

**Mediating Globalization and Social Integration in Post-Communist Societies: A
Comparison of Yugoslavia and Bulgaria**

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Abstract:

What is the impact of globalization on the national political community? Does “globalization,” hasten social disintegration and exacerbate social conflict? And if it does, what are the potential coping mechanisms that might mitigate its role in social disintegration? This paper compares the responses of Yugoslavia and Bulgaria to these two disintegrating forces of globalization. I show how Bulgaria’s institutions “coped” with the forces of globalization to avoid social disintegration, while Yugoslavia’s “coping mechanisms” exacerbated the problem of social fragmentation and led to violent cultural conflict. The two countries are strikingly similar in terms of historical legacies, social composition, and economic structure. I argue that the institutions of political participation and resource allocation are the crucial factor affecting social integration, and key institutions differed in Yugoslavia and Bulgaria. Globalization is a “trigger” for cultural conflict, but not an underlying cause. Coping with globalization can attenuate social conflict but not erase it.

Keywords: ethnic conflict, cultural conflict Bosnia, Bulgaria, Yugoslavia, globalization, institutions, political participation, resource allocation

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Question and Argument

What is the impact of globalization on the national political community? Does “globalization,” hasten social disintegration and exacerbate social conflict? And if it does, what are the potential coping mechanisms that might mitigate its role in social disintegration? The global imperatives of “state shrinking,” economic liberalization, and fiscal reform have clearly affected social integration throughout the world, from hate crimes in Germany associated with rising unemployment, to rising violence in Egypt with the end of Fordism, to war in the former Yugoslavia as communism collapsed (Leslie 1998, Lubeck, 1998, Crawford, 1998). Particularly throughout the post-communist world, the transition to the market and the pressures of liberalization have weakened the state's capability to allocate resources and threatened social conflict. In those places where ethnicity and religion had been previously politicized, struggles over declining resources often resulted in communal violence as old institutions were dismantled and old social contracts broken. Yugoslavia, Abkhazia, and Georgia are prominent examples.

By globalization I mean two things: 1) the international financial and commercial integration resulting from the opening of new markets for goods, services, capital, and people, and 2) and the implementation and convergence of “state shrinking” ideologies constructed in response to these global forces that have triggered a reallocation of resources throughout society (Reich 1991, Ohmae, 1990, Meyer, et.al. 1997, Barber 1996). The forces of globalization can have a dual negative impact on state and society: They can weaken those state institutions that ensure social peace and can cause distinct cultural groups in multi-ethnic societies to suffer disproportionate economic hardships. Under the disintegrating power of these two forces, “ethnic entrepreneurs” (Roeder 1998) can emerge to articulate grievances and create a parallel political authority among distinct cultural groups. This can mean that culture becomes the primary political cleavage, and that cleavage, combined with the weak legitimacy of established authority can lead to violent social conflict.¹

In this paper I compare the responses of Yugoslavia and Bulgaria to these two disintegrating forces of globalization. I show how Bulgaria’s institutions “coped” with the forces of globalization to avoid social disintegration, while Yugoslavia’s “coping mechanisms” exacerbated the problem of social fragmentation and led to violent cultural conflict. The two countries are strikingly similar in terms of historical legacies, social composition, and economic structure: Both suffered from the legacies of Ottoman rule that left Muslim enclaves within largely Christian populations. Both suffered the economic and political distortions of communism’s “command” economy layered over ethnically segmented markets. In both countries, ethnicity and religion were highly politicized. Participation in the global economy left their economies with high debts and highly uncompetitive industries. In both countries, the economic hardships associated with the fall of communism and an opening to the international economy fell disproportionately on politicized cultural groups. Both experienced struggles over the allocation of declining resources in the wake of communism’s collapse; both emerged from the communist period with politically charged ethnic competition, and both saw the rise of “ethnic entrepreneurs” who attempted to usurp political authority in the face of weakened political institutions. Indeed, Muslim minorities in Bulgaria had been systematically oppressed during the Communist period, while in Yugoslavia, they had been given increasing autonomy. Yet Yugoslavia erupted in violent conflict, while Bulgaria did not. Why?

¹ A similar point is made by Solnick in his analysis of the strategies that the regional leaders have pursued in their attempts to increase their power vis-a-vis the federal center in post-communist Russia (Solnick 1998).

I hasten to note that I do not wish to argue that the forces of globalization “caused” the war in the former Yugoslavia or that it was only Bulgaria’s success in coping with those forces that prevented conflict there. Nor do I argue that the forces of globalization will always have a negative impact on social integration; indeed in places like Punjab and Malaysia, integration into the global economy has brought growth that has helped to attenuate cultural conflict (Singh 1998, Lubeck, 1998) My argument is a much more modest one. I wish to explore the role of globalization in cultural conflict by looking at both its differential impact on diverse cultural groups in multicultural societies and its impact on the state’s ability to support institutions that provide social order or repress dissent. I argue that the institutions of political participation and resource allocation are the crucial factor affecting social integration, and key institutions differed in Yugoslavia and Bulgaria. Globalization is a “trigger” for cultural conflict, but not an underlying cause. Coping with globalization can attenuate social conflict but not erase it.

In the remainder of this paper I elaborate on these claims and attempt to muster support for them. I begin with a conceptual elaboration of the argument. I then turn to an examination of the two regions. I begin by looking the institutions, the impact of growing international integration, and the state of social integration of each country during the Communist period. I then examine each of these factors under the effect of globalization in the post-communist period. The Yugoslav case illustrates how federalism before the fall of communism and the failure to institute a competitive political system after 1989 exacerbated ethnic tensions in the face of growing international pressures. The Bulgarian case shows how global pressures worked to exacerbate ethnic tensions, already heightened by minority oppression, but how political institutions that fostered compromise and an independent judiciary mediated those pressures to reduce attenuate “identity politics” and attenuate ethnic conflict.

Theoretical Considerations

While many analysts suspect that there is a link between economic globalization and the current round of cultural conflict (e.g. Kapstein 1996, Woodward 1995; Lapidus, et. al., 1992), few have investigated potential causal forces that might explain that relationship. I suggest here that the causes operate at two levels, the level of *society* and the level of the *state*. If a state is uncompetitive in the global economy, and economic hardship falls disproportionately on distinct cultural groups, those groups are ripe for the mobilization efforts of *political entrepreneurs*.² Economic hardship provides a concrete justification for political grievances that can be transformed into a resource for political mobilization. States that are weakened by the forces of globalization have fewer means to cope with social disintegration. And violence may be the only alternative course for political entrepreneurs making non-negotiable resource demands. I expand on this two-pronged impact of globalization briefly below.

Globalization and the disproportionate distribution of hardship

2. Political entrepreneurs resemble their economic counterparts in that they seek to maximize their individual interests and in doing so, have an effect on aggregate interests. The political entrepreneur seeks to maximize political power, while the economic entrepreneur seeks to maximize wealth. But like their economic counterparts, political entrepreneurs engage in risk-taking behavior to maximize their returns. See Laitin, 1985 and Brass, 1976 **and Solnick, 1998.**

Economic change that results from integration into the global economy can cause social disruption and radical dislocation of communities. When secular economic trends lead to low growth, debt crises, rising unemployment, and rising rates of immigration, and when the resulting hardships and benefits are disproportionately allocated among various cultural groups, existing political cleavages based on cultural difference are exacerbated and new ones are created. In Bulgaria, for example, the introduction of markets and the restitution of land created disproportionate unemployment among the Muslim population. In England, as industry declined in the early 1980s, the resulting unemployment was disproportionately allocated to minority populations. In Yugoslavia, Croatia fared better in global economic competition than the less developed republics and yet was forced to transfer resources to them, fostering deeper and deeper resentments against federal Yugoslavia that took the form of ethnic discrimination and privilege.

Economic hardships that lead cultural groups to distrust the state can make these groups available for reassignment to new political identities. The losers in economic transformation will attempt to use their political resources and position to resist changes that disadvantage them. Economic difficulties that fall disproportionately on culturally defined social groups thus create the demand for the goods that political entrepreneurs promise to deliver, particularly when those same factors that fuel cultural grievances also reduce government resources to uphold the "social contract." It is to the importance of this notion of the social contract in the face of the imperatives of globalization that I now turn.

Globalization and State Strength

All stable countries are characterized by political and social arrangements that have some form of historical legitimacy. Sometimes these arrangements or "social contracts" are written in constitutions; sometimes they are found instead in a country's political and social institutions. In either case, such social contracts structure the terms of citizenship and inclusion in a country's political community, the rules of political participation, the political relationship between the central state and its various regions, and the distribution of material resources within a country. When political institutions make ascription--that is, cultural distinctions-- a criteria for membership, participation, and resource allocation, "identity politics" is played out in the political arena. When the institutions of central authority are strong, and perceived as legitimate, and when resource allocation is considered "fair," political conflicts are less likely to become violent. Indeed, perceptions of fair resource allocation are a key pillar of institutional legitimacy. Strong and legitimate institutions provide broadly accepted channels of political competition within which political actors operate in "normal" times. They allow central authorities to make credible commitments to distribute benefits and structure bargaining among various groups in ways that will be perceived as mutually advantageous. Institutional legitimacy enhances institutional capacity, reducing the threat of communal conflict by increasing the benefits of peaceful dispute resolution and reducing the benefits of violence. Although these institutions may privilege some groups over others, they can counter the threat of backlash with offers of side payments and compensation to those who see themselves as harmed by the preferential practices.

It would be wrong to assert that perfect social harmony is the result. These institutions often foster resentment because of these practices of privilege and compensation, but where they are considered essentially legitimate, their behavioral rules are echoed in other organizations and in the society at large. Thus these institutions can create "sticky" norms that shape social practice

even in periods of institutional disruption. These norms, reflected in dominant public attitudes, act as a firebreak against ethnic and sectarian violence in that they provide the basis for a legitimate contract between state and society that ensures a degree of domestic order.

The opposite is true when state institutions are considered unfair, illegitimate and oppressive. Often, privilege is granted to one group, and others are excluded from the privileged resource allocation. Resentment is likely to build but will be repressed as long as the state is strong enough to exert coercive power to maintain social order. For example, both Punjabi Sikhs and Georgian peasants in Abkhazia were excluded from privileged resource allocation. Thus both sought to secede from the governing state that they perceived as oppressive. As long as that state remained strong enough to repress dissent and as long as these two groups continued to be deprived of resources for mobilization, their grievances festered, but they did not resort to violence until the institutions of the central state weakened.

There are many reasons why a central state would weaken; corruption, inefficiency, and overextension come readily to mind. In addition, however, upholding these social contracts becomes more difficult when globalization weakens the state through its imperatives for budget reform and "state shrinking." To increase economic efficiency and survive in global competition, states pursue domestic policies that will make them attractive to capital and foreign investment, often drastically shrinking their budgets and privatizing their industries. This, in turn, should allow further generation of wealth, creation of economic opportunities for individual and country, and should generate improved living standards. But these policies usually require drastic changes in domestic social contracts, and such changes threaten those who have possessed power and wealth under the old arrangements.³

State withdrawal from its allocative role in society through fiscal reform, the introduction of markets, and disproportionate economic hardships are grist for the mill of eager political entrepreneurs. Again, this is exemplified in the case of Bulgaria. There, the former Communist regime provided the Turkish minority with economic security; Ethnic Turks were concentrated in the tobacco industry; the state purchased tobacco, ensuring full lifetime employment. With the fall of Communism, however, the inefficient and uncompetitive tobacco industry was privatized, and its failure in global markets left the majority of Turks unemployed and destitute. Turkish political entrepreneurs in Bulgaria began to label unemployment ethnic "genocide" in their effort to mobilize the Turkish population against the liberalizing policies of the new regime.

In short, long-term globalization trends and short-term policy responses to those trends-- i.e. forces that reduce the state's role in the economy and reduce its sovereignty over political membership and exacerbate social cleavages along cultural lines-- are important causes of broken social contracts and failed coercive policies. National economic growth and decline and the level of external debt affect the level of resources that the state can allocate, and short-term policies of economic liberalization yield up the state's distributive powers to the market. Indeed, when states make the decision to allow the market to pick economic winners and losers, they can break the social contract that once permitted them to soften some of the disadvantages suffered by particular cultural groups. Under communist rule in both Yugoslavia and Bulgaria, the state's ability to soften those disadvantages permitted the partial integration of those groups into the political community.

³ **The ability of the federal center to drastically change the social contract is vividly illustrated in Yang and Su's analysis of the mechanisms that the Chinese federal center used to change regional patterns of foreign direct investment and to enter into the process of partial marketization (Yang and Su 1998).**

The Myth of Liberalization

The argument I make here challenges the claim that the rapid and simultaneous construction of liberal economic and democratic political institutions—a process for which “globalization” is sometimes a code word—can mitigate ethnic and sectarian conflict.⁴ Free markets create wealth for all, the argument runs, erasing the need for violent struggle over resources. And democracy permits political aggregation and representation of all social interests, elevating conflicts of interest that can be adjudicated in the political arena over conflicts of identity that are more difficult to negotiate. The logic of liberal democracy suggests that the construction of democratic institutions makes the individual rather than collectivities the subject of legal protection and political participation. Democratic theory claims that if ethnic and religious conflicts do exist, they can be peacefully resolved if the organizing principles of the political system elevate tolerance and national unity above ethnic and religious domination and privilege.

Furthermore, this logic claims that federalism, confederalism, and other forms of territorial decentralization that devolve political power to the local level create local and responsive government that will maximize individual freedom and satisfy the claims of some groups for autonomy and self determination (Lake and Rothchild 1997: 36-37). In short, the classical liberal argument claims that the construction of markets and democracy and the decentralization of political and economic power ensures that individuals receive equal protection under the law and that economic and political competition need no longer be violent.

Despite widespread acceptance of these claims, however, the evidence suggests *that perceived economic inequities, particularly those that arising from current policies of **economic liberalization** and the longer term effects of globalization can undermine liberal political practices and lead to **the illiberal politics** that characterize ethnic and sectarian conflict.*⁵ Where communal differences had become politically relevant in the past, the ethnic or religious card may be the easiest one to play in the effort to mobilize political support in the face of the uncertainties of economic decline, in the shift from welfare to market economies, and in the move from centralized to decentralized polities. This is particularly evident where both political and economic decentralization threaten to break down established community and the liberal

4. For elaborations on this argument see Bhalla 1994 ; Whitehead 1995; Geddes 1994.

5. Benjamin Barber makes similar connections, although his logic of explanation diverges from the logic presented here. He argues that economic globalization also globalizes politics by creating new sources of dominance, surveillance, and manipulation, thereby weakening the nation-state. The state is thus increasingly less important as a focus of political life. Global processes do not require democracy to expand. With the decline of the nation-state as the locus of political life and the increasingly undemocratic globalization of political and economic life, sub-national communities governed by fanatical hierarchies attempt to localize politics. These groups are also undemocratic, in that they demand loyalty to the group above loyalty to the individual, and rights are only real for the dominant group. The result is the decline of democracy and democratic, integrating nation-states. Barber does not explain why local politics would take a non-democratic form. See Barber 1995. The main themes of this book were published in an earlier article by the same name in the Atlantic Monthly, v.209, n3 (March, 1992): 53

focus on individual self-reliance threatens historical bonds and leads to deep insecurities. Secular economic decline and policies of economic liberalization require the "dismantling" of institutions of state resource allocation; weakened states are unable to provide equal protection for all who live within their territory. Solnick's chapter for this volume illustrates this point with the Russian example: the "asymmetric distribution of foreign trade and investment activity contributes to the growing gap between Russia's dozen richest regions and the rest. This widening gap in regional income deepens the political rift among regions. Regions that stand to gain the most from foreign trade and investment favor less federal intervention, and looser controls over subnational administrations. Regions that are left out of the globalization bonanza, on the other hand, are more supportive of an interventionist and redistributive federal government. This disagreement over the desirable level of federal intervention serves to block and effective collective action among regions to constrain the federal government. It can also make any federal effort to coordinate economic reform nationally more difficult" (Solnick 1998, 33).

Finally, the global spread of democracy is not a panacea for cultural conflict. Liberal democracies can indeed mute cultural conflict with institutions of inclusiveness, universal representation, and electoral systems designed to encourage elite compromise. Indeed, a robust liberal democracy may be one of the strongest defenses against cultural conflict. But "democracies" are not all liberal; *illiberal* democracies may possess many of the attributes of polyarchy, like free elections, freedom of speech, freedom of movement, freedom of association, and freedom of religion. But they pay only lip service to the rule of law, minority and citizen rights, and independent judicial review (O'Donnell and Schmitter 1990; Karl 1986; Przeworski 1991; O'Donnell 1993; Collier and Levitsky 1995; Brown 1993). Such systems can actually exacerbate cultural conflict. In periods of economic uncertainty and political transition, when states that once provided entitlements pull back or are dismantled, when illiberal democracies are so constructed that they fail to protect rights, and when the introduction of markets leads to deep insecurities, the rich symbolic resources of ethnicity and religion offer hope in their promise of collective power to those populations who feel powerless under these conditions.

Coping with ethnic conflict by coping with globalization

A perception of unjust political and economic resource distribution among distinct cultural groups lies at the heart of many of today's cultural conflicts. Therefore, political leaders in multicultural societies must take care to maintain strong, legitimate institutions in the face of state-shrinking imperatives of globalization. Institutions should be fashioned so that economic hardships and benefits are allocated in ways that integrate rather than fragment the political community. Federal systems in multiethnic states must create a strong center if they are to survive.⁶ They must be strong enough to protect and maintain the rule of law and civil and political rights, and governments must be committed to those rights. An independent judiciary, not captured by political forces is essential. Institutions of the presidency and parliament must be constructed so that stalemates do not repeatedly occur and in which only negative majorities--able to veto decisions but unable to take positive action--do not dominate. A system of political competition that fosters compromise will buffer against perceptions of further unfair resource distribution as state budgets shrink. The consequences of globalization in the form of introducing market rationality can actually be a coping mechanism for ethnic conflict: markets

⁶ This argument is forcefully presented in Solnick's analysis of the travails of the federal center in post-communist Russia to create some kind of exit option from its chronic fiscal crisis.

can reduce the influence of patronage networks, including ethnic ones. In sum, coping with globalization in post-communist multi-ethnic societies must mean more than reducing fiscal deficits, privatization, currency stabilization, and creating economic efficiencies; coping with globalization must also mean the refashioning of institutions that both depoliticize and respect cultural identity.

I now turn to an illustration of these claims through a comparison of the Yugoslav and Bulgarian cases. In both cases I begin with a description of institutions relevant to social integration and how they were affected by the processes of globalization. I also describe describe how the forces of globalization exacerbated ethnic tensions by creating disproportionate hardships for distinct cultural groups. I then turn to the post-communist period of institutional collapse and show how social tensions grew in an institutional vacuum. Finally, I show how institutional incentives and constraints exacerbated tensions in the former Yugoslavia and mitigated them in Bulgaria.

Evidence

Pre-1989: Impact of Institutions on Social Integration in the face of international pressures

The roots of Communism's collapse can, in part, be traced to the forces of globalization and the position of communist countries in the international economy. Both Tito and Stalin refused to become part of the new post-war international economic order, and attempted to steer their countries--and the Eastern bloc in general--in the direction of economic autarky (Davis 1991: 113-120). But growth rates fell-- not only because of the distortions of central planning but also because of the inefficiencies of autarky. Communist countries found themselves on the sidelines in the race for economic prosperity as its technical expertise in commercial industry began to lag far behind the industrial capitalist nations. Throughout the Cold War, technology gaps between them and the West widened and multiplied (Crawford 1993).

While both Bulgaria and Yugoslavia pursued autarky and central planning that brought economic hardship to all social groups, they were marked by differences in the structures of their political institutions. Despite the central grip of the Communist party over both countries, Bulgaria was a centralized state while post-war Yugoslavia was constructed as a federal system. These different structures made a crucial difference in filtering the forces of globalization when they began change economic and political calculations within each country.

Yugoslavia

Tito believed that national integration was not possible in a unitary Yugoslav state. He thus established a federal system of ethnic republics after the war that would provide guarantees of national equality. Like any federation, authority was distributed between the central government and the governments of the constituent units, and the distribution of authority could not be changed without mutual consent. The constituent units participated in the making of decisions at the federal level. And finally, important federal decisions required equal representation of all of the constituent units, regardless of their size and population.

Yugoslavia, however, was not a centralized federal system, like that of the United States, the Federal Republic of Germany, or, in its most centralized form, the Soviet Union. Indeed, it did not resemble most other federations, in which the central government could make many

decisions without consulting the member governments of the federal units. Instead, because Yugoslavia was so divided as a result of the events of World War II, Tito created a "non-centralized federalism", in which the constituent units exercised a large degree of control and authority. Although the 1946 constitution placed all mineral wealth, power resources, means of communication, and all foreign trade under state control, it also stipulated that the central government could make decisions in only a few narrowly restricted issue areas without obtaining the approval of the governments of the constituent units (Kostunica 1984: 78-79; Riker 1975). In effect, the economic policy decentralization and weakening of the federal center in pre-1989 Yugoslavia resembled post-1992 Russia described in Solnick's chapter for this volume.

Further, like the Soviet Union and Czechoslovakia, Yugoslavia was now governed by the institutions of "ethnofederalism" which were intended to transform ethnically-based political identities into cultural/administrative identities, and thereby prevent the re-emergence of extreme "identity politics" as a dominant political force. As Vesna Pesic (1996) argues, two kinds of national groupings were organized *hierarchically* in the constitution. Five culturally defined groups--Serbs, Slovenes, Croats, Macedonians, and Montenegrins were territorially organized in constituent republics in which, as the titular nationality, they held the status of "constitutive nation." The 1971 census recognized Muslims as a separate nation, and in 1971 Bosnia-Herzegovina was recognized under the national principle as a republic, consisting of three constitutive peoples: Serbs, Croats, and Muslims.⁷

This federal structure--which we can call "ethnofederalism"--was intended to balance the interests of all of the peoples of Yugoslavia. The importance of equality of the "constituent nations" in representative institutions cannot be overstated: indeed a territorially-based federation was not considered fully adequate to provide an equal representation of Yugoslavia's constituent "peoples," since most territorial units, even those with titular nationalities, had mixed populations. Therefore, territorial ethnofederalism was reinforced by a system of ethnic quotas or "keys" as a central principle for the allocation of political resources. All appointments to public office (including the military) were decided by a formula for the proportional representation or, in some cases equal representation, of individuals by constituent nation or nationality. And the effort to maintain balance in public institutions went far beyond the intent of the quota system. For example, in an attempt to maintain balance even in the prosecution of politically motivated nationalist activities, central government authorities often went out of their way to balance a particular prosecution with charges against people from other ethnic groups (Woodward 1995: 37).

Economically, ethnofederalism took the form of distinct ethnic republics; investment funds were provided to these republics by the central state partly according to political and

⁷ Susan Bridge (1977: 345-47) argues that the structure of formal political representation throughout the post-war period discouraged minority participation and representation through the single-member district in both party and government. But the single member district worked to the advantage of minorities in two defined regions where the "nationality" was a majority of the population. After the constitutional changes of 1974, Kosovo, with a majority Albanian population, and Vojvodina, with a majority Hungarian population, gained increasing autonomy throughout the post-war period and enjoyed equal participation at the federal level with the same representative status as the constituent nations. Kosovo would become a trigger for the wider conflict that ensued.

ascriptive criteria rather than economic "rationality." Ascriptive allocation fostered both resentment and perceptions of intrinsic "rights" to further resources from the center. This system fostered mutual resentments and suspicions of other republics; resentments, suspicions, and belief in ones own collective "intrinsic rights to resources" strengthened ethnic identity, weakened loyalty to the central government, and reinforced the dominant logic of identity politics at the federal level. A pattern of downward spirals that do not resemble the Chinese experience of regional decentralization as shown in Yang and Su's analysis in this volume. (Yang and Su 1998).

Tito established these institutions of ethnofederalism because he believed that if the resolution of disputes between national groups appeared to favor one group over the others, the federation's internal balance would be upset and Yugoslavia would be destabilized. His goal was to preserve the central Yugoslav state. Given Serbia's disproportionately large population and history as an independent state, and given Croatian elites' historic distrust of Serbs, this was not an easy task. Indeed, some analysts argue that the constitution implied an unwritten agreement between Tito and Serbian political elites in which it would espouse Yugoslav unity and equality of representation in order to mitigate Croatian fears of Serb dominance in the state apparatus and thus cement Croatia's loyalty to the center. One often heard the slogan, "Weak Serbia, Strong Yugoslavia (Pestic 1996; Banac 1992: 145).

This structure had an important impact on social integration as Yugoslavia became increasingly linked to the global economy. Unlike the Warsaw Pact nations who were dependent on the Soviet Union, Yugoslavia did not have a patron to which it could turn for economic assistance or cheap resources. In the 1949 break with the Soviet Union, Yugoslavia found itself increasingly isolated and dependent on the West for aid and investment that was never adequate for its needs. When growth rates fell as a result of inefficiencies of central planning in the early 1960's, Tito requested an IMF loan; the condition was economic decentralization. Although the "national economy" remained in the hands of the federal government, republics were given their own budgets over which they exercised independent control. In the search for a more impersonal allocative mechanism that would deflect criticism from the central government but fall short of the introduction of a "market," central authorities introduced administrative market socialism (Burg 1983: 26; Bridge 1977: 350-251; Mencinger 1991: 1991: 73; Bicanic 1957: 63-74; Rusinow 1977: 71)

But economic conditions continued to worsen. Wage earners pouring into the cities from the countryside in the industrialization drive exerted pressure on demand for consumer goods that were all in short supply. Expanding demand forced accelerated imports, and the balance of payments deficit dramatically increased. But as exporters, Croatia and Slovenia were both suffering from the 1961 recession in Western Europe, and their exports sagged dangerously. IMF loans boosted imports of consumer goods but industry did not restructure for industrial competitiveness.

Once the regionalization of the economic policy was in place, the incentives for regional economic autarky increased (Bicanic 1957: 120-141). The regionalization of the banking sector witnessed the creation of as many banks as republics and regions. Bank authorities controlled allocation to individual firms, and regional regulatory authorities controlled banking practices. This regionalization of the banking structure made a nation-wide monetary policy unattainable

and blocked the possibility of inter-regional economic activity.⁸ Invisible but thick economic walls between the republics were gradually being constructed.

Furthermore, as the various regional political elites gained increasing autonomy from the federal government, they began to follow self-protective import substitution policies, leading to important losses in economies of scale. Furthermore, the regional culturally defined governments did not coordinate foreign exchange stockpiles. The absence of coordination led to fragmentation of economic activity and the reduction of the stock of available capital for new investment. The resulting losses of revenue to the central government helped to undermine its ability to resist further regional encroachments on its effort to coordinate economic activity.

Growing fragmentation under growing international pressure

After 1973, the four-fold increase in the price of oil combined with a decline in the economic growth rate to trigger expanded borrowing on international markets. Western banks and their governments were only too eager to provide balance of payments financing and additional export credits. The accumulation of petrodollars in Western banks, combined with the 1974 recession, freed loan capital, and like most other borrowers, Yugoslavia had little difficulty in arranging loans on excellent terms, in a financial environment marked by excessive liquidity and "overcompetition" among lenders. Borrowing created an artificial sense of economic well-being. Consumers became increasingly dependent on imports, and exports became increasingly uncompetitive. As imports grew faster than exports, repaying the debt in convertible currency became increasingly difficult. New loans were needed to service old ones.

Although there was a sense of well-being on the surface because consumption was financed by debt, overall economic growth ground to a halt. In 1982, real gross fixed investment fell by 37%. Labor productivity in the public sector fell by 20%, and public sector earnings fell by 25%. The average annual growth rate fell to 0.9%, a drop from an annual rate of 6.3% (Lydall 1989: 24-25). As the economy worsened, regional fragmentation increased; the conduct of economic policy now depended on the wishes of the regional party organizations. Regional enterprises were subsidized as part of patronage systems; patronage investments could only be financed by increased borrowing; increased borrowing deepened Yugoslavia's external debt and both worsened the economic system and weakened the central state even further.

As a result of uncoordinated investments, foreign reserve imbalances, and overborrowing in the 1970s, the 1980s witnessed permanent economic crisis in Yugoslavia. By mid decade, inflation had reached 100% annually, while wages were frozen. The federal government faced a mounting debt obligation without any return on moneys spent. Unemployment rose from 600,000 in 1982 to 912,000 in 1983, not including the 700,000 who had been forced to emigrate abroad in order to find work. In 1981-85, unemployment in Serbia proper was 17-18 per cent, and in Kosovo it was over 50 per cent. By 1985, one million people were unemployed, and in all republics except Slovenia and Croatia, the unemployment rate was above 20 per cent (Woodward 1995: 64, 73).

⁸ In the period 1970-76, inter-republican trade in goods dropped from 27.7 per cent to 23.1 per cent of the national social product, while in 1981, 66 per cent of all trade was intra-regional and only 22 per cent was interregional, with only 4 per cent of all investment crossing republican and regional borders. See Dyker 1993: 74-75 and Tomc 1985 : 58-77.

As the external debt exploded and as the global recession closed export markets, conflicts among the republics over the distribution of rapidly declining economic resources contributed to economic decline. The regionally-based allocation of resources increased local power and the political strength of local ethnically motivated political entrepreneurs at the expense of the central state. Ethnically defined republics legitimated the political relevance of cultural identity. Although ultimately accountable to the central government in Belgrade, political elites found that they could use funds distributed from the center to the republics to build a political power base at the local (republic) level in order to mobilize and gain the political loyalty of their culturally defined populations, unlike China, where the federal center maintained control over the larger projects (Yang and Su 1998). The disintegration of federal control over resources created opportunities for regional officials in ethnic republics to seize assets, gain political support, and to eventually threaten violent conflict. With its economy in free fall, Yugoslavia was unable to meet international payment obligations. The price for long-term and extensive debt rescheduling was a set of stiff IMF conditionality requirements, but lacking the capability to create a coherent stabilization program, the federal government was turned down.

As a result, in 1982, Yugoslavia was forced to accept a far more draconian policy of rescheduling than had been offered earlier. The IMF imposed a strict emergency package on the country's economy, greatly reducing the state's scope for policy discretion. By 1983, devaluations of the currency and an orchestrated drop in domestic demand, both of which were IMF requirements, as well as the Reagan recession in the West, led to another precipitous fall in growth rates for the country and the further cannibalization of the economy by the regional governments.

In sum, the seeds of ethnic conflict in Yugoslavia were planted in Yugoslavia's federal institutions. Yugoslavia's participation in the global economy, constrained by its non-market economic institutions led to a series of economic crises that were mediated by those institutions, fanning the flames of ethnic resentments and putting resources in the hands of ethnic entrepreneurs. The divergent effects of the international market on the regional economies placed competing stresses on the federal government. The more developed republics of Slovenia and Croatia wanted more integration into the international economy, whereas the less developed republics of Serbia and Montenegro wanted protection from international economic competition. These conflicting demands further reduced the federal government's ability to deal effectively with pressing economic problems and issues of economic restructuring.

What the republics and regions did not drain from the central state, the international economy did. By the early eighties, in an era dedicated to neo-classical economic reform, Yugoslavia found itself with an incoherent and ad hoc system of state interventionist policies in the economy, mainly to meet the loudest and best organized demands of various political entrepreneurs. It faced mounting debt payments without any return on monies spent. With its powers and resources drastically reduced, the federal state became paralyzed: Centrifugal elements served to divert development funds to those regions with the most political clout while federalists looked on helplessly. As a state that was both weak and decentralized, Yugoslavia was not capable of withstanding the forces of fragmentation, unlike the Chinese state.

Bulgaria

In contrast to Yugoslavia, Bulgaria was a unitary state. Despite attempts at decentralization, the 1971 constitution concentrated power in the center (Curtis, 1992), and

created a new body, the State Council, to replace the Presidium as supreme organ of state power, with the power to initiate as well as approve of legislation. At the same time the Bulgarian Communist Party (BCP) program specified an orthodox hierarchical party structure of democratic centralism, each level responsible to the level above. The lowest-level party organizations were to be based in workplaces: all other levels would be determined by territorial divisions, which were weaker than the workplace organizations (Bell 1986). Allocative institutions privileged party members and functionaries rather than particular ascriptive groups.

This centralization was reflected in the forced inclusion of Muslim minorities into the central state.⁹ From the outset, the Communist regime sought to “overcome the ‘backwardness’ of the Turkish population” through policies of forced inclusion, e.g. the destruction of autonomous local organizations and decrees of mass public de-veilings of Turkish women. (Neuberger, 1997: 5). In 1971, the Constitution “dropped any mention of national minorities or the word minority itself. . . and supported the creation of a nation-state with a single language and a homogeneous culture as explicit government policy” (Eminov, 1997: 7). In fact, after 1971 references to “national minorities” or “ethnic groups” were purged from official discourse. Instead, there were only “Bulgarian citizens,” normal ones, on the one hand, and those of “non-Bulgarian” ancestry on other. Indeed after the approval of the 1971 Constitution, the creation of a nation-state with a single language and a homogeneous culture became an explicit government policy. Party ideologues began to declare that Bulgaria was well along the way to becoming a unified single-nation state. (Eminov 1997: 7).

In 1984-85, the regime tightened the screws of “inclusion.” It declared that Bulgarian Turks were not really Turkish, but rather they were Bulgarians who had been forcibly Islamicized and Turkified under Ottoman rule. It forced all Turks to change their names from Turkish names to Slavo-Christian ones, and prohibited most religious rites, closing down of mosques, and destroying public signs of an existing Turkish culture (Neuberger 1997: 6 ; Curtis 1993: 82). The name-changing operation was carried out through the surrounding of the Turkish villages by Bulgarian army units and the issuance of new identity cards with new Slavic names. Failure to present such a card meant forfeiture of salary, health benefits, pension payments and bank withdrawals (Curtis 1993: 82). As Eminov shows, “soon after the conclusion of the campaign the Turks were forbidden to speak Turkish in public conveyances and public places. Those who disobeyed were subject to harassment and fines. Signs saying “it is forbidden to speak in a non-Bulgarian language in this shop” and “communication between Bulgarian citizens will be carried out in Bulgarian” were prominently displayed in shops and restaurants where Turks lived “ (Eminov 1997: 91). This process started in the Eastern Rhodope mountainous regions of Southern Bulgaria in December 1984 and was carried in the rest of the country by March 1985. As Zhivkov stated in 1985 regarding the perennial Turkish question, “there are no Turks in Bulgaria, “ (Quoted in Eminov 1989 and cited in Neuberger 1997: 6).

The Bulgarian Muslims, or the “Pomaks,” suffered much less repression. Because, historically, there had only been a weak and ultimately failed effort to construct a Pomak political identity, there was no need for the Communist regime to single them out, either for special repression or privilege. (Todorova, 1998) If anything, the Pomaks were coincidentally privileged because they enjoyed “border benefits,” that is, development funds that were granted to the

⁹ The Turkish minority has always been part of the modern Bulgarian state. The latest census (1992) calculated 86% Bulgarians, 9.5% Turks, 3.5 % Gypsies and 1% other.

border regions of the Rhodopes in which they lived. They thus attained a higher than average standard of living for the region. Nonetheless, because Bulgaria was a small and unitary state, these "border benefits" were doled out directly from the central government to the border populations; unlike the case in Yugoslavia, there were no intermediary political entrepreneurs who could control the distribution of those benefits in order to enhance their own power base.

Despite these policies, the Bulgarian economy was characterized by an "ethnic" division of labor. The majority of Turks and Pomaks worked in agriculture, particularly in the tobacco industry, agriculture, and in light manufacturing, sectors that were not privileged by the regime in its industrialization drive. These sectors were completely tied to domestic demand and to exports to other CMEA countries. As long as that trade remained strong, as long as the domestic market was sheltered from international competition, and as long as they were granted equal welfare benefits, these minorities did not suffer disproportionate economic hardships. But as Bulgaria became increasingly integrated into the international economy during the 1980s, those hardships manifested themselves. It is to this story of integration and its effects that the discussion now turns.

Growing fragmentation under growing international pressure

Unlike Yugoslavia, the Warsaw Pact nations staved off an opening to the West until the 1980s. Only when Gorbachev came to power did the Soviet bloc open the floodgates to the international economy and begin the process of creating internal markets. These moves were initially widely supported by Soviet economic elites, who (it would now appear rightly) believed that the USSR would not remain a great military power unless it could raise the technological level of its industry to meet the standards of global competition. Opening to the West was one of the many strategies of renewal constructed to meet this goal.

Domestic reforms and growing market ties with the West, however, obviously failed to shore up declining economies. Because internal economic rigidities still persisted, Western technology was purchased as a substitute for economic restructuring; Soviet and East European planners knew that if they tried to compete in the international economy with sales of oil, timber, furs, and other commodities, they would never be as competitive as those states who produced computers, advanced components and new materials. If their industries were to compete in the world market, innovative technology would have to be imported. But not enough value-added goods could be sold on the world market to pay for those imports and technology had to be purchased with Western credits.

Growing internal economic weakness meant that the Warsaw Pact was eventually plunged into debt to purchase technology and consumer goods and raise wages to stave off domestic unrest. East European and later Soviet debt to the West reached dangerously high levels in the 1980s, only to be reduced by drastic cuts in Western imports and massive rescheduling. Subsequent decreases in economic growth rates and decline in living standards squeezed populations who could no longer be mobilized by ideological appeals.

Bulgaria was especially hard hit by the global recession of the 1970s and early 1980s and by the debt crisis of the 1980s. The recession which began in 1974 closed Western markets, and increasing EC agricultural protectionism exacerbated the problem for all the East bloc countries but especially for Hungary, Bulgaria, and Romania, countries whose chief exports were farm products. By 1990, Bulgaria had suspended both principal and interest payments of principal on

its foreign debt. It requested debt reduction rather than long-term payment deferral, but creditors united to reject the request.

Meanwhile, in 1989, as a result of the forced assimilationist policies and the growing economic crisis, 300,000 ethnic Turks left Bulgaria for Turkey, in what some observers called the largest post-war civilian population movement in Balkan history (EIU Q3, 1989: 20). The exodus resulted in an acute loss of agricultural personnel during the harvest. And the two-thirds of the Turks who eventually returned found that the authorities had given their homes to Bulgarians. (Tzvetkov, 1992: 40).

In short, with Communism's collapse, Bulgaria was ripe for "ethnic conflict." A highly centralized state engaged in extremely repressive policies against its ethnic minority. Economic crisis had fallen disproportionately on Bulgaria's Muslim population creating conditions for a politicized, ethnically constructed opposition, able to call on shared memories of oppression, and ready to mobilize politically. Ironically the Yugoslav response to ethnic disputes had been to further decentralize and grant autonomy, rather than to force assimilation into the Yugoslav state. Resources were distributed among various ethnically defined regions in order to achieve balance and "fairness." Yet it was Yugoslavia that collapsed in the wake of Communism's demise, while Bulgaria's Muslim minority was integrated into the new democratic system of peaceful political competition.

After Communism's collapse: Ethnic conflict in post-Yugoslavia and democratic competition in Bulgaria.

In Yugoslavia, as long as the central state was relatively strong, ethnofederalism functioned as a channel for effective if not efficient resource distribution, despite the resentments and fears that it nourished. There are also many indicators that central institutions were partially successful in moving Yugoslavia toward integration: a rising Yugoslav national identity, especially among young people, the strong preference among Serbs for the preservation of the federal state, and the widespread political popularity of Ante Markovic—Prime Minister and head of the only all-Yugoslav party in 1990. Polls taken in July, 1990 showed him to be the most popular politician in all of the republics, with a 93% rating in Bosnia, an 81% rating in Serbia, and an 83% rating in Croatia (Hayden 1992:7). In Bosnia, by the late 1980s, 30 per cent of marriages in urban areas were mixed marriages. (Malcolm 1994: 222) Perhaps the most significant indicator of Yugoslav integration is the outcome of the first multiparty elections: when elections were held throughout the Yugoslav republics in 1990, no ethnic nationalist party received an electoral majority in Slovenia, Croatia, or Macedonia; in Montenegro, former communists received the bulk of the vote. Most important, no party calling for an independent ethnically exclusive state received a majority vote in any of the Yugoslav republics. Indeed, election results suggested a broad preference for Yugoslav integration; this preference was stronger than many analysts believed.

It was when the central state weakened and finally collapsed that those resentments and fears became resources for mobilization in the hands of political entrepreneurs espousing violent secession and capture of territory. The demise of central power wiped out federal protection for national and minority rights and led to domination and discrimination of minority groups wherever one ethnic group enjoyed a majority. Domination and discrimination in one area prompted countermeasures in another, encouraging the escalation of open ethnic discrimination and violence. This, in turn, provided incentives for local politicians to exploit ethnic resentments

for their own political advantage. Where the legacy of ethnofederalism was strongest, nationalist parties won the first "free" elections in federal Yugoslavia, held in 1990. Where they dominated republican governments, they created exclusive institutions and prevented losing ethnic groups from obtaining citizenship rights in their state, thus encouraging more secessionist violence.

Slovenia and Croatia had long been the strongest advocates of decentralization and republican autonomy. By the 1990 elections, political and economic resources were in the hands of their regional and exclusive nationalist politicians. Serbia had long been a supporter of centralization, but was pressured by new accountability rules in the 1974 constitution to relinquish political control over its territory. This intensified ethnofederalism induced Serb politicians to drop their support of the federal government and take control of territories populated by majority nationalities. Where other titular nationalities were making exclusive claims to territory, Bosnian Muslims, identified as a 'nation,' also began to make territories claims. The bandwagoning effect of exclusive national claims to territory reduced incentives for pan-Yugoslav coalitions and increased incentives for an escalation to violence.

The legacy of ethnofederalism also prevented the formation of political coalitions *across ideological lines* that could reverse this trend. It thus prevented the "pacted" and peaceful transition to democracy that had taken place in Latin America and Southern Europe. (Schmitter and Karl 1992, 1994: 173-185; Przeworski 1991; Remmer 1990).¹⁰ And by preventing political coalitions *across regional lines*, the legacy of ethnofederalism blocked liberal politicians from obtaining positions of political power. To counter nationalist political forces, liberals needed pan-Yugoslav coalitions that regional fragmentation prevented, but those coalitions did not exist.

When communism collapsed, this fragmentation that permitted resources to fall into the hands of ethnic entrepreneurs paved the way for them to play the "ethnic card" in the first democratic elections in Yugoslavia. Slovenia and Croatia had long been the strongest advocates of decentralization and republican autonomy. By the 1990 elections, political and economic resources were in the hands of their regional and exclusive nationalist politicians. Serbia had long been a supporter of centralization, but was pressured by new accountability rules in the 1974 constitution to relinquish political control over its territory. This intensified ethnofederalism induced Serb politicians to drop their support of the federal government and take control of territories populated by majority nationalities. Where other titular nationalities were making exclusive claims to territory, Bosnian Muslims, identified as a 'nation,' also began to make territories claims. The bandwagoning effect of exclusive national claims to territory reduced incentives for pan-Yugoslav coalitions and increased incentives for an escalation to violence.

Sadly, the Dayton Accord did not correct for these institutional failures that fanned the flames of cultural conflict. Indeed, they produced political institutions in Bosnia that replicated those features of the Yugoslav constitution that encouraged ethnic rivalry and weakened the central government. Like Yugoslavia, Bosnia is constructed as a "non-centralized federation," composed to two separate entities, the Republika Srpska, and the Federation of Bosnia and Herzegovina, a federation of Bosnians and Muslims within the larger Federation of Bosnia. The

¹⁰ The literature on these transitions is vast. Examples include: (Schmitter and Karl. 1994) ; (Przeworski 1991) ; (Remmer 1990) ; (Karl and Schmitter 1992).

constitution of the Republika Srpska allows it to enter into an "association" with Serbia, and the Muslim-Croat Federation can enter into an association with Croatia. Bosnia is thus partitioned into ethnic regions, and the Croats and Serbs each have powerful patrons.

The central government is constructed to be weak and ineffective. It takes many of its institutional features from Tito's Yugoslavia and the 1974 constitution. The Constitution provides for a Parliamentary Assembly constructed of two houses, a House of Representatives and a House of Peoples, similar to the Chamber of nationalities.¹¹ All decisions in each chamber are made by a majority of those present and voting; Robert Hayden argues that constitutional provisions make it possible for Croat and Muslim members of the House of Representatives to assemble without the Serb members, declare themselves a quorum, and pass valid legislation.

The constitution further specifies, however, that in the House of Peoples a quorum consists of nine members and must include three Serbs, three Muslims and three Croats. No legislation can be passed if one group boycotts the House of Peoples. This means that legislation can be blocked by absenteeism. Like the federal Presidency created in the 1974 constitution, the Bosnian presidency consists of three members, a Serb, a Croat, and a Muslim, with a Rotating chair. With the economic crisis in the aftermath of war, these institutions spell a recipe for disaster. Bulgaria, on the other hand, constructed institutions that guarded against ethnic conflict, despite increasing economic crisis after communism's collapse.

Throughout the 1990s, Bulgaria was brought to the brink of economic disaster several times; CMEA trade all but disappeared, leaving Bulgaria with a huge debt and no export markets. The unemployment rate sky-rocketed from 1.7% in 1990 to over 11 per cent in 1991 and 16 per cent in 1993. Growth rates plummeted to -10.9 per cent in 1997, and industrial output all but ceased. (NSI 1996: 10-11). And as a UNDP report states, "The changes. . . greatly affected the sectors and manufacturing lines employing labor from the Gypsy and Turkish ethnic groups. . . . The canning and the tobacco industry, where workers of Turkish and Gypsy origin predominated, were also affected by the dwindling of the external markets due to the disintegration of the CMEA." (UNDP 1996: 6-11) Some figures illustrate: in the predominantly Muslim districts of Blagoevgrad and Smolyan, unemployment rates hit 90 per cent; in Borino, unemployment was 96 per cent; in all other Muslim districts--Girmen, Bregovo, Strumyani, Khadzhidimovo, Razlog, Yakoruda, Sandanski, Gotse Delchev, Kirkovo, Devin, Kresna, and Nedelino, the unemployment rate was over 90 per cent (Todorova 1998: 493) while in Bulgaria as a whole, the registered unemployment rate fluctuated between 1.7% in 1990, 11.1% in 1991, 15.3% in 1992, 16.4% in 1993, 12.4% in 1994, 11.1% in 1995 and 12.5% in 1996 (ILO 1997:447).

While the market brought disproportional hardship to the Muslim populations, democracy brought political freedom and the right to organize in the political arena. In December 1989, the Bulgarization campaign ended and ethnic Turks were permitted to take back their Turkish names. The BCP voted to condemn the policy of forced assimilation and restated the constitutional rights

11. The material in this section is taken from Hayden 1995: 65-68/ The House of Representatives has 42 members, two-thirds of which must come from the Muslim-Croat federation, and one-third from the Serb Republic of Bosnia. The House of Peoples consists of 15 members, five Serbs, five Croats, and five Muslims.

of ethnic Turks to choose their own names, practice Islam, observe their religious customs, and speak Turkish.

These moves toward political liberalization were countered by Bulgarian nationalists. On December 31, 1989, there were demonstrations against political liberalization measures in Kurzjali, and in early January 1990, there was a series of demonstrations in Razgrad and Kurdzhali and a nationalist march on Sofia, protesting the “Turkification” of Bulgaria. There is some evidence to suggest that these nationalists were supported by BSP (Bulgarian Socialist Party) resources.¹² (EIU Q1 1990: 27; Troxel 1992: 414, Neuberger, 1997, 8).

The regime’s response to this explosive situation was to both affirm the constitutional rights of minority groups and ban ethnic political parties. Nonetheless, the Movement for Rights and Freedom (MRF) was formed, which, while not officially a Turkish Party, did represent the Turkish minority in Bulgaria. And nationalist opposition rapidly increased both at the level of social protest and in a complaint to the Supreme Court. On July 11, 1990, the National Assembly held its first meeting. Ahmed Dogan, the MRF leader was prevented from addressing the floor because of the gathering of nationalist groups outside the old Bulgarian Parliament in Veliko Turnovo (Q3 1990: 25). Mosques and MRF offices in the Turkish towns of Haskovo, Shumen, and Prodvina Bulgaria were attacked. On November 22, 1990, the National Committee for the Defense of National Interests (a right-wing nationalist group whose members included many former communists who had participated in the implementation of the various Bulgarianization campaigns) proclaimed the “Bulgarian Republic of Razgrad” (a city with a large Turkish population) as a response to the “treacherous pro-Turkish policy” of the National Assembly. (Curtis, 1993: 215). Indeed, in 1991, the BSP actively courted the nationalistic right wing, and its political rhetoric claimed that its UDF rival and its alliance with the MRF would reawaken Turkification that would increase the chances for secession and threaten the territorial integrity of the Bulgarian state (Perry, 1992: 81; Nikolaev, 1992: 15; Dainov 1992: 10; Troxel, 1993, 422). Further nationalist protests followed.

The BSP also tried to outlaw the MRF. Once the 1991 Constitution was ratified by the National Assembly in the July of 1991 it presented the MRF with an obvious problem because Article 6 prohibited the creation of parties along ethnic lines. Despite the MRF’s leadership’s comments to the contrary, it had become increasingly apparent to all relevant observers that the MRF was the Turkish party in Bulgaria. The BSP sought to exploit this for strategic benefits and sued to prevent the registration of the MRF for the 1991 parliamentary elections

In this period of heightened ethnic tensions, the MRF began a campaign to politicize the Turkish minority, calling on past grievances to mobilize collective support. It announced the party’s plan to introduce the Turkish language in the school curriculum in Turkish-dominated cities and villages. Dogan pointed to disproportionate unemployment among Turks, calling it “genocide.”

The politicization of Pomaks was also underway (Todorova 1998). At the end of 1992, the Democratic Labor Party was formed to represent the Pomak minority. Its leader was Kamen Burov, a Bulgarian of Muslim descent and the mayor of the village Zhiltusha in the Eastern Rhodopes. He was sent to the United States to attend a seminar on ethnic diversity and was apparently converted to notion that Pomaks could compete for political resources on the basis of a distinct cultural identity. American and United Nations administrators encouraged him to work for the recognition

¹² The BSP is the former Communist Party, formerly named the Bulgarian Communist Party.

of a Pomak ethnic minority as an important element of Bulgaria's democratic transition. Upon his return to Bulgaria Burov founded his party, and immediately sought American backing:

But unlike "ethnic" political parties in the former Yugoslavia, Burov's party made little impact and received little political support. And the MRF did not possess an existing regional party machine that it use to mobilize for an alternative political authority in opposition to the central government. Indeed, both parties lacked the organizational and material resources of the regional party elites of Yugoslavia. Further, the Bulgarian Supreme Court decided, with the smallest of possible margins, to allow the MRF to register and thus to compete and represent the Turks in the Parliament. It then decided that under Article 11 the MRF was legitimate (Ganev, 1997). The MRF was left without resources to organize opposition outside the political arena, and Supreme Court effectively maintained and legitimated the MRF in the political arena, allowing it to participate in democratic competition rather than be excluded or marginalized, and permitting minorities to be politically represented.

It is in this context of potential ethnic conflict that one should note the role that Bulgarian political institutions played. The absence of a federalized political structure along ethnic lines, like in the case of Yugoslavia, meant that the MRF lacked any substantial means of resource allocation which would enable it to resist participating in the mainstream of Bulgarian politics. Unlike Tadjman and Milosevic, Dogan did not have the "luxury" of inheriting an organized and well-funded political base. Thus he was forced to participate in the "normal" bargaining processes of post-communist Bulgaria, structurally induced to temper his demands. Put more succinctly, the communist experience of political centralization meant that the MRF did not have an "exit" option that was available to the regionally- and ethnically-based parties of Yugoslavia. Similarly, the existence of a politically independent Supreme Court served as an effective veto point that preserved the democratic politics of post-communist Bulgaria. By recognizing the MRF as a legitimate party, even though it was against the de jure constitutional definition of a party since it shadowed party membership along ethnic lines, the Bulgarian Supreme Court allowed for the institutionalization of a representation mechanism for the sizable and economically hurt Turkish minority. In essence, the Supreme Court served as the institutional veto point that prohibited the emergence of exclusionary politics as was the case in many of post-Yugoslav republics. It did so by resisting the political pressures of the BSP to outlaw the MRF, thus signalling its intentions that the exclusionary and discriminatory policies that the BSP would not be allowed to institutionalized in the post-communist context.

Under these conditions, the MRF managed to become a power broker in the Bulgarian government. Despite the fact that the UDF won the parliamentary elections in 1991, it did not gain a clear majority and thus was able to govern only with the acquiescence of the MRF--which had become the third largest party in Bulgaria. In 1993, the MRF led strikes for higher tobacco prices in order to pressure the caretaker government to increase revenues that would cushion the transition to the market, and Dogan opportunistically supported a deal together with the UDF and BSP to construct a gas pipeline from Russia to Greece through Bulgaria under the assumption that Russia could be paid partly through sales of Bulgarian tobacco (EIU 1993).

At first there was very little pressure on the party elite from the Turkish constituency to reduce poverty rates and the declining economic prospects of the Turkish minority. But in the 1997 election, the party split over party elite power struggles. (EIUQ21 1997; EIU, Q3 1997). The MRF is behaving like a normal, interest-based party in democratic competition, and cultural conflict in Bulgaria is attenuated.

A role for the European Union in attenuating ethnic tension in the Balkans?

Political institutions that mitigate ethnic conflict may not only be domestic; they can also be regional and international. The Greek example illustrates the economic role of the EU in attenuating ethnic strife. Community Development and the Regional Development Funds have played a key role in generating much needed investment resources for the implementation of infrastructural projects that have attenuated ethnic tensions in Thrace. These EU resources have increased the Greek government's ability to provide domestic entrepreneurs and foreign firms with attractive and generous tax incentive packages that have increased the attractiveness, and consequently have contributed to the renewed economic growth of the region with increased employment and development opportunities for the Turkish minority.¹³ Further, this EU participation in the economic development of the region has taken the form of concrete and direct measures for the occupational and sectoral transformation of the region. Given the large minority representation within the agricultural sector, the EU has long and actively supported the introduction and implementation of projects that will reduce the region's dependence upon tobacco farming. As in Bulgaria, Tobacco is grown primarily by the Turkish minority. An experimental project, funded by the EU, has supported peppermint cultivation because of the better fit to the local climatological conditions, higher prices than tobacco or cotton, more harvest cycles within a given year and the option for mechanized cultivation. (*Financial Times* 1/17/1995). The comparison with the Bulgarian situation is particularly apt because of the common agricultural profile (a large dependence upon the declining tobacco crop and a large minority segmentation within that sector) as well as the need for economic adjustment to the international market. Hence, it becomes increasingly clear that membership in the European Union, with its vast array of development and adjustment funds, has provided Greece with viable mechanisms for dealing with moribund and inefficient sectors, which face increased negative effects from participating in the international market, in a remarkably effective and smooth

¹³ The overall aim appears to have focused on improving the condition and the scope of the local road network as well as the improvement of the two regional ports with the aim being the integration of the Thrace region within the transportation and communication networks of the European Union, so as to increase its chances for development. A particular apt example of the EU-financed process of infrastructural projects has been the financing of the Egnatia Road, which connects the Thrace and Macedonia regions of Greece with the Ionian Sea ports and therefore provides a critical linkage between Eastern Greece and the Western European markets, to the tune of 215 million ECU. As the report states, "Via Egnatia is the major West-East link between Italy (port of Brindisi), Western Greece (port of Igoumenitsa), the Balkan countries and Turkey (Alexandropolis-Kipi border crossing) and is regarded as of exceptional importance, not least among the trans-European networks. On top of the direct economic benefits in terms of savings in journey time and fewer road accidents, Via Egnatia is of vital importance for the development and the opening-up of international communications in the region and Greece as a whole. The project is included on the trans-European network (TEN) priority investment list agreed at the Essen Summit in December 1994, as a major trunk route, whose Eastern section serves mainly Thrace and it will improve links with Turkey. It is therefore being supported jointly by the EU's Structural Funds (ERDF and the Cohesion Fund) and the EIB" (Reuters, 10/11/1997).

fashion, despite the obvious ethnic tensions. In other words, Greece has been able to deal with the Turkish tobacco farmers without the rise of an MRF within the county.

EU membership has also meant the increased institutionalization of minority rights legislation and protection with the domestic institutions of Greece. This increased institutionalization of the protection of minority rights has taken the form of increased respect for private property rights, the unbiased allocation of credit and the elimination of restrictions upon the commercial practices of the Turkish ethnic minority which have increased the chances that this minority will avoid a process of occupational segmentation and socioeconomic marginalization. More specifically, under pressure from the EU, all of the restrictions that had been placed on the Turkish ownership of land and property, once argued as the only viable policy given the uneasy relations between Greece and Turkey, have been removed. Similarly, access to state-owned bank loans has become non-discriminatory, and tractor ownership has been deregulated as well. Indicative of the changes in the regional legal restrictions is the following: 'The bureaucracy has grown much more responsive to the minority in the past year. You put in your application for whatever it may be and get an answer in days, instead of the endless delays and prevarication there used to be,' says Mr Abdulhalim Dede, secretary of the mufti's office in Komotini (*Financial Times* 11/4/1992). Although all these institutional changes cannot be entirely attributed to the existence of EU-level pressures for the protection of minority rights, as the local Turkish political leaders have claimed, the role of EU membership has served to increase the incentives for the Greek state for adherence to international treaties about minority rights protection by increasing the institutional fora in which Greek citizens of Turkish origin can protest. A similar case can be made about the minority protection and non-discrimination clauses that exist within any kind of accession agreements with Eastern European countries vying for EU membership.

Conclusion

Why did Yugoslavia and Bulgaria which had similar societies, and suffered similar pressures of globalization take such different paths in terms of ethnic conflict and social integration? The answer lies in the role of political institutions. In contrast to Yugoslavia, Bulgaria did not develop a system of ascriptive resource allocation. Therefore, the collapse of central control in the face of economic crisis did not leave ethnic or sectarian political entrepreneurs with internal resources to exchange for political support. (The BSP may be an exception here) Nonetheless, in Bulgaria, given the "cultural division of labor" under which Pomaks and Turks were largely employed in uncompetitive and inefficient tobacco industries and farming, a transition to a market economy left a disproportionate number of Muslims unemployed. Economic hardship made them available for reassignment to a new political identity, and sectarian political entrepreneurs attempted to cash in on the discontent in an effort to gain political support. With only a Turkish or Pomak "identity" and no material resources to offer, however, his efforts were less than successful.

Yugoslavia experienced the opposite outcome. The system of regional resource allocation had provided ethnic entrepreneurs with tangible resources to exchange for political support. Economic factors thus explain the decision to exploit cultural grievances for political advantage, but institutional incentives and constraints explain whether support is forthcoming. Without those resources, political entrepreneurs cannot establish an alternative political authority and must establish themselves with other political elites in political competition.

The lesson of these two tales is that political institutions of participation and resource allocation must mediate the domestic impact of the forces of globalization in multi-ethnic societies in order to maintain social harmony. Institutional channels can be constructed to ensure that social cleavages will be cross-cutting and not reinforcing. Markets can sever patronage networks. Institutions can be created that both depoliticize and respect cultural identity. These kinds of institutions must form the basis of post-communist states as they integrate into the global system if the incentives for intercultural cooperation are to outweigh the incentives for cultural conflict.

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