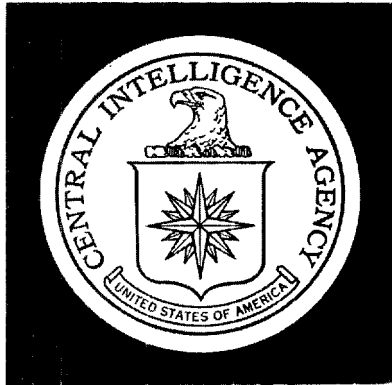


Secret



25X1



DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

Special Report

Yugoslav "Democratization" Gains Momentum

Secret

No. 45

7 April 1967

No. 0284/67A

25X1

Approved For Release 2005/04/22 : CIA-RDP79-00927A005700070003-2

Approved For Release 2005/04/22 : CIA-RDP79-00927A005700070003-2

YUGOSLAV "DEMOCRATIZATION" GAINS MOMENTUM

The dismissal last year of President Tito's political heir, Aleksandar Rankovic, gave impetus to the Yugoslav regime's program to decentralize economic and political authority and to loosen the party's tight control over all aspects of political life. Since then, the stature of the parliament has been increased, a trend toward a looser federation of the country's six republics has gained ground, and the leaders have been trying to transform the party's role into one of persuasion rather than dictation.

These changes have unleashed many crosscurrents which have hampered and in some cases endangered the achievement of the regime's goals. The question of a successor to Tito has been deliberately blurred, and the nationalist frictions and economic rivalries among the republics, as well as the ideological confusion, have presented the regime with a constantly shifting opposition to its policies.

Tito will continue to seek a middle ground favoring cautious, moderate change. He will, however, find it difficult to achieve a continuing equilibrium between party power and the liberalization which he has fostered and which cannot easily be reversed.

Retreat From Orthodoxy

Yugoslavia's expulsion from the Cominform in 1948 and its subsequent isolation pushed the Tito regime into various political and economic innovations which have gradually brought the country to the brink of political and economic freedom. In rapid-fire order and with a zeal matched only in the drive toward centralization before 1948, the Yugoslavs, in the 1950s, abandoned many Marxist institutions previously considered sacrosanct.

In devising a "new way," Belgrade undertook a drastic decentralization of authority in the state structure and the establishment of a competitive economic system based upon workers' participation in management at the enterprise level. From these changes, a process of what could be called "guided democratization" has taken hold and gained a momentum all its own.

The regime recognized early the necessity of enlisting the active participation and support

SECRET



Chronology of Decentralization in Yugoslavia

1948	Yugoslav Communist Party expelled from Cominform.
1950	Workers' councils started in enterprises.
1953	Regime abandons efforts to collectivize agriculture.
1958	New party program emphasizes self-management and the guiding role of the party.
1963	New constitution adopted; role of parliament increased.
1964	Eighth party congress reaffirms the party program and the Yugoslav way to socialism.
1965 July	Major economic reform started.
1966 July	Aleksandar Rankovic ousted as party secretary and vice president of Yugoslavia for opposing the economic reform and plotting against Tito.
Oct	Party reorganization started.
Dec	New internal security law curtails the power of the secret police. Slovenian cabinet resigns, starting the first government crisis in postwar Yugoslavia.
1967 Jan	New laws liberalize foreign trade.
April	National elections.



SECRET

of the population in these ventures. To get this it loosened restrictions on personal freedom, took a more liberal attitude toward the Catholic Church, and permitted the press greater freedom. These moves could boomerang because, by their very nature, they threaten to end Communist government in Yugoslavia.

Tito will never willingly allow a successful challenge to his one-party system, but a return to strong central party control--which party conservatives want--would equally spell defeat for his experiment. He therefore is counting heavily on sympathetic party members of all nationalities to see that the "democratization" continues to be "guided" behind the scenes at the local level. In this way he hopes to assuage the party conservatives and to avert a drive for complete autonomy for the republics--historically a problem for the Yugoslav state because of the many mutually suspicious nationalities which comprise it.

Parliamentary Authority

A striking phenomenon in Yugoslavia's deviation from Communist orthodoxy is the rise of parliamentary authority. The Federal Assembly (parliament) forsook a rubber-stamp role after its reorganization in 1963 and, at the behest of the party, has since engaged in genuine debate on policy and legislation. It has regularly rejected laws it believed inconsistent with broad policy guidelines set by

the party, and assembly representatives have found it easy to press their regional interests and personal ambitions. This has led to a kind of give and take characteristic of Western-type democracies, and almost certainly will induce the leaders eventually to seek the support of groups and institutions outside the party.

A Slovenian cabinet crisis last December dramatically illustrated the spread of this spirit of independence, as well as a divergence of legislative and executive interest. In an unprecedented move, the Slovenian cabinet resigned rather than accept the rejection by the legislature of a proposed law. Although the constitution permits this, the crisis jolted the country's leaders as they contemplated the impact of such a squabble at the federal level.

Significantly, the regime did not attempt to curtail the Slovenian cabinet's freedom of action. On the contrary, it moved to clarify the cabinet's responsibility to the legislative branch and it will redraft the regulations to make explicit the right of individual members or the cabinet as a whole to resign.

Under additional proposed constitutional amendments, the only government ministers who will remain ex officio members of the cabinet will be the state secretaries for national defense and foreign affairs. All other members of the federal cabinet

SECRET

SECRET

will be elected by the assembly which can also vote them out.

So far, parliament's actions have remained well within the limits intended by the party. However, this may not always be so. The groundwork has been laid for future conflicts, and as the confidence and independence of parliament grow, it may not always come off second best.

April Elections

Freer and politically more significant elections portend an even more rapid move toward parliamentary rule. The regime has dropped its restrictions on the number of candidates for seats in various governmental bodies. This has given rise to some hotly contested nominations, particularly at the local level. The increasing independence of governmental bodies and the regime's emphasis on local authority have made elective positions more attractive to non-Communist intellectuals and technicians.

These factors and the large number of offices to be filled lend unusual importance to the federal and local elections scheduled for 9 and 23 April. At stake are the premiership, the presidency and leadership of the Federal Assembly, and the seats of half the deputies. The elections will also complete the turnover of executive and legislative personnel started by the 1963 and 1965 elections.

The terms of one half of the office-holders end every four

years and the constitution does not permit them to stand for re-election. This rotation system provides Tito a means to draw into the hierarchy the younger, more liberal intellectuals who support his programs.

With the nominating process currently in full swing, some leaders have shown concern over the number and types of nominees. They probably fear that free elections will lead to more challenge and debate than the regime is prepared for. Assembly President Kardelj has criticized "hazardous" nominations and party leader Todorovic has warned that Yugoslavia is not prepared for overt political struggle.

The Economy

Changes taking place in the economy deviate from traditional Communist methods to the same extent as those in the government. After years of halting half steps and setbacks, the regime began a determined campaign in 1965 to make profitability the basis for organizing production. It is, however, up against some practical economic realities that make the reform program's success in the near future highly uncertain.

The government hopes to rely more on indirect controls, such as fiscal and monetary policies, to influence the economy, and less on direct central controls. As the first step, the banking system was reorganized to give the banks a greater

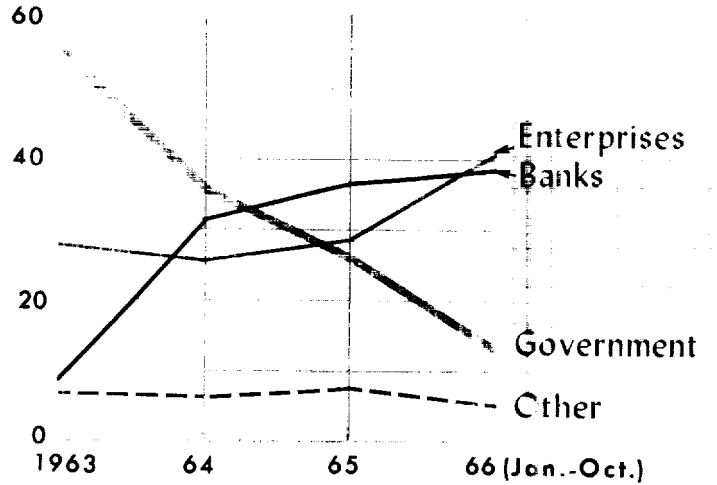
SECRET

25X1



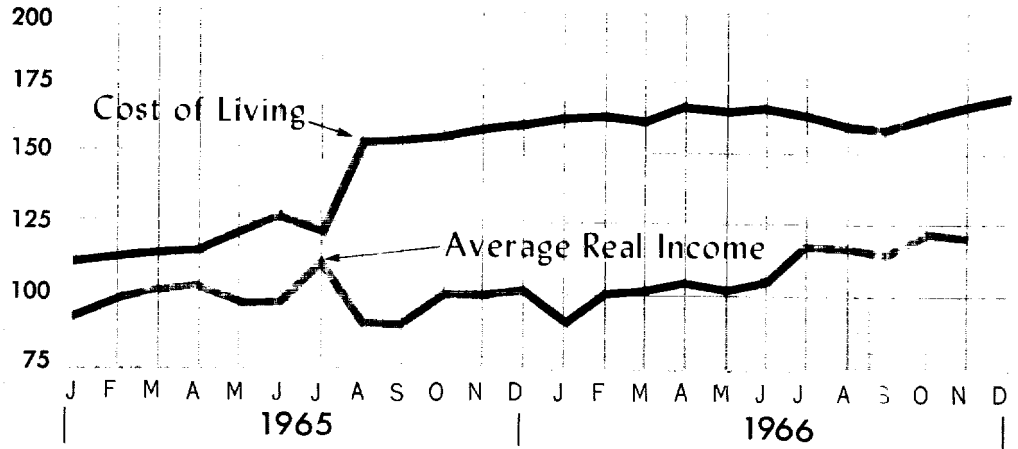
YUGOSLAVIA

Allocation of Investment Resources (PERCENT)



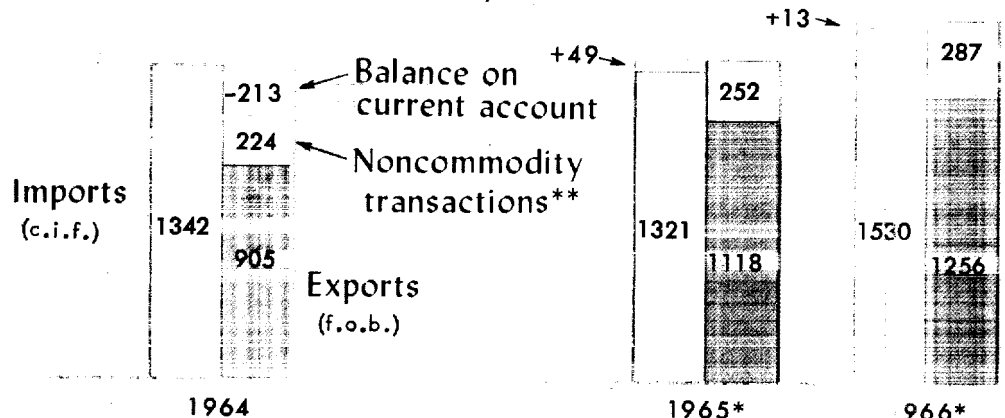
Prices and Wages

(1964 = 100)

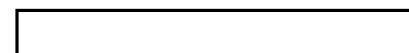


Balance of Payments on Current Account

(Millions of Dollars)



25X1



SECRET

role in determining the allocation of investment. Taxes were reduced to strengthen the financial position of the enterprises. Prices were juggled to reduce disparities between those for agricultural and raw materials and those for manufactured products, and to bring these prices more in line with the world market. The dinar was devalued to ease a strain on the balance of payments.

In January a new foreign trade law freed about half of Yugoslavia's imports from controls. Measures to allow foreign investment on a profit-sharing basis are near adoption.

These moves have had some of the desired effects, particularly in individual enterprises. Some of them have been forced to modernize and others to consolidate. Some inefficient plants have closed and others are near bankruptcy.

The reform program was conceived at a time of inflation and balance-of-payments problems. Faced with these difficulties, the regime had to accompany the reforms with an economic stabilization program. Restrictions were placed on investment, consumption, prices, and the money supply. As a result, unemployment has risen and production has dropped, and the reform has been less effective than it would have been otherwise. Nevertheless, industries affected by the liberalization of imports have complained of the competition and

some parliamentary deputies, in an antireform move, are demanding tariff increases and antidumping legislation.

Yugoslavia is still a backward country economically and problems of underdevelopment--inflation, trade deficits, and shortage of capital--frustrate progress toward greater decentralization and freer markets. Implementation of the economic reform will continue to face many hurdles and the system which emerges will probably be something between Western-style capitalism and the more highly centralized economies of orthodox Communist states.

Party Reorganization

Last year, the reform movement was extended to that formerly impregnable bastion--the party. Official policy as early as 1958 called for a changed role for the party but it is only since the fall of Rankovic last July that real changes have taken place. They are intended to overturn the power structure and to redefine the party's role. They have left both the leadership and the party rank-and-file disoriented and many doubt that the changes are good for the country.

Ideologically, the objective of the reorganization is to change the party's role from one of commanding and directing to one of guiding through persuasion and example. The party member's influence at the local level is

SECRET

SECRET

envisaged as being no more than he can bring to bear as an individual, and decisions are to be openly arrived at after open debate. This idea is at best hard to communicate and nearly impossible to implement.

A significant diffusion of power has, nevertheless, already been accomplished. An attempt has been made to destroy the old hierarchical form of decision making. The most important policies are now formulated in the new, larger presidium where conflicting interests and personal persuasion play an important part.

These moves have been accompanied by equally determined efforts to increase freedom of debate within the party. Macedonia's party chief, Krste Crvenkovski, has gone so far as to justify the existence of a "loyal opposition." He would leave opponents of decisions taken by the majority free to criticize and withhold support from policies they oppose--a direct challenge to the doctrine of democratic centralism. From such a point, it is only a small step to the creation of an embryonic opposition party, suggesting that a multiparty system under the facade of a one-party state might eventually emerge.

Mass Organization's New Role

The regime's policies are already being debated in the party's mass organization, the Socialist Alliance of Workers

(SAWPY). Until its reorganization last year SAWPY had been a conventional Communist-front organization used to transmit regime decisions and an instrument to fabricate mass enthusiasm. While its new statutes do not sanction a program independent of the party, as some SAWPY leaders have called for, they do stress the separation of the party and the Alliance.

Many leading party and SAWPY figures have begun to use the Alliance as a forum to air diverse views held outside the party. They believe the Alliance in this way can provide a safe means of broadening public participation in the political process, while keeping debate within bounds acceptable to the regime.

Regime leaders have vehemently denied Western press speculation that SAWPY will become "half a political party," revealing their concern that such a tendency does exist. Tito has repeatedly denied that he intends a multiparty system, and one leading party official has rationalized that SAWPY takes the place of such a system. Moreover, he revealed some regime concern by warning that a multiparty system could evolve if SAWPY and the party failed in their tasks.

Growing Trade Union Independence

The Confederation of Trade Unions of Yugoslavia (CTUY), once merely an instrument used by

SECRET

SECRET

the party to enforce Communist policies and to ensure a measure of labor discipline, has also moved to reduce its subsidiary role. Last November, party presidium member Veljko Vlahovic suggested that proposed new regulations for the trade unions not require them to accept the party program en masse. In his view the party program should be binding only for those trade union members who are also party members.

In practice, union leaders already are acting on their own. They have, for example, increasingly defended union members' interests against government and party policies on questions of pay and working conditions. Local trade union officials also have taken the side of the workers in the many short-duration "work stoppages" that have swept Yugoslavia in recent years.

In standing up for the workers' demands, Vukmanovic-Tempo, former CTUY boss, has even criticized the managerial class for gaining material advantages at the expense of the workers.

Decline of Police Power

Yugoslavia's decidedly freer political atmosphere is due in large measure to the decline in the power of the secret police (SDB). The SDB, which Rankovic had used to control political life both within and outside the party, was stripped of its power after his fall. Moreover the new atmosphere was enhanced by

the regime's decision not to prosecute Rankovic and by the release from prison of the liberal Milovan Djilas.

Enactment of legislation now under consideration will empower the courts to take over pretrial investigations previously conducted by the police. The rights of the accused to defense counsel will be expanded, and terms of investigatory detention further limited. The regime, however, still will retain ample means for dealing with its enemies.

The Press and Religion

The Yugoslav press is also gaining ground. While in recent years it has not been subject to censorship, inbred self-censorship has been prevalent. The ideological ferment within the party now has extended the boundaries of permissible public debate. Polemics between newspapers and regime officials can and do take place.

The regime's permissiveness is also noticeable in its relations with the Catholic Church. Yugoslavia is the only Communist nation to have even quasi-diplomatic relations with the Vatican. Belgrade saw the renewal of relations last June as an admission by the church that it must coexist with Communism. The regime thus no longer appears to regard the church as a threat to its own existence, and seems to acknowledge that religious beliefs need not automatically

SECRET

SECRET

disqualify individuals from performing important work for the state, especially in the economic and scientific spheres. The Communists, however, still insist that organized religious groups keep out of political life.

Republic Nationalism

These impressive strides in liberalization and reform have been accomplished in the face of internal dissension, which has hampered and sometimes blocked the progress of Tito's program. The greatest threat to further implementation of regime policies stems from a resurgence of nationalism at the republic level.

Rivalries among the republics now are mainly economic, but they reflect deep-seated historical animosities. The core of the problem is the fear the other republics have of Serbian domination. To many Croats, Slovenes, and Macedonians, federal rule from Belgrade, the capital of both Yugoslavia and Serbia, smacks of Serbian hegemony. The more prosperous Slovenes and Croats no longer are willing to slow down their own economic growth to aid the underdeveloped regions of Serbia and the south. Conversely, many Serbs feel that since theirs is the largest republic they rightfully should lead the federation. The fall of Rankovic was a heavy blow to such Serbs, who believed Serbian interests had been sacrificed. They have not been mollified by Tito's pardon of Rankovic and the appointment of Serbs to fill his various jobs.

The rivalry surges on the most trivial issues. Only last month a Croatian literary group sparked a controversy by alleging that the Serbo-Croatian language contained too many Serbian words. The allegation was comically refuted, and Tito himself spoke up angrily to calm the ruffled waters. Such manifestations are common, and speak volumes about the unpublicized, behind-the-scenes friction that pervades the political atmosphere.

Tito is attempting to deal with this situation by loosening the federal structure. One move in this direction will enhance the power of the Chamber of Nationalities, which includes ten members elected from each of the six republics and five from each of two autonomous provinces. A series of constitutional amendments will make this body, heretofore a useless legislative appendix, equal to the most powerful of the Federal Assembly's five houses. The approval of the Chamber of Nationalities thus would be needed for changes of government, and the determination of basic defense, economic, and foreign policies.

Ideological and "Old-Guard" Resistance

There is a sizable minority of Yugoslavs who oppose the many recent changes for ideological reasons. Some believe they will seriously jeopardize the party's ability to retain control of the country. There probably are even greater numbers of older, less educated ex-partisans who

SECRET

SECRET

fear that economic rationality and decentralization will mean loss of jobs and status. These men have been the hard core of the party since before World War II. Efforts to remove party hacks as factory managers and the influx of younger men into the party leadership give the older generation good cause for alarm.

Tito has had to maintain a cautious balance between these conservatives and the liberalizers who would push the reform at the expense of national unity. Although the balance favors the reformers, Tito has attempted to minimize party disunity by not launching a large-scale purge of the conservatives in the wake of Rankovic's fall. Moreover, to assure them of their livelihood and status, Tito has promised to continue their salaries even after they leave office.

Conservative resistance to reform, however, may be easier to overcome than widespread political apathy. So far, the diffusion of power within Yugoslavia has benefited mostly those in the party and government. The regime has failed to convince the majority of citizens that they have a political role to play.

The Succession Problem

The 74-year-old Tito, still the final arbiter among conflicting party factions, republics, and rising interest groups, must again arrange a succession. Rankovic's fall eliminated the last individual with the slightest

chance of assuming Tito's full mantle.

Tito deliberately destroyed the old line of succession by abolishing the office of the vice presidency and the party secretaryships. He seems intent on an arrangement which would deny any one person the authority he himself wields, or that would have fallen to Rankovic. Apparently, he intends that his successors will compete with each other for the top posts and be subject to recall by the highest government and party organizations. Thus, on Tito's death some form of collective leadership may be worked out.

Outlook

Tito will continue to press his economic and political reforms. By decentralizing authority in the state and party he apparently hopes to create a system flexible enough to meet the problems of building a modern, industrialized, urban society. A looser confederation will assuage republic nationalist demands. The stronger parliament will provide a legitimate forum for debate and thus encourage adherence to constitutional forms. Although the party retains the last word, it more and more will be obliged to consider the wishes of its republic components, the dissidents within it, and the non-Communist public.

Despite the strains these changes put on the federation,

SECRET

SECRET

it is unlikely that the state will come close to a breakup. Both the hierarchy and the population probably recognize the efficacy of the present system as compared with the near anarchy of the pre-Communist era. The army also is a strong force for unity. It has been unswervingly loyal to Tito and the regime, and probably would remain loyal to Tito's successors.

The timing of Tito's death or incapacitation is of major importance. Should he die before the political and economic changes have made significant inroads, no single remaining leader would be strong enough to continue them at the present pace. A period of stalemate might ensue, but there probably would not be a reversal of the trends Tito has set in motion.

25X1

* * *

SECRET

Approved For Release 2005/04/22 : CIA-RDP79-00927A005700070003-2

Secret

Secret

Approved For Release 2005/04/22 : CIA-RDP79-00927A005700070003-2