percent in 1981). The dinar was devalued by 20 percent last year. The announced energy plan incorporates a deficit of 4 billion kilowatt-hours, which means sporadic blackouts in cities and factories. On Feb. 17, party leader Mitja Ribicic stated that gasoline rationing would have to be continued past March 1.

Under these conditions, the majority's policy of paying the debt, no matter what the cost, is less and less tenable. The "some people" cited by the Austrian source as advocates of a debtors' cartel fear that the economic destabilizations of today will breed political chaos and ethnic fragmentation among Yugoslavia's many nationalities tomorrow.

Balkan "catastrophe"?

The BIS brinksmanship caught Yugoslavia between East and West, the precarious strategic position that prompted Tito to be a Non-Aligned leader 30 years ago. The worse its relations with the IMF and BIS, the less Yugoslavia will trade with the West, and the greater will be its dependency on the U.S.S.R. and other East European trading partners. This has been a trend for three years. One banker put it, "The name of the game is pay gold, or pay Andropov."

Munich and Vienna sources who watch the Balkans closely report increased Soviet political activity in Yugoslavia and neighboring countries since Yuri Andropov became general secretary. In the same period, the Soviets have sent signals that the amount of oil and coal delivered to Yugoslavia may be cut. One conclusion from this is that Moscow will exact a political price for economic favors to the Yugoslavs. In any event, economic starvation by the West can only force Yugoslavia to the East.

Compounding Belgrade's political plight is the post-Tito institution of collective leadership, whereby the national presidency and the party leadership both rotate every year. This system is hardly conducive to bold political initiatives, but provides a framework in which Yugoslav agents of the IMF—like the Yugoslav members of the Brandt Commission on North-South relations—can exert a steady influence on the leadership consensus.

Creditors, all too aware of this situation, exploit it. Typical of their views are the recent remarks of one Austrian banker, that "Yugoslavia is on the brink of catastrophe. . . . The situation is a mess, with the collective leadership. Nothing gets done."

His recommendation was a leap from frying pan into fire: "Yugoslavia needs a dictator" to run its austerity program. He is not alone in such thinking; Balkan church sources have put out alarms that a coup by Serbian military officers might rock Yugoslavia in April, and obtain Soviet support.

Obviously, Yugoslavia needs neither a weak collective leadership nor an Austrian-model dictator. Under pressure from both West and East, lacking Tito who, in the words of one observer, "knew how to play them both off," Yugoslavia could find its best hope in the Non-Aligned movement it co-founded—by putting together the debtors' cartel that so unsettles the gentlemen at the BIS.

British Foreign Office: 'Time to squeeze Poland'

A meeting of foreign ministers of the European Community countries decided March 1 to reopen the issue of Poland's debt to government lending institutions in these and other Western countries. Nothing has been paid on Poland's $14 billion since Dec. 31, 1981, and there have been no talks about rescheduling it, because such talks, under the auspices of the "Paris Club" of creditor nations, were suspended by the West when Gen. Wojciech Jaruzelski declared martial law.

The man who went to the press with the story of renewed pressure on Poland was Douglas Hurd of the British Foreign Office. He told reporters that Poland's "de facto debt moratorium" was quite "absurd," and that it was time to "call the Poles to account."

Also in the first week of March, Swiss banking sources said that some commercial banks to which Poland owes money might declare Poland in default on 1983 payments (the commercial debt also stands at near $14 billion, but 1982 payments in this case were rescheduled), if steps were not taken before the end fo the first quarter, towards their renegotiation.

There are two motives for stepped-up pressure on Poland right now. One is the nagging worry on the part of creditors that the Poles will decide to join with other big debtors in a cartel. Such a cartel would have enough clout to obtain not only long-term rescheduling on favorable terms, but the real wherewithal for international economic recovery: new, low-interest credits for investment in industry. Poland has difficulties with some of these potential allies (in February a Warsaw delegation was trying to work out barter deals to cover some of what Poland owes Brazil, itself the world's biggest debtor), but the idea of a joint policy is still alive.

The other purpose stems from resolution of the Paris Club business being considered a precondition for processing Poland's application to join the International Monetary Fund. Particularly the Swiss and British circles which want the IMF to act as a world central bank to police a disintegrating world economy consider signing up Poland a major inroad into Eastern Europe, a token of Warsaw Pact acquiesence in this scheme.

Poland's policy is to pay its debt, but Polish officials keep talking about the need for terms that allow the Polish economy to build up some basis for genuine recovery. Therefore, the Polish response to specific demands of the creditor banks or of Douglas Hurd & Co. is not entirely predictable by the creditors.