

Sanitized Copy Approved for  
Release 2011/01/07 :

CIA-RDP85T00875R00150003

Sanitized Copy Approved for  
Release 2011/01/07 :

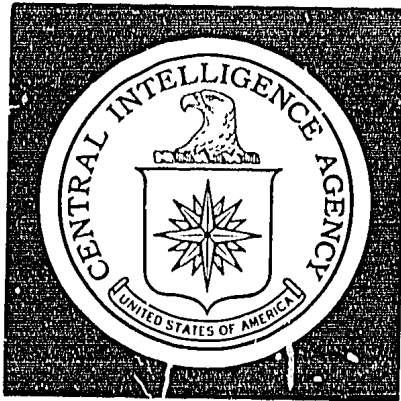
CIA-RDP85T00875R00150003

**Secret**

[Redacted box]

25X1

*Walters*



DIRECTORATE OF  
INTELLIGENCE

# WEEKLY SUMMARY

*Special Report*

*Yugoslavia: The New Revolution*

**DSB FILE COPY  
RETURN TO 1E-61**

**Secret**

No 664

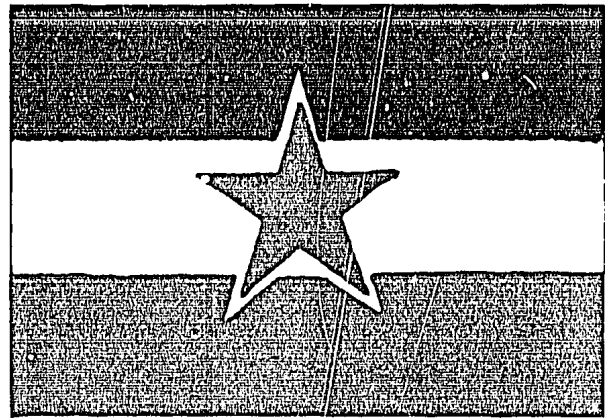
18 June 1971  
No. 0375/71B

**Page Denied**

SECRET

## *Yugoslavia: The New Revolution*

President Tito, Yugoslavia's undisputed leader, has over the last few years forged a unique political structure, gradually discarding some of the more doctrinaire tenets of Communism in favor of a freer, more open system. The movement in this direction was dramatically accelerated last September when Tito—with an eye toward his eventual demise—called for the creation of a collective presidency representing all interests, and invited nationwide discussions of his proposal.



The response was far broader than the 79-year-old chief executive had expected. Tito's invitation to talk about succession surfaced a wide variety of long-smoldering demands for political reform, for greater republican and provincial autonomy, and for the extension of personal freedoms. The ensuing debates, arguments, and give-and-take—unlike anything anywhere else in the Communist world except perhaps in Czechoslovakia in 1968—resulted in formal moves to adopt a far-reaching political reform that is nothing short of a new revolution.

The frank, open discussion of ideas and interests beyond those of the Communist Party is far more akin to that occurring in Western political life than to anything currently known in Eastern Europe or the Soviet Union. In the months that have followed Tito's proposal, the Yugoslav federation has shown a high degree of resiliency in the face of assaults by separatists and an unprecedented tolerance for the new politics. During recent weeks even Tito wondered whether the process was not getting out of control and used his great personal prestige to silence the most outspoken critics of the reforms.

If Belgrade creates the decentralized socialist state it is aiming at—one that takes for granted wide-ranging freedom of expression not only for individuals but for groups such as trade unions and student and mass organizations that are increasingly powerful politically—the impact on the Communist world will ultimately equal and probably will surpass that resulting from the Tito-Stalin break of 1948. Such a development probably would ensure the continuation of a democratized, Westward-leaning but nonaligned Yugoslavia no longer dependent on Tito's presence for survival. The road ahead will be long and arduous, because Yugoslavia is a complex state with chronic economic difficulties, a residue of orthodox Communists who still have a modicum of influence, nationality hatreds, and a young generation that is looking for democracy on the West European socialist model. Nevertheless, the chances are good that Belgrade will succeed in making its projected new system work.

CONFIDENTIAL

SECRET

THE COLLECTIVE PRESIDENCY		
1.	Josip Broz Tito	
2.	To be elected	Serbia
3.	"	Serbia
4.	"	Serbia
5.	"	Croatia
6.	"	Croatia
7.	"	Croatia
8.	"	Macedonia
9.	"	Macedonia
10.	"	Macedonia
11.	"	Slovenia
12.	"	Slovenia
13.	"	Slovenia
14.	"	Bosnia
15.	"	Bosnia
16.	"	Bosnia
17.	"	Montenegro
18.	"	Montenegro
19.	"	Montenegro
20.	"	Vojvodina
21.	"	Vojvodina
22.	"	Kosovo
23.	"	Kosovo

- A. Tito will retain the titular position of President of Yugoslavia for an indefinite period.
- B. Once Tito is no longer president, a president will be chosen by annual rotation among the 22-member executive body.
- C. A vice president will be chosen annually from the 22 members of the executive body. Under Tito, he will be in charge of day-to-day executive duties.
- D. Each republic will have three representatives on the presidency and the provinces two each.
- E. The president of each republic or provincial assembly will by virtue of his office, be a member of the presidency.

Other members will be elected for non-successive, five-year terms by majority vote in these bodies.

#### FEDERAL EXECUTIVE COUNCIL (FEC)

The FEC, the present cabinet, will be reduced in size. The prime minister will be nominated by the Presidency and he and the FEC members will be responsible to the Federal Assembly. Each republic will have equal membership in the FEC.

#### FEDERAL COUNCILS

Federal Councils will be established for:

1. Foreign Affairs
2. National Defense
3. State Security

These bodies will serve as advisory organs to the Presidency.

SECRET

SECRET

*The Revolution Takes Shape*

The aging, 79-year-old President Tito, whom some describe as the "first and last Yugoslav."

The need to institutionalize the succession process, rather than court chaos, has led directly to the dramatic new developments in Yugoslavia's political life. President Tito, long cognizant of the problems that will accompany the transition period after his retirement or death, over the last few years had already begun to delegate some of his once-absolute powers to trusted colleagues. He nonetheless stunned an audience in Zagreb on 21 September 1970 when he called for the creation of a collective executive body to replace his own lifetime presidency. He indicated that he was wearying of the duties of the office, looking ahead to possible retirement, and desirous of creating a collective presidency that could begin to relieve him of some of the rigors of his post.

Four days later, Tito called into session the powerful party executive bureau along with representatives of the Federal Assembly, the popular front organization (SAWPY), the trade unions, and the constituent republics. The result

was an endorsement of the collective presidency plan. The next step came on 4 October when Tito's close adviser, Edvard Kardelj, in an address to the party presidium, gave his peers a glimpse of what was envisaged.

Kardelj's remarks stressed urgency in implementing Tito's proposed collective government leadership. He expanded the concept by bringing up the need to define clearly the relationship between the federation and the constituent republics, as well as the limits of authority of the self-managing organizations on the one hand and the government administrative bodies on the other. Kardelj's proposal meant basic constitutional revisions that were bound to antagonize those whose rights and privileges accrue from the present system. This fact was evident when Slovenian party boss Franc Popit rose at the presidium to agree with Kardelj's basic analysis of the problems facing Yugoslavia but took exception to the alleged need for constitutional reform. Popit's objections notwithstanding, a commission was established to draft a set of constitutional changes. Thus, within two weeks of Tito's original proposal for the creation of a collective presidency, the reform was reaching proportions beyond what he originally contemplated. Tito publicly admitted as much in March of this year to a gathering of party officials, but he also indicated that he saw the logic of the additional reforms.

Yugoslavia, as envisioned in the pending government reforms, will be a union of nearly autonomous socialist republics, with the federal government's authority restricted mainly to conducting foreign policy, providing for national defense, achieving a unified economic system, and channeling funds from the more developed republics to the backward regions—Bosnia-Herzegovina, Macedonia, Montenegro, and Kosovo. All other functions, duties, responsibilities, and considerable financial resources will be passed to the republics.

Tito recognizes that an attempt to reconstruct a highly centralized country, as Yugoslavia

SECRET

SECRET

# Yugoslavia



551 546 6-71

Special Report

18 June 1971

SECRET

## SECRET

was between the two world wars, would be foredoomed to failure. Such a system would mean either Serb or Croatian dominance (most likely the former) would again set in motion ancient national feuds, would invite foreign meddling, and most likely would lead to a period of civil war with the ultimate destruction of the federation.

Tito wants none of this. He opted for a bold course of action he hopes will ensure the survival of the federation after his passing. Under his plan, demands of the regions for a greater voice in running their own affairs are to be met. Unspoken, but nevertheless vitally important to the proposal, is the hope that allowing extensive decentralization will give the country's diverse nationalities the feeling that they have a decisive voice and a stake in the future as members of a federation.

The first formal step taken in carrying out the program was the introduction of proposed constitutional amendments on 28 February. Despite the extensive decentralization outlined in the constitutional reforms, the amendments on balance are weaker than originally expected and the federal government is retaining more authority than first proposed. There are several reasons for this. First, Tito has encountered more inter-republic squabbling and difficulty than he expected in winning clear-cut support for his plans to decentralize the state; and second, the government, by having to cope with the problem of drafting major constitutional reforms while simultaneously dealing with increasing economic difficulties, learned something about the dangers of too much decentralization.

The prolonged debates and arguments on both the political and economic issues have made time critical because bureaucrats have tended to become immobilized in the face of drastic change. As a result, the constitutional reforms have been pared down to a basic package for speedier implementation (see amendments at annex). The remainder of the original program will be in-

troduced over the next year or two in a second package of amendments.

#### *Economic Problems*

Simultaneously with Tito's proposal to create a collective presidency, Yugoslavia's chronic economic problems began to assume alarming proportions. The nation's first party conference met in October 1970 and examined the proposed government reorganization. By far the largest part of the conference's time, however, was spent on economic difficulties, and a temporary stabilization program was outlined to the delegates. Thereafter, economic and political problems more and more began to dovetail as regionally based differences of opinion over the best courses of action to follow were introduced and openly debated in the context of the contemplated constitutional reform. In the weeks and months that followed, the stopgap stabilization measures did nothing to cool spiraling inflation or reduce the rising balance-of-payments deficit. The nation's economy quickly became a political hot potato.

By mid-November the highly charged debate over the economic stabilization program produced the sudden and dramatic resignation of Vice Premier Nikola Miljanic. At issue was whether to devalue the dinar, a move that Miljanic at the time was unsuccessfully backing. His unprecedented resignation overshadowed the devaluation issue; no other high-level, federal leader had ever voluntarily resigned because his policies were not being followed.

By late December, the Federal Assembly was flexing new political muscles, more like Western parliaments than its counterparts elsewhere in Eastern Europe. The issue, just as in the case of the Miljanic resignation, was over an aspect of the economic stabilization program—a government proposal to limit personal income growth in 1971 to 11 percent. Presentation of the proposal to the Federal Assembly caused an uproar. The result was a compromise in which the government shortened its originally proposed time span on the bill

SECRET



SECRET

from one year to four months. The issue was not resolved, however, until a majority of the Assembly delegates had labeled the original proposal "repressive" and "incompatible" with self-management.

The dispute underscored the growing role trade unions play in Yugoslavia's political life. Throughout 1970 they had sought to dispel the impression that they were mere "transmission belts" for party policy, and union officials wasted no time in denouncing and lobbying in parliament against the proposed wage limitation. Trade Union secretary Marijan Rozic personally and vigorously addressed the Assembly arguing against the measure in its original form.

#### *The New Political Climate*

Worker support for the government's proposed constitutional reforms, however, was evident at the second self-management congress, held in Sarajevo the first week in May. The 2,100 delegates strongly endorsed the reforms and used the occasion to press for greater political and economic power for the workers. They urged more worker influence over the investment decisions of their firms, equal pay throughout the country for those working on the same job, across-the-board wage and pension increases, and extensive social welfare projects. In a move anticipating a second phase of Tito's constitutional reforms (tentatively slated for introduction sometime in 1972), the congress called for further decentralization of government with specific constitutional recognition of worker councils and of the municipalities as the basis for the self-management system.

During the first half of 1971, public participation in government has grown rapidly, infusing new vigor and vitality into the country's political life. The once quiescent mass organization, the Socialist Alliance of Working People of Yugoslavia (SAWPY), has suddenly become a forum in which the voice of the people can be heard. Long merely a vehicle for implementing party policies,

SAWPY is in the thick of the constitutional debate because of its responsibility for arranging public meetings on the proposed amendments. In 1966, the late Milentije Popovic, then SAWPY's vice president, advocated for the mass organization a more prominent role approaching that of a second political party. At that time, however, his words fell on deaf ears. Subsequent, similar proposals were also disregarded by the party leaders. The use of SAWPY meetings as the forum for open debates on the constitutional amendments and the organization's concomitant drive to strengthen ties with socialist parties throughout the world and with Communist parties in the West indicate that SAWPY is now becoming a real factor in Yugoslav politics, separate from the party. It could become a major political force in "legal opposition."

#### *Free Expression by Youth and the Media*

Nowhere is evidence of Yugoslavia's new revolution more apparent than in the press and other media. Always an anomaly in the Communist world because of their objective, critical reporting, the Yugoslav media have in the last year discarded most of their remaining restraints so that they are often hard to distinguish from many of their Western counterparts.

The press has pulled few punches in its extensive coverage of the polemics over the economic stabilization program and the constitutional reforms. Reporting has been so candid and critical of Yugoslav officials and policies that Tito himself has recently castigated it for lack of responsibility.

The aging Yugoslav leader was undoubtedly shocked by the free-swinging fight that developed between the Belgrade daily *Borba* and the Zagreb journal *Vjesnik* early this year. The two hotly debated the seemingly innocuous question of the national census. *Vjesnik* took issue with a new regulation permitting a variety of responses to the question on nationality affiliation; the paper charged that the regulation was a threat to the

SECRET

## SECRET

integrity of Croatia. This dispute degenerated into a Serb-Croat name-calling contest, and before it was over Federal Assembly Vice President Josip Djerdja (a Croat) resigned from the editorial board of *Borba* for what he considered the paper's unjustified attack on his republic.

A further relaxation of formal restrictions on the press may be achieved if the Yugoslav newsmen's current demand for greater access to foreign wire services is met. Slovenia in particular is taking the lead in urging uncensored access to these services because its press has to compete with the Austrian and Italian papers, which circulate freely in Slovenia. Those responsible for what appears in the Yugoslav press will, however, still be expected to show self-restraint and use discretion on what to print.

Yugoslavia's students, always outspoken, have found new encouragement in the nation's more open political climate. In late December, the students at the University of Zagreb succeeded in defeating a party-backed candidate for student prorector of the school. The election of Catholic, Croat nationalist Ivan Cicak, dumb-founded university party officials. Subsequent pressure to nullify Cicak's election failed. Flushed with victory, the vast majority of the student body rallied to Cicak's support and ousted the party-backed leadership of the Zagreb student federation. This action came in a turbulent session on 4 April, which saw the federation's president carried from the podium, after which he and his cohorts were voted out of office. As a result, only four of the nineteen-man student board, previously dominated by Communists, are now party members.

Yugoslav students support the constitutional reforms in principle, but criticize some aspects of the proposed changes. The Croatian student body in particular has taken an exaggerated stand in pressing for nearly full republic autonomy and in opposing the federal government's retention of such powers as the right to assure a unified economic system and market throughout the nation.

The stand of the Croatian students in favor of greater republic autonomy has even colored their relations with the Yugoslav Student Federation. On 8 June the Croatian student delegation to the Federation's gathering in Novi Sad refused to agree either to a common platform or to the body's new organizational statutes. Instead, the Croats insisted that the Student Federation be reconstituted along more autonomous lines, i.e., a loose association of independent student bodies.

*Regional Chauvinism: A Sobering Note*

The new revolution is not without its dangers. The interplay of government reforms, the nation's economic problems, and the freer political climate have contributed to surfacing deep-rooted, bitter regional and nationality animosities. Dark events of the past have not been forgotten. During the Nazi occupation in the Second World War, for example, the Yugoslav peoples turned on each other with a vengeance. Hundreds of thousands of Croats and Serbs lost their lives in a civil war fought over fascism, Communism, and national hatreds. This same penchant for blood-letting is prevalent among some members of the Yugoslav emigré community today—as witnessed by the recent assassination of the Yugoslav ambassador to Sweden.

The forceful and genuinely respected President Tito has brought a halt to the more drastic expression of internal antagonisms in the postwar period. Moreover, because of the government's system of rotating officials every two or three years in and out of federal offices, a large body of well-informed leaders attached to the concept of federation has developed. Clearly, however, no one has an accurate reading on the depth or potential virulence of latent republic nationalism.

As debates on the reforms have gone into full swing, each republic has maneuvered for the largest possible share of the considerable political and economic power that will be transferred to local levels. With the exception of Croatia—and to a lesser extent Serbia—all the republics have

SECRET

SECRET

demonstrated a willingness to compromise. In the case of Serbia there appears to be an undercurrent of opposition to decentralization by unspecified officials who prefer a more orthodox, centrally controlled Communist state. In addition, many other Serbs still sentimentally look back to interbellum Yugoslavia, when Serbia dominated the country. Neither centralism nor Serbian dominance, however, will be possible under the pending constitutional reforms.

The Croats, on the other hand, loathe the interbellum period as a time of subjugation to the Serbs, and they are determined never to be put in this position again. Numerically weaker than the Serbs, the Croats, because of their historical ties with the West, feel culturally superior to the rest of the nation (Slovenia excluded) and are determined to push for nearly full autonomy in the reforms. As a result, executive bureau member Mika Tripalo and to a lesser extent Croatian central committee president Savka Dabcevic-Kucar have become the champions of national integrity and regional particularism as an integral part of reform.

The words of these two outspoken Croatian leaders have caused concern in Belgrade and apparently were key factors in Tito's recent call for a clampdown on nationalism. Equally unnerving to many loyal to the federation are the other outbursts of Croatian nationalism that have occurred throughout the republic in the last year—soccer riots, demands for a Croatian "national airline," and inflammatory press stories calling for the Croatian people to again "prove" their nationality.

Tito, admittedly surprised at the forces unleashed by his invitation to debate the reforms, convened the party presidium in late April. After a three-day, closed-door session, which apparently included some head-knocking, the party leadership emerged calling for stricter discipline to overcome regional chauvinism and implement the reforms. The Croatian party's commission on ideology and organization subsequently recom-

mended that the republic party oust all elements opposed to the reforms. The Croatian central committee has echoed this call, but as yet no heads have rolled.

To some observers, the presidium's call for stricter party discipline amounts to a reversal of the reform movement, but in fact it testifies mainly to Tito's intention to direct the reforms from above.

#### *Economic Stabilization*

A key to the success of the new revolution will be the regime's ability to find a way out of its third inflationary crisis since 1960. Belgrade knows that a healthy economy is critical to the smooth introduction of a more democratic political system. For the 1970s the Yugoslavs ambitiously hope to achieve growth without serious inflation and trade difficulties, to reduce the gap between the nation's "have" and "have-not" regions, and convert the dinar into hard currency. Past attempts to achieve these objectives have failed.

Last fall the government began a stabilization program with curbs on inflationary spending by banks and government, particularly republic and local bodies. In February, there was a belated devaluation aimed at discouraging imports and at spurring exports. The government has had trouble getting the program off the ground, however. In addition to the dispute over devaluation, implementation has run afoul of fights over the degree to which the federal government could intervene in the economy, and of footdragging by republics, which are charged with a considerable role in the stabilization effort. As a result, the program has hardly made a dent in the economic problem. Republic and local spending has been rising more than twice as fast as the legal maximum, domestic price increases already have eroded most of whatever impact the devaluation might have had, and imports have been soaring and exports stagnating.

SECRET

SECRET

25X1

Help appears to be in sight, however. Recognizing its past errors, the magnitude of the problem it faces, and the need to move quickly, Belgrade, as it did in 1965, is seeking and apparently getting financial assistance from the West. The Yugoslavs have asked for some \$600 to \$700 million in assistance for 1971 and 1972.

#### *The Role of the Party and the Military*

Under the proposed government decentralization, the burden of maintaining national cohesion and a feeling of unity will fall heavily on both the party and the military. This, in fact, was the dominant theme of the 18th party presidium that met in early June.

In the postwar history of Yugoslavia the party has been viewed as a key unifying force in the country. This aspect of party activity now will be intensified, either by returning some power to Belgrade from the republic parties, or at the very least by giving teeth to the party apparatus concerned with enforcing discipline.

Tito has announced that after the first series of constitutional reforms is implemented in August a major party reorganization will take place. Speaking to a party presidium session on 2 March, he strongly emphasized that there can be no boundaries for the party in Yugoslavia—"neither republican, local, nor any other." Since then, this theme has been repeated consistently in nearly all his speeches. Other than Tito's announced intentions, specifics on the reorganization are not yet available.

The Yugoslav armed forces, along with the party, have been a mainstay of the regime. The military has consistently supported Tito's non-conformist policies, backed him in times of national crisis, and traditionally served as a national unifying force. Most recently the military's support of Tito's policies was expressed by Col. Gen Djoko Juric, commander of the Zagreb military

district. On 28 April, the same day Tito opened a presidium session to whip party (mainly Croat) dissidents into line for his reforms, Juric delivered a speech endorsing Tito's policies and condemning those individuals who use regional chauvinism to disrupt and block official policies.

In reaction to the occupation of Czechoslovakia nearly three years ago, Yugoslavia has rearranged its armed forces. Major reforms have taken place in the military's party organization to encourage open dialogue between the military and civilian party personnel and organs. At the heart of these reforms is an effort to close the gap between the armed forces and the rest of society.

Ultimately, the success or failure of Yugoslavia's current revolutionary reforms could rest on the attitude of the military in the post-Tito era—specifically its understanding of and support for decentralization. The armed forces' knowledge that their support has in the past spelled the difference between success and failure for Tito's policy undoubtedly has bolstered the feeling, however, that these forces have a "privileged" position in the Yugoslav power structure. The success of the pending reforms, therefore, may in large part rest on the regime's agility in carrying through on its program of identifying the armed forces with the reforms and not treading on their vested interests.

Significant progress has been made in getting the military accustomed to a freer political atmosphere and in encouraging young officers to be well versed in party policies. Juric's support of Tito last month indicates that the regime is having some success in achieving this goal.

#### *The Impact of the New Revolution on the Communist World*

Final judgment on the new revolution will have to wait for some years following Tito's passing. In the long run, however, should the new revolution prove a success in fact, the already discernible movement toward more democratic

SECRET

SECRET

institutions elsewhere in Eastern Europe will be accelerated. Success would mean that the Yugoslavs were not only the first Communist nation to carry out a smooth succession adhering to constitutional provisions, but also that they were not dependent on a single strong man.

Needless to say, a failure of the new revolution involving a reorientation of Yugoslavia toward Moscow would remove a chronic irritant from the Soviet point of view. Tito's successful defiance of Stalin, Yugoslavia's success in building its unique style of Communism, and its non-aligned foreign policy have been bitter pills for the Soviets to swallow. The existence of an independent, socialist Yugoslavia from 1948 to the present has not only given Belgrade enormous prestige, but Yugoslavia's success has proven a tempting example for the other Communist regimes in Eastern Europe, all of which long to follow their own particular road to socialism. On two past occasions, Hungary in 1956 and Czechoslovakia in 1968, the Yugoslav example was a key stimulant to abortive attempts to break away from Soviet domination. If the new Yugoslav experiment fails, Romania would find its independent position vis-a-vis Moscow seriously undermined.

Not only inside but outside the Communist world Belgrade enjoys a great deal more prestige than would be expected of a country its size, and here too its policies undermine those of the Soviets. In the case of the "third world," Yugoslavia's skillful manipulation of nonalignment has been the key to its success. In addition, Yugoslavia's socialist experiment is a potent political concept among developing nations, and Belgrade's decentralized system of workers' councils holds a great deal of fascination for the nonaligned nations. Many developing nations that favor socialism but distrust Soviet motives and reject the West see in Yugoslavia an acceptable alternative.

The Kremlin is clearly keeping close tabs on developments in Yugoslavia. Belgrade claims that Moscow is stirring up nationality antagonisms

with the idea of keeping the regime off balance and preoccupied, thus preventing the reforms from being carried out. Evidence is scant on how deeply the Soviets are involved. There is little doubt, however, that Moscow's ultimate goal is to scuttle the new revolution and to encourage those Communists inside the country who have views parallel to Moscow's and whom the Russians would like to see in power some day.

#### *Conclusions*

The obstacles to the new revolution are great, but recent history has taught that the Yugoslavs should not be sold short. Yugoslavia's relatively open political life is both a sign of maturity on the part of the people and a show of confidence on the part of the regime. In this climate, differences are being surfaced and dealt with while Tito is still alive and can act as a moderating influence. But not all public problems are being handled by Tito, and this is what is encouraging for the future. The populace as a whole, in one way or another, is being consulted on some of the problems associated with the succession period, and some decisions are being made by consensus by high-level government committees.

Extremely significant is the flexibility the Yugoslavs are showing in introducing their reforms. This indicates a genuine willingness to listen to domestic criticisms and to meet objections if they appear valid. One instance of this is the fact that the constitutional amendments themselves have been changed since their introduction last February. The collective presidency has been expanded from two representatives for each republic to three, thereby meeting a Bosnian need for a three-way nationality balance—a Croat, a Serb, and a Muslim—on the collective executive.

Other proposed amendments have been the subject of a great deal of give-and-take. Leading Macedonian party official Krste Crvenkovski drew attention to this fact last March when, in speaking to a party presidium meeting, he defined the real

SECRET

## SECRET

value of reform in this whole period as lying not in the amendments and proposals themselves, but in the open political climate, with its accompanying controversy, generated by the reforms.

At best, the period ahead will be troubled and the transition confused, but the chances are good that even without Tito the Yugoslavs will carry the program through to a successful conclusion and establish a system of government and economic administration that can transcend the personality of their long-time leader. There is a core of trained military, party, and government officials who will remain loyal to the federation despite their regional attachments. There is support from the population for the changes. There is youthful pressure just strong enough to keep the revolution from stagnating. There is a national zest for showing up the Soviets, who claimed a generation ago that an independent, unorthodox Yugoslavia could not survive.

Yugoslav tempers explode easily, and there will be many minicrises ahead. It appears, however, that the forces for constructive change probably will combine to keep the crises manageable. There is no way of predicting what the new Yugoslav federation will look like in five years. The Yugoslavs are already thinking about deeper changes in years to come, and their national penchant for tinkering with the system probably will continue to be indulged.

Aside from the constitutional reforms, Tito's greatest step toward achieving stability and the future of the republic may have been his clear shift toward a strong anchor in the West, particularly Western Europe and the US, and his concomitant abandonment of any further ties at rapprochement with the USSR. The added Western economic assistance granted this year is evidence of the stake the hard currency countries have in the survival of the Yugoslav federation. Tito is counting on this and on the political support that is implicit in the economic aid.

25X1

\* \* \*

SECRET

## UNCLASSIFIED

## ANNEX

## THE CONSTITUTIONAL AMENDMENTS

- Article XX** *Defines Yugoslavia as a federal state based on a voluntary union of six socialist republics, as well as two autonomous provinces that are component parts of Serbia. Authority in this union ultimately rests on the power and self-management of the country's working class. The constituent republics are recognized as self-managing communities made up of equal nationalities and national minorities.*
- Article XXI** *Stipulates that incomes will be distributed according to the individual's work (in contrast with standard Marxist phraseology: From each according to his abilities, to each according to his needs). The rights and duties of the workers and enterprises in the self-management system are also defined.*
- Article XXII** *Describes the ways in which enterprises can invest funds (without possessing ownership rights), including investing money abroad and accepting foreign capital—in accordance with federal law.*
- Article XXIII** *Guarantees private work in the fields of agriculture, handicraft, and other services within the limits prescribed by law. Such private enterprises may own the means of production, manage their own affairs, and exercise the right to dispose of the income earned as they see fit. Lifts the 10-hectare limit on private farms for the mountainous regions of Yugoslavia.*
- Article XXIV** *Defines the concept of a united market. A common economic policy will exist throughout the country, manpower and capital are supposed to move freely within the country, branches of enterprises set up in another republic must not be discriminated against and, finally, no republic, province, or commune will be allowed to retain a monopoly in any given economic field.*
- Article XXV** *Stipulates that the social plan (a common economic policy) will be drawn up jointly by the representatives of the federal republic and provincial governments.*
- Article XXVI** *Empowers the National Bank of Yugoslavia to issue the nation's currency. A Council of Governors made up of representatives of republic and provincial banks will govern the National Bank.*
- Article XXVII** *Gives to the republics and provinces wide-ranging authority to collect and distribute tax revenue. Grants to the Federation the right, in case of national emergency, to step in and regulate the nation's tax system.*
- Article XXVIII** *Guarantees the rights and equality of every nationality and national minority in the country and describes their joint economic and social interest.*
- Article XXIX** *Spells out in 17 sections the rights of the federal government of Yugoslavia. These include responsibility for the protection of sovereignty and territorial integrity, the regulation of a unified economic market, control over national defense, determination and conduct of foreign policy, and arbitration of legal differences between republics and provinces.*

## UNCLASSIFIED

- Article XXX** *Makes mandatory the implementation of federal laws by the federal, republic, and provincial governments. Albanian and Hungarian are recognized as official languages along with Serbo-Croatian, Croat-Serbian, Slovenian, and Macedonian.*
- Article XXXI** *Defines the procedure for amending the constitution.*
- Article XXXII** *Deals with the relationship between the federal government on the one hand and the republics and provinces on the other. Inter-republic committees are to be formed to discuss problems that arise. The federal government, however, will have more power than originally thought. If a republic opposes a specific measure, and federal authorities consider that failure to implement the measure will harm the state, then the government can override the opposition and implement the bill.*
- Article XXXIII** *Spells out the sources of federal revenue and areas of spending.*
- Article XXXIV** *Stipulates that any international agreement that requires modification of a republic or provincial law will have prior approval of that republic or province.*
- Article XXXV** *Provides for the creation of a collective presidency based on equal representation of the republics and corresponding representation of the autonomous provinces. (See chart entitled "The Collective Presidency"). Among other things, the collective executive is given the right to propose policy direction to the Federal Assembly as well as to initiate changes in the constitution. The president is also designated the supreme commander of the armed forces.*
- Article XXXVI** *Makes a special exception of President Tito's tenure in the new collective presidency, allowing him to retain his position for an unlimited time.*
- Article XXXVII** *Provides for a smaller Federal Executive Council (cabinet) composed of an equal number of members from Yugoslavia's six constituent republics and a corresponding number from the two autonomous provinces. The council is responsible for the implementation of established government policy, and for the first time it will enjoy immunity.*
- Article XXXVIII** *Provides for the creation of federal secretariats to carry out the administration of federal duties. Heads of the secretariats are directly responsible to the Federal Assembly.*
- Article XXXIX** *Flatly asserts that it is the right and duty of all citizens to defend Yugoslavia. Under this article no one has the right or authority to sign or recognize the capitulation of Yugoslavia or to invite the intervention of foreign troops.*
- Article XL** *States that a constitutional law shall be adopted for the implementation of the above amendments.*

(See Timetable next page)



UNCLASSIFIED

TIMETABLE FOR THE AMENDMENTS

15 May 1971	Public discussion and debate ended.
25-30 May	Four of the five chambers of the Federal Assembly debated the changes.
3 June	The constitutional commission met, considered comments of four chambers and prepared final drafts for the Chamber of Nationalities.
25 June	The Amendments will be approved by the entire Federal Assembly and will go into effect in early July.
Between 25 June and 25 July	Members of the collective presidency will be elected within 30 days after the amendments go into effect.
31 August	Before this date, the Federal Assembly will confirm the election of the collective presidency.
30 September	The new Federal Executive Council will be elected by this date.