist Unemployment: The Political Economy of Yugoslavia, 1945-1990* (Princeton: Princeton University Press, 1995), 159.

22. U.S. State Department, *Memorandum date June 13, 1952*. File 868.00/6-1352, no 702 (Washington, D.C.: National Archives); Tomasevich, "Immediate Effects of the Cominform Resolution, 113-18; Woodward, *Socialist Unemployment*, 171.

23. FRUS, 1949 5:893; FRUS, 1951 4:1788-1789; U.S. *Memorandum dated March 19, 1949* file 860H.51/3-2949, Record Group 59 (Washington, D.C.: National Archives).

24. Lampe, *Yugoslav-American Economic Relations*, 45-46.

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