

THE IMPACT OF ECONOMIC SANCTIONS ON CIVILIANS: CASE OF THE FEDERAL REPUBLIC OF YUGOSLAVIA

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Abstract

The article is dedicated to the economic sanctions imposed by the UN Security Council against the Federal Republic of Yugoslavia (FRY) in 1992, strengthened a year later, before being cancelled in 1996; especially focused on their impact on the civilian population in the FRY. The article maps the impact on the unemployment, demographics, disposable income & savings, health & social affairs, and overall economic situation in the country, together with the way the Yugoslav citizens adapted to the hardships of the sanctions regime. The objective of the article is to make a reader acquainted with the focus topic and consider the fact that the civilian population should be taken into account when sanctions are set out.

Key words

Civilian casualties, economic sanctions, Yugoslavia, civilian protection.

Introduction

Population protection is not only an imminent activity following extraordinary events or security threats. It is often connected with the consequences of unfavorable situations which followed the unfavorable social evolution, after the civil war or a state of war. Economic sanctions which are adopted by the international community against the representatives of an afflicted state are generally destructive for the whole nation, especially for its population. The study of historical cases enables to understand what the society must cope with in such a situation. Therefore the case of the Federal Republic of Yugoslavia has been documented.

In 1991 the UN Security Council (thereinafter UNSC) under the impression of complicated disintegration of the Socialist Federal Republic Yugoslavia (SFRY) concluded that the ongoing armed conflict accompanying the efforts of Slovenia and Croatia to become independent represent the threat to international peace and security. Therefore in September the UNSC adopted the resolution on imposing arms embargo for the SFRY, i.e. it prohibited complete import of weapons and armaments on the territory of the federation. The aim of this measure was to prevent the reinforcement of the armament of Yugoslavia

People's Army (JLA) and also make the armament of newly rising armed groups more complicated - either the ones which were supposed to become official armed forces of emerging states or those ones whose status was considerably unclear and which were later earmarked as "paramilitary units"; they were considered as the synonym of the brutality and a nightmare for the victims from the civilian population side.

Since there was a huge amount of weapons on the SFRY territory – in the army and navy magazines, units of territorial defense, police and in private hands – forcible conflicts grew together with civil casualties. The heavy armament was de facto monopolized by the Yugoslav People's Army, other armed forces managed to get access to lighter weapons and used them against their opponents and civil population which became more and more frequent targets of attacks.

It did not take long to prove that the arms embargo itself would not be enough for the pacification of the situation. As long as the European Community wants to avoid a long civil war on its borders, it will have to be markedly more active. There was the possibility of military intervention for which, of course, the European Community, as a block, was not prepared. The chosen alternative was finally the mix of diplomatic initiatives and economic pressure in the form of sanctions which the EC began to apply from the autumn 1991. Nevertheless to announce complete sanctions, the EC needed even more significant starter which was Bosnia and Herzegovina.

After the referendum which was held in Bosnia and Herzegovina in spring 1992 in which the citizens in majority demanded the independence of the republic, a civil war, in this ethnically divergent country, broke up very fast. On one hand, there were, similarly as in Croatia, minority Serbians who rejected the independence or at least made an effort to join by them inhabited or governed territory to Serbia itself (i.e. the Federal Republic of Yugoslavia – the FRY which was at that time formed by Serbia together with Montenegro). This war during the period from 1992 to 1995 was allegedly the bloodiest European conflict since the end of the World War II with approx. 200 thousand casualties, 3 million refugees and factual liquidation of Bosnia-Herzegovina economy.

The UNSC by the end of May 1992 pointed out the FRY/Serbia as the main guilty party in the former Yugoslavia even though the Council mentioned also the responsibility of other parties. In order to mitigate the conflict, the Security Council decided to declare very complex economic, diplomatic and cultural sanctions which resulted in factual cutoff of the FRY from the rest of the world. Security Council came to a conclusion that the Federal Republic of Yugoslavia and its citizens would not be able to counter with such economic pressure and cease to support (militarily, economically and diplomatically) Serbians in Croatia and Bosnia and Herzegovina and subsequently political situations in both neighboring states would be solved politically.

The international community deemed that these sanctions had these two main objectives:

- prevent the situation in the region from worsening, restrict the activities of official armed forces and paramilitary units (arms embargo),

- improve or even resolve the conflict in former Yugoslavia, i.e. through the pressure on the Federal Republic of Yugoslavia make the antagonized sides of the conflict negotiate, stop fighting and enforce peaceful solution.

Whilst the attention of the international community was paid to a bloody war and civilian casualties in Bosnia and Herzegovina, under the sanctions of the UNO started an independent chapter of the fight of citizens of the Federal Republic of Yugoslavia to sustain their living standard, safety and even survival.

The Impact of Sanctions on the Federal Republic of Yugoslavia Economy

Economic sanctions of May 1992, which UN Security Council a year later made stricter and expanded to the territory controlled by Serbs in Croatia and Bosnia, prohibited total export from the FRY and de facto prevent total imports to the FRY together with the transit of good through the territory of Serbia and Montenegro. The only exception was the import of food, medicaments and other humanitarian material, as long as it was approved by the Sanction Committee of the UNSC, i.e. the body formed in order to supervise the sanctions against the FRY. This resulted in a complete paralysis of a legal Serbia-Montenegro foreign trade whereas the impact on the citizens of the FRY was very severe.

The initial optimism of the FRY citizens that the sanctions will not last too long or that their impact will not be that significant, was substituted very soon by sobering. In May 1992 hardly anybody in Beograd and outside the capital might think that there would be three and a half years of a period resulting in impoverishing of wide ranks of the Serbia-Montenegro society.

Table
*GDP of the Federal Republic of Yugoslavia in the first half of the 90^{ies},
per capita v USD, 1990 – 1996*

	1990	1991	1992	1993	1994	1995	1996
FRY	2530	2370	1740	1270	1390	1510	1545

Source: Yugoslav Federal Statistic Office, 1998

In the following paragraphs we will take a look at the most significant impacts of sanctions and their consequences for civilians. During the period of 1992 – 1995 the Serbian and Montenegro population wrestled first of all with the unemployment, inflation, worse availability of health services and lack of fuel.

Unemployment

One of the main consequences of legal foreign trade interruption was a steep fall of industrial production. A wide range of companies were cut off their

importers and customers; whereas the loss of export markets in newly independent republics of former federation was more significant than the standstill of export into destination outside the FRY. As long as the import is concerned, the situation was the other way round, first of all due to the impossibility to ensure a larger amount of homeland oil consumption unlike through the import.

The unemployment in Serbia and Montenegro increased very fast already at the beginning of the 90^{ies} when the numerous shut down of uneconomic companies steeply decreased the number of jobs. After the year 1993 new job opportunities occurred very sporadically despite the efforts to substitute missing imports by local production – lack of funds and perspective discouraged from investments; half a year after the introduction of sanctions only one fifth of production companies did not decrease their production. The situation when most companies were in public ownership was embraced by the government in order to restrict the unemployment administratively. Thanks to the act of April 1993 it was basically impossible to dismiss employees during the sanction period, nevertheless, in the same year there were officially three quarters of million unemployed persons (25 % of employable population). A year later this number grew to a million of persons (33%).

As a result of the unemployment many people of all social classes had to look for legal living in small home production, farming or in a worse case participating in smuggling and distribution of smuggled goods, possibly in providing their skills outside the legal economic sphere. Due to this, a large part of labor power found itself outside the law. As long as the people did not manage to ensure their needs through these ways, they resorted to thefts (small ones even within organized groups), alcoholism, emigration or suicides.

Emigration

The brain outflow has been affecting Serbia and Montenegro since the 90^{ies}. Whilst in the 70^{ies} and 80^{ies} first of all low skilled workers in building, industry and services were leaving the country, in the 90^{ies} the economic and political hopelessness in the FRY changed the structure of emigrants. Among the emigrants highly educated people and qualified professionals began to prevail. The middle class, decimated by economic troubles was even more weakened and its potential to initiate political changes or at least to make its government meet the requirements of international community was minimized. Imposed sanctions obviously relied on this scenario.

With the male part of emigrants to above mentioned causes of emigration it is necessary to add the fear of their call up or forcible drafting into the armed forces and participating in fights. The main target destinations were Canada and New Zealand, whilst the refugees from war areas and Kosovo headed for Europe. The Balkan diaspora in Europe was formed, besides the Albanians, especially by the refugees from Bosnia and Herzegovina and to a small degree from Croatia.

Murders and Suicides

The number of murders increased in the FRY during the period of 1992 – 1995 by two fifths in comparison with the year 1990 and the number of suicides in the same period was strongly variable, whereas the most of them occurred in 1993. Nevertheless, their long-term peak they reached in 1996, therefore imminently after the end of a sanction regime which obviously in many regards resulted in other steep worsening of the standard of living due to the withdrawal of humanitarian aid and temporary government programs.

Grey Economy as the possibilities of asserting in legal sphere got worse, the share of grey economy grew up – from 30 % of GDP in 1992 to 50 % in 1998 (therefore three years after the end of sanctions). Grey economy must be differentiated from so called black economy which is economy criminality and organized crime. Illegal economy cannot be expressed exactly; nevertheless we may estimate that in the half-period of the sanctions approx. one third of the transactions took place outside the official sphere and about a half of households of all social classes participated in grey economy. Many people and probably most of them were simply forced to do it.

After the sanctions period also the unemployment grew up because the companies were allowed to fire the employees in order to return to “a normal situation”. Especially large ineffective companies used this option and the labor market increased by other hundred thousands of unemployed.

Inflation and Population Savings Confiscation

The economy phenomenon which marked the life in the FRY during the entire first half of the 90^{ies} and especially the period from 1991 – 1993 was the inflation, let us say hyperinflation. However, this was not the result of the economy policy, but an intentional tool of the re-distribution of the wealth in Serbia and Montenegro.

Until the year 1994 the Milosevic regime used to obtain a substantial part of its revenues by confiscation of citizens' savings. Besides the organized crime proliferation this was done by two main ways whereas both ways were firmly tied to artificially induced hyperinflation which was reversely strengthened.

Inflation tax. The first way was the factual imposing of the inflation tax which was the significant revenue of the state budget. The principle of this tax was based on the fact that the state sorts out its deficit by new, not covered paper money and by the provision of cashless loans which the public and corporate sector accept in permanently higher rate in order to preserve a real purchase power of its revenues which go down due to growing prices. However, the state collects the difference between the money value during the time of its transfer to the population (companies) and the decreased value of the same money applied some time later during the payment for goods and services. This difference, therefore the revenue of the state equals the inflation which occurred between these two

moments. In stable economy with a low rate of the inflation this state revenue is insignificant. However, in the hyperinflation setting this revenue is significant even if this potential of this tax ran out by the end of the year 1993 when the population ceased to accept to local currency.

Foreign currency savings. Another way of obtaining means was also very effective: factual confiscation of foreign currency savings of the population and their taking outside the territory of the FRY through befriended enterprising entities. The savings in foreign currencies (mostly in German Marks) deposited with national banks and frozen already from the end of the year 1990 amounted approx. to 4 billion of USD. Since the public did not trust in the state banks any longer, the people deposited their savings into so called private banks, whose owners always had narrow links to the governing classes. These banks offered 15 % of monthly interest for foreign currency which caused that many Yugoslavs deposited savings in a foreign currency into these banks and lived from the foreign currency interests changed for not so valuable dinars always in the moment when they wanted to buy the goods and services. This way the savers prevent themselves against the high inflation devaluating the local currency. The interests' "Eldorado" took till the elections in December 1993 after which the most banks disappeared over night together with the savings of the payees.

The total estimate of the amount obtained from the population till the year 1994 (including) is about 4.7 billion of German marks. From the beginning of the year 1994 the sources were drying very fast. The moment of their exhaustion is remarkably the same as the period when the policy of the FRY towards Bosnian Serbs changed – limitation of their support in the same year which led to the suspension of some sanctions; for example the transport communication to the FRY was unblocked. This change cannot be considered as the success of the sanctions – more likely the governing class after the exhaustion of the potential of profiting from the citizens had to look for other ways how to get revenues.

The highest monthly inflation rate was 313 million percent which was, at that time, the second highest rate in the history – after the Interwar Hungary. The central bank issued still new and new banknotes of still higher nominal value. When it was impossible to place the nominal value on the banknotes themselves, during the five waves the "zeros" were crossed out (in periods of millions or billions) at a certain date when the prices and banknotes nominal values decreased.

The outward symptom of the hyperinflation was a significant deviation from the modern economy based on money and a partial return to the exchange economy. Employees (including the state ones) were paid in kind – products from the company or goods handed out from state reserves, e.g. washing powder or staple food. Many citizens were supported by their relatives from the country who would bring the food.

The average monthly income which before the economic crisis fed 5 people, all of a sudden could ensure elementary needs for the half number of household members. In numbers it meant the decline of the average wage from 277 dollars of 1990 to 102 dollars in 1992 and from 1993 it factually did not have any value. The total loss of the purchase power of employees and retired on the turn of

1993/1994 resulted in the poverty of 85 % of households of employees and 92 % of retired people.

The factual inflation was significantly influenced also by the degree of “freedom” in smuggling of some commodities, especially the fuel and cigarettes. During the period of a stricter control of smugglers and a relative lack of goods, the prices of theirs grew much faster. The government tried to decrease the inflation at least verbally through the administration control of prices and factually did so through the decrease of real wages of the employees of the state and public sector where there was significant over-employment together with already mentioned incomes of pensioners.

On the other hand, thanks to the hyperinflation it was possible to get a wide range of advantages basically to the detriment of state companies. An example is the payment of bills of households after the decrease of their real values. With regard to the escalation of prices, within three weeks of the due date (in the second half of 1993) the bills dropped even under 1 % of the former value (in real or foreign currency) – for example the invoices for the power, gas or phone-calls. However, in the private sector the companies effectively defend themselves against such approach through the indexation or accounting in marks or dollars.

Only the economic sanctions and with them connected interruption of standardized relations with developed countries enabled this extraordinary behavior of the government. A European state keeping current relations with the West-European countries or the USA would never get into such situation or would not persist in it for so long.

Health of the Population and Social Sphere

A distinct fall of the living standard which occurred due to economic troubles was already commented. Fast dropping of the living standard was accompanied by the retardation of the social environment, perhaps by tens of years. Services currently provided for citizens in normal economy – local transport, regular power supplies, operable social infrastructure (from open swimming pools, over the payment of respectable pensions to the retired, to the health care on the level of the end of the 20^{ies} century) - all these became rare and for many unavailable estates, or even for a certain period completely disappeared. Neither could the gradual decrease of the living standard of Yugoslav people during the 80^{ies} prepare the citizens of the FRY for the first half of the 90^{ies}.

Economic sanctions for example imminently caused the worsening of the population health conditions. The main causes were the lack of medicaments, lack of spare parts and the maintenance of medical appliances imported from abroad and worsening of the availability of the health care for many citizens due to the fact that so far almost free health care became a paid service.

Lack of medicaments. During the period of sanctions the FRY had to rely on the supplies from local factories which in dependence on a specific medicament

ensured from 60 – 90 % of the homeland consumption. Missing medicaments might have been imported in the frame of the exceptions from a sanction regime. The fact that the medicaments quite often did not reach the population was caused by: the system of the approval of exceptions was very complicated and did not allow in case of an urgent need of a specific medicament its import and next, the distribution of humanitarian supplies was determined by the regime. From abroad supplies were this way delayed and for some patients it was too late. Medicaments approved by the sanction committee which reached the country were generally used for the support of the government policy (e.g. they were preferably allotted to specific groups of population or regions which highly supported the governing parties) or the government used to sell them to the population and health facilities with the high additional charge which was one of the incomes of related persons. Medicaments were then financially unavailable for some groups of citizens.

In case that the legal import did not work, the medicaments and medical supplies had to be smuggled into the country. Due to the costs connected with these activities, the smuggled medicaments became luxury goods and therefore again not all people in need could them afford.

The worsening of the health care, lack of the medicaments and troubles connected with the provision of elementary needs resulted first of all in the increased mortality of the population with the people over 65 years – retired with limited alternative options for the provision of the above necessary needs. Temporary, during years 1992 – 1994 due to more serious diagnoses and the lack of medicaments also the natimortality slightly increased.

The international community all in all learned the lessons and since the end of the sanctions against the FRY the UN Security Committee has not applied such comprehensive sanctions any more.

Transport

The result of the sanctions in the FRY was obvious already when having entered the country. There was only one surface route available due to the fact that the aerial, naval and water communications were, as a result of the UN Security Council resolutions no. 757, 787 and 820, unavailable. The crude-oil embargo did not allow the Yugoslav state and legal persons to import the oil and oil products including driving fuel; nevertheless, it allowed to transport the driving fuel in petrol tanks of cars. This fact caused that on the borders there were long lines of cars waiting for entering the territory of a neighboring state or returning to the FRY. The motorists and resellers were forced to travel for driving fuel abroad whereas especially Macedonian and Hungarian border officers were relatively tolerant when overlooking petrol cans with the fuel in the boots of the cars. On the south border there was no exception to see the string of tank trunks because the Macedonians for a long time did not follow the embargo regime due to their own economy interests and did not blockade the export to the FRY.

The surface transport was more difficult than before the sanctions. The government further adopted stricter measures for the fuel reduction such as speed limits but the surface of the roadways as a result of neglected maintenance caused by the lack of finances and oil products (asphalt and tar) degraded fast. This, on the contrary, caused traffic troubles resulting in wasting of driving fuel and first of all in difficulties with the supplies, especially in mountain areas. Logistics losses deepened other economic troubles, especially in the agriculture and food industry; this was caused by limited distribution of the fast decaying goods.

The agriculture faced the complications connected with the lack of fertilizers and driving fuel. On one hand the government in certain periods, generally during the sowing and harvest unlocked the allocation of the oil to the farmers. On the other hand, often deliberately, the government limited the allocations to farmers in order to keep cool the towns in which the system of central and district heating required the allocations of furnace oil. The farmers did not have any other option than to get the driving fuel on the black market.

Also the public transport was affected by the lack of driving fuel, especially in towns where it had to be reduced. The means of transport, many of them coming from the Czech Republic, suffered from the lack of the maintenance. In comparison with the city buses which were dependent on imported oil, the tram transport worked more reliably as the power was produced by the power stations from the coal reserves. A very popular joke began to go round - that Beograd became the first "green", therefore ecology town when steep limitation of the production and eradication of the transport caused expressively better quality of the air in the town.

Quite opposite the situation was in the international bus transport which due to the absence of air travels managed to gain extra customers among the Serbian diaspora in Western Europe.

Nevertheless, the citizens managed to adapt to these insufficiencies and the economy damage as a result of the disturbance of the city transport was relatively low.

Adaptation of the Population to Insufficiencies and Failures

When coping with the sanctions, the people, companies and the entire economy had to adapt to them. During the Socialist Federal Republic of Yugoslavia the state provided in cooperation with self-administration companies the complex social security such as in other communist states, health security was free of charge and on a quite good level. As already mentioned, during the first half of the 90^{ies}, many activities originally provided by the state were gradually transferred to the private sector – including the education and health care and the citizens had to pay for the larger part of these services.

The consequences of the harmful economy and monetary policy of the government supported by the negative economy impacts of the sanctions were omnipresent and obvious. The substantial part of the population of the country was

affected and this became one of the arguments against the application of complex sanctions by the international community generally.

The lack of consumer products and troubles with supplying as a result of the lack of driving fuel was distinctly visible in insufficient supplies in stores. In spite of the above mentioned information it is necessary to emphasize that the main supplies to the population – food, energy, water, phone-calls, by the state approved and controlled information (newspapers, magazines, TV, radio broadcasting), general medicaments and limited transport – the government managed to secure. This of course helped suppress the dissatisfaction with the regime and on the contrary to ventilate it against the international community and especially against specific states similarly as it helped for the whole time maintain the engagement in favor of Serbian minorities in Croatia and Bosnia and Herzegovina including the collection of humanitarian aid for them.

Also, the capability of the population to survive depended in many regards on political and family networks, humanitarian aid and their capability to move on the black market. Especially food supplies from the relatives in rural areas were a very important part in the households. In this regard the fact that the Serbian and Montenegro society went through a significant process of urbanization only in the second half of the 20th century and therefore most of the families had some of their members in the countryside proved to be a great advantage.

The hyperinflation resulted in the partial substitution of the cash by the bartering. The reference means of payment was the German mark but especially outside large towns there was not the sufficient amount of this currency and so the exchange of goods and services for other goods and services occurred. As long as the hyperinflation proved to be the way of the redistribution of the wealth in the country, not only the entities tied with the governing class and organized crime advantaged, but also the entities owning productive mobile and immobile property (e.g. farming land, machines or the livestock).

The only region relatively not affected by economic sanctions was Kosovo. The Kosovo population found itself in difficult economic conditions already during the times of the SFRY and they managed to work in the black market environment in the way which the other population of the FRY and neighboring Serbian territories had to start learning to.

The fact that in the described conditions the **disintegration of the society** did not occur even despite the way of the governance and the violence against own citizens by the governing garniture and organized crime connected to it, is the proof of the civilization and flexibility of local Serbs, Montenegro population, refugees and minorities.

It is true that the **citizens in the towns** were affected most; there the fall of the living standard was the most perceptible. It is also the truth that first of all in towns this period was mastered with honor. Unfortunately despite certain improvement of the economy situation after the sanctions cancellation in 1995 the Serbian society did not get the chance for a significant change until on the turn of the millennium. At that time Milosevic finally lost the elections and the new governmental garniture started to make changes even though some basic economy

initiatives and the permission of foreign investors to enter the FRY were launched already in the second half of the 90^{ies}.

Conclusion

The sanctions of the UNO were stopped and then cancelled on the turn of 1995 and 1996. The motive for the cancellation of a sanction regime was the Dayton Agreement ending the war in Bosnia and Herzegovina and consequent first after-war elections in this republic. Nevertheless these sanctions were not the main purpose why the Bosnia conflict ended up, despite the fact that the sanctions were to contribute to it.

The attacks of the aerial fleet of the NATO on heavy weapons and the positions of Bosnia Serbs and first of all the armament of Croatia and Muslim-Croatia army by foreign powers (which occurred in spite of still valid arms embargo) enabled the military defeat of till that time mostly winning Serbian armed forces. Economic sanctions which so much affected the prevailing part of the population of the FRY played in the conflict the side role.

The damage to the economy of Serbia and Montenegro as the result of sanctions was definitely of a long term character – especially due to the interruption of the economy transformation with all, of this flowing, costs – real and opportune. The consequences of this damage are up to no one else than up to the citizens of both, now already independent states.

As long as we look at the main objectives of sanctions mentioned at the beginning of this article, then those **were not met or quite certainly they were not met in time** in order to help the civilians affected directly or indirectly by a war conflict in Croatia and Bosnia Herzegovina. In light of this evaluation the question how big their effect on the decision making of the sanctioned entities was, is a **second-rate**. As long as the sanctions did not manage to achieve their goals, they were not successful.

The success of the sanctions cannot be measured by the economy and social damage which they caused but by the fact if they managed to force a country under sanctions to change its policy. In this regard the results of sanctions of 1992 did not respond to their costs, especially to the economy and social ones which the Serbia-Montenegro society was to bear.

The above mentioned failure was recognized also by the international community. When four years after the cancellation of described sanctions the FRY became again in the focus of the European Union due to the forcible events in Kosovo, the European states imposed on the FRY so called selective or **smart economy sanctions**. The EU applied a considerable part of its economy sanctions against the Yugoslav companies which developed in branches which increased the power potential of the country or created the source of finances for the governmental and allied representatives. The sanctions did not affect a large number of small and middle-sized companies which had no connections to the government and thanks to this they could maintain business relations with abroad.

Moreover the sanctions were imposed on Montenegro to a limited extent only as the EU tried to win the country over. All these measures caused that Milosevic and to him connected persons lost a considerable amount of the income and consequently also the power without the long-term impoverishing of the civil population.

Especially smart sanctions were to be the option as the international community did not want to resort to the threat of the use of force especially in the later phase of the conflict. As long as the economy platform of the governing power is undermined, it loses the allies and civil support as, to the rest, the experience of 2000 – 2001 showed.

Résumé

The dissolution of the Socialist Federal Republic of Yugoslavia (SFRY) had been accompanied by the economy collapse, civil war and massive suffering of the civilian population in many parts of the former federation.

In May 1992 UN Security Council imposed one of the most severe sanctions ever deployed under hasty assumption that the FRY is responsible for the civil war in Croatia and Bosnia and Herzegovina, and even hardened them a few months later. This resulted in the fact that the FRY was cut off from the international exchange of goods, services and finances. The UN and a wider international community expectations were, at least officially, that the sanctions will force the Yugoslav leadership to change their policies, stop supporting the Serbian entities in the neighboring countries, and eventually bring the conflict to an end.

The article provides an executive summary of the impacts these sanctions had on the Yugoslav civilian population. It is the raising awareness of the effects which such sanctions have without achieving their goals.

The combined effect of the wrong (if not criminal) economy policies and the sanctions proved to have a devastating effect on the prosperity of Yugoslav citizens. In less than three years the income per capita halved, unemployment hit at least one third of productive population, majority of the population fell into poverty, and the social and health conditions deteriorated.

The Yugoslavs had to adapt. Some, mainly well-educated and skilled people decided to leave the country and seek better living in Western Europe and overseas. Those who stayed were in many cases forced to enter the “grey” or illegal economy, struggling to secure basic needs for them and their families. Smuggling and illegal trade became widespread and helped absorb many of those who would be otherwise left without means. Others, especially urban citizens, became dependent on food supplies from their relatives living in the rural areas.

Still the Yugoslav society managed to survive and did not fall into chaos. And sanctions did not make the Yugoslav leadership change their policies at the first place; the conflict lasted till 1995 when military solution was brought in the battlefields of Croatia and later in Bosnia and Herzegovina. During the whole period the Yugoslav civilian population strongly suffered, and the damage imposed

on the economy had the enduring effect in the years after the sanctions were cancelled.

The experience from so called "second" sanctions which were used against the FRY in 1999 – 2000, when smart or selective sanctions were used in contrary to the wide-spread general sanctions of 1992 – 1995 shows how effective the sanctions can be when used wisely. Smart sanctions imposed on the Yugoslav government officials and on only those companies owned or otherwise strongly linked to the government; such approach hit them significantly, but avoided hitting the majority of the population in the way the "first" sanctions did. Under the smart sanctions regime the suffering of the general population was rather limited.

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