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CENTRAL INTELLIGENCE AGENCY

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COUNTRY Yugoslavia

REPORT

SUBJECT Social, Economic, and Political Atmosphere in Yugoslavia Prior to the Congress of The Union of Communists of Yugoslavia

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1. Preparatory work for the Congress of the Union of Communists of Yugoslavia (UCY), scheduled for the month of November 1964 in Belgrade, continues in muted silence and amidst the most complete indifference on the part of the population. The Congress, originally slated for the beginning of November, has been postponed to the end of the month.

The UCY is plagued with factionalism, inexperience, and unfavorable reaction to economic policies.
2. From time to time the press takes note of this activity--which takes place mainly within the town, district and republic committees, with little or nothing going on in the so-called "basic" organizations--and reports on the subjects under discussion: the "guiding role" of the UCY (which is the principal topic and which is at the root of the differences between the two currents contending for power), the positions of communists within the framework of an increasingly developed system of social self-management, amendments to the UCY statutes, and opportunities of extending to Party organizations the principles of "job rotation" which the new Federal Constitution prescribes for government office holders.

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3. The Belgrade press, as well as that of the other Yugoslav cities, reports the debates which are taking place on these topics "among all of the members and in the basic organizations of the UCY." In reality, as it happens, the few meetings which are held are not well attended by the members. There is a great deal of indifference, not to mention real and proper opposition ("fronda"). Recently it was noted that there was wide absenteeism from places of employment by large segments of the population, even including members of the UCY. In the past few months this attitude has become more pronounced and has been denounced by the Party organs several times.
4. It is a fact that the UCY is going through a grave crisis, a crisis which is apparent at the top level in the dissent between the "Kardelians" and the "Rankoviciani" and which extends downward to the lowest Party levels. Direction and initiative are lacking in all fields, including the very delicate one of the economy. The more important officials abstain from taking positions that are not generic affirmations. Only Edvard Kardelj expounds his theories from time to time, clarifying differences in terminology, such as that between "guiding role" and "directing role" with respect to the UCY, and affirming, in the dispute over his repeated declarations regarding the necessity for introducing into Yugoslavia an increasingly greater democratization, that the "UCY cannot reserve for itself the exclusive direction in the making of decisions", and that "the members of the UCY can carry out a progressive role only if they analyze the social movements derived from democratic discussions with all of the other workers, and if they propose concrete solutions to them."
5. Kardelj's principal opponent with respect to Yugoslav Communist ideology, Aleksandar Rankovic, has been silent for a long time. Around Belgrade people are saying that "he sees and hears everything and at the opportune moment will again take over the wheel to direct the ship on the proper course." "Naturally," they add, "he will not return to a Stalinist system." In truth, Rankovic's position does appear to be rather enigmatic. It is comprehensible that he is not indulging in polemics with the opposing current. On the other hand, it is not comprehensible why he continues to remain passive in the face of the commotion which is being engendered within the Yugoslav Communist movement, of which he is the Organization Secretary--and which, moreover, he should be able to control through the UDBa cadres.

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People keep on saying that Rankovic is a "hard-line" Communist and a strong man who "when the time comes will know how to make his authority felt and valued."

6. In the meanwhile, while waiting for this "opportune moment", the UCY is crushing itself literally, making mush out of itself and becoming more discredited daily, not only in the eyes of ordinary people but in the eyes of its own members as well. Several incidents which impressed only persons who are little in the know of what is going on in Yugoslavia prove this. Several weeks ago, it was rumored that the Communists in Novi Sad had returned their cards to the "basic" organization, claiming "the excessive cost" of membership dues as the reason for their action. This is without precedent and of extreme gravity. It is known that the majority of the UCY members do not pay their membership dues: a few through "laxness", but most out of protest against the "ineptitude" demonstrated by the movement, by its "inability to take care of the interests of the working people." At the root of this attitude can be indicated the non-existence, in practice of the UCY especially in the places of work [redacted]

[redacted] the economic difficulties in Yugoslavia, and "the state of confusion" which members see on all levels of the apparatus. 50X1-HUM

7. For several months here the password among Yugoslav officials has been: "It is necessary to raise the standard of living of the Yugoslav people." In the last plenum of the Central Committee of the UCY March 1964, devoted to controversial ideological problems, Marshal Tito, instead of intervening personally in the debate on the topic which had been introduced by the Secretary of the Ideological Committee, Veljko Vlahovic, preferred to devote his attention exclusively to questions which were most pressing then and which continue to demand the attention of those responsible for public affairs: economic difficulties, tax policies, investments, pay scales. In particular, the Yugoslav President discussed "the standard of living of our people, a problem which is now at a point which demands a thoughtful and definitive solution." Ever since the top hierarchies of the Government and of the UCY have done nothing but talk about "raising the standard of living" of the workers, and of practical measures for achieving this. Instead, however, in July 1964, the Federal Government adopted measures which had consequences dia-

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metrically opposite to those desired by the Yugoslav people: increases in the prices of certain consumer items, raw materials and services, which provoked a chain reaction in all sectors. This resulted in a general increase in all prices on the wholesale and on the retail level and, thus, a further increase in the cost of living (which went up in the past year by more than 60%, at least insofar as foodstuffs, etc., are concerned).

8. The reactions were very quick everywhere and open protests on the part of the ordinary people were not lacking--nor were they lacking on the part of "certain Communists, certain UCY committees, and certain political leaders", as noted by the UCY publication, KOMUNIST. After having noted that "the new measures designed to strengthen our economic system have aroused negative reactions among the public", and that "the working people, to a major extent, have accepted them but have not refrained from criticizing them", the paper deplored the behavior of certain Communists and, as noted above, certain committees and political leaders, who had "drawn erroneous and negative deductions on the grounds of the superficial reactions of citizens due to a lack of information." To the Yugoslav workers, the action taken by the Government at the same time "to counter the hardships provoked by an increased cost of living", consisting of a "cost of living premium" which enterprises were instructed to distribute monthly in 1,500-dinar payments, seemed a mockery. The amount seemed absolutely ridiculous to all, and inadequate by all, to compensate for the increases which the citizens had to face. And so it was. Not many are aware that only in individual enterprises could the cost of living premium be granted. The greater number of industrial and commercial enterprises and public institutions were in no position to supply the funds necessary to cover this new expense. The management of the Belgrade newspaper BORBA found that, for the time being, it was impossible to issue the premium to its own employees.
9. The Yugoslav economy presents a very complex problem which merits examining in depth. The above is only one aspect--the aspect most important to the workers, the "masses" whom the regime seeks to maneuver for its own ends and who, instead, have been abandoned beyond any limit foreseen by the most pessimistic. The Yugoslav economy presents also positive aspects, however. It is growing steadily in every field and it is even to be admired when one considers the

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modest point from which it began, the sparse means at its disposal, and the lack of skill of its technicians. The crisis which is now going on is above all a crisis of growth. Naturally this leads inevitably to difficult situations, such as those described above. There are limits, in one way and another, and there are extremes. One which may be cited, which is indicative of the gravity of the period which Yugoslavia is going through and which was published in the "Information Bulletin of the Trade Union Council of Serbia" is as follows: "The fact that the pay of the workers in the Vlasina enterprise in Lipljan, Kosmet, is low can be understood up to a certain point; but how can one understand that the workers of that company receive their pay from two to more than five months late? How can one understand that the enterprise neglects to pay the workers indemnities for sickness and other rights provided by the Constitution, such as family allowances for children?" This case, denounced by the Serbian Trade Union Bulletin, is certainly an isolated case, but it is certain that in all of the companies and institutions in Yugoslavia one can find numerous defects and outrages. The hundreds of thousands of claims presented by workers to organs of the judiciary and other instances are proof of this. All of this can only reflect the judgment of the people, including the communists, against their leaders and above all against the UCY, "always big with promises," they say in Yugoslavia, "which it is incapable of fulfilling."

10. With regard to the Kardelj-Rankovic dispute, the President of the Federal Chamber^{2/} several weeks ago removed from office his personal secretary, Milorad Stanic, a Slovenian and member of the Central Committee of the UCY of Slovenia.^{3/} Kardelj had learned that Stanic was an "informer for the UDBA". The former secretary was turned over to the Federal Executive Council. The affair is considered a "scandal" in the Belgrade Communist circles.

Comments.

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1. As of mid-September 1964, the Congress was scheduled to convene on 12 December, with the Executive Committee scheduled for 7 December to prepare the agenda.

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2. The President of the Federal Chamber is Mijalko Todorovic. However, Edvard Kardelj is President of the Federal Assembly; it is possible that the source used the word "Camera" to indicate the latter parliamentary body.
3. Stanic is not listed as a member of any of the republican Central Committees in the February 1964 Svijetski Almanah.

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