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YUGOSLAVIA:

An Intelligence Appraisal
(In Response to NSSM 129)

Prepared by the Office of National Estimates, CIA,
Representatives of the Intelligence Community
Concurring in its Major Judgments

27 July 1971

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YUGOSLAVIA: AN INTELLIGENCE APPRAISAL

PRINCIPAL OBSERVATIONS

A. Yugoslavia has moved deep into a difficult transition. Its politics, responding to the passage from a closed to an almost-open system, have begun to shift into new patterns. Its economy, still moving away from bureaucratic Socialist controls and toward a radical decentralization of authority, faces an accumulation of problems. Its foreign policies, once firmly non-aligned but ideologically sympathetic to the East, are moving toward greater contact with the West. And its leadership, completely and overwhelmingly dominated by Tito since the mid-1940s, is now anxiously trying to prepare -- under his tutelage -- for the day when he will no longer be there.

B. The principal question is, can Yugoslavia survive as a single state without Tito? Bitter national antagonisms -- between Serb and Croat, between Serb and Albanian, and so forth -- and strong regional

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rivalries and resentments -- between, for example, rich Slovenia and poor Macedonia -- are once again vigorously expressing themselves. Inflation, foreign trade deficits, unemployment, and economic disagreements between individual republics are all on the rise. And, in the face of these problems, the principal national power centers, the top command of the Communist Party (LCY) and the federal government in Belgrade, sometimes appear to be indecisive. The future of Yugoslavia without Tito thus appears, at the least, to be uncertain.

C. Still, there is a strength and a national will in Yugoslavia which held the state together in the past and which promises much for the future. And Tito is currently using all his awesome moral authority in his efforts to preserve the peculiar Yugoslav system. He is trying to anchor the system in law, in institutions, and in traditions. He is pushing the development of a constitutional structure of political control and of an orderly transition to it, even before his departure. He is seeking means to encourage the lawful expression of regional and republican interests and to reinforce a pattern of political and economic compromise. He is trying to persuade the army, as a truly national institution, to play an implicitly restraining role in domestic politics and to serve, if necessary, as the ultimate guarantor of federal integrity.

And he is attempting to set the country on an international course which will help to ensure national unity at home and preserve national security abroad.

D. In the minds of most Yugoslavs, it is still the Soviet Union which constitutes the most menacing threat to that security. And, in Tito's mind, it is still this threat which provides Yugoslavia with its greatest incentive for remaining a single, cohesive state. This was not the case a few years ago, when Tito -- alarmed by a number of developments in the Middle East and elsewhere -- perceived a growing threat from the West and sought to maintain especially good relations with Moscow. But the USSR's invasion of Czechoslovakia in 1968 seems to have ended with finality Tito's long-cherished desire for a reconciliation with the USSR. Gone, apparently, are the old hopes for enlightened Soviet behavior and for an eventual union of Soviet and Titoist doctrine on essentially Yugoslav terms. Largely gone too, apparently, are the old fears and suspicions of Western Europe (ever more Yugoslavia's major trading partner) and of the United States.

E. In consequence of this -- and because Moscow characteristically persists in meddling in Yugoslav affairs -- Soviet-Yugoslav relations

are strained. The Soviets have not, however, reverted to harsh or hostile policies, in part perhaps because the Brezhnev leadership realizes that, at least so long as Tito is active, Yugoslavia cannot be intimidated (or seduced) into a return to the Bloc. There are, of course, many reasons why Moscow would greatly welcome such a return. But there are also many constraints on its willingness and ability to bring it about: Yugoslavia no longer represents a vital Soviet national concern (as, for example, the other East European Communist states still do); the means available to the Soviets to further their interests in Yugoslavia are in any case quite limited; the use of military pressures would be likely only to strengthen Yugoslav national unity and resolve; the actual employment of military force would in all likelihood encounter Yugoslav armed resistance, which might endure in guerrilla actions for quite some time; and an invasion of Yugoslavia, even if successful, would severely damage a wide variety of Soviet interests elsewhere -- vis-à-vis both the United States and China and in Western Europe.

F. It does not seem likely, then, that the Soviets will move militarily against Yugoslavia. But the threat of this will no doubt continue, and it could become acute if post-Tito Yugoslavia were to be engulfed by internal disorder. The Yugoslav system will, in fact, remain

unsettled and threats of serious disruptions will persist into the indefinite future. But there is a good chance that over the long term a sense of common purpose, buttressed by a sense of common peril, will enable the hybrid Yugoslav system to survive essentially intact, even without Tito.

G. There is, however, a great array of variables which will bear on the course of Yugoslav national development, some international, others domestic. It is thus possible to construct a variety of futures for Yugoslavia, in addition to the one perceived above as the most likely. The country could begin to disintegrate and be saved only by a military coup; or it could fall apart and descend into civil war; or it could split into two or more parts, each seeking support, including military support, from abroad. These and other contingencies are discussed in Section V of this paper. But whatever the eventuality, it is clear that the West and the United States will have a critical role to play in Yugoslavia's future. Belgrade's economic ties are now predominantly with the West, its political and cultural views are increasingly shaped by Western concepts, and its national security is at least indirectly dependent on Western strength and resolve vis-à-vis the USSR.

I. INTRODUCTION

1. Yugoslavia is a country with a painful history and a troubled present. Its society is diverse, its economy backward, its location unfortunate. Its political system lacks tradition, rejects the precepts of both East and West, and moves in uncertain directions. And now time is running out for Tito, the one remarkable man who has held the country together for the past 26 years.

2. But it is not all a litany of woe. Yugoslavia has, in fact, achieved a certain strength through adversity. The Tito regime has survived great external pressures and much domestic disarray. It has moved into new areas of political action and social thought, has substantially improved the economic well-being of most of the population, and has almost entirely abandoned fear and repression as instruments of rule. Finally, it has won for Yugoslavia a position of international influence and respect and even security far greater than its size and place in the world would seem to justify.

3. But what of the uncertain future? Some deep-seated and bitter national antagonisms are once again emerging and finding ways to express themselves on the political scene. Relations with the Soviet Bloc are

becoming increasingly uneasy. Will a sense of common purpose and of common peril endure without Tito? Will Yugoslavia unity and courage persist in the event of renewed threats from the Soviet Union? Will, in fact, Yugoslavia outlive Tito?

II. THE YUGOSLAV SYSTEM ON THE THRESHOLD OF THE SUCCESSION PERIOD

4. For more than 20 years the Yugoslavs have been feeling their way toward the establishment of a truly federal decentralized Socialist state, gradually discarding some of the more doctrinaire tenets of communism in favor of a freer, more open system. The process has recently been accelerated by an awareness that the succession process must be institutionalized and the major features of the reforms enshrined in constitutional law if chaos is to be avoided when Tito leaves the scene.

5. The social system which Belgrade has been building -- and which it has labeled "self-management" -- is incredibly complex. Many of its features -- including those still in the planning stage -- have no parallel or historical precedent in political or economic practice anywhere else in the world. The Yugoslavs themselves do not seem to

have any very clear idea of where they are heading. The room for confusion and error is thus great, and judgments concerning the evolution and viability of the Yugoslav experiment must thus be conditional.

The Political System

6. Decentralization is the key feature of the Yugoslav political system. The country is moving toward a loose federation of nearly autonomous republics with the authority of the central government restricted mainly to conducting foreign policy, providing for national defense, regulating and maintaining a "unified national market", channeling funds from the richer to the poorer areas, and arbitrating regional disputes. All other functions and responsibilities -- together with control of the bulk of the nation's material resources -- will be surrendered.

7. Decentralization -- and a parallel increase in the authority of elective organs of government -- goes far beyond a flat transfer of power from Belgrade to the republican capitals. Tito's blueprint also requires the exercise of considerable autonomy -- backed by adequate independent financial resources -- at the local level, i.e., at the level of the municipality (*opstina*) and of the individual economic enterprise or institution. Increased efficiency is not the only objective. Belgrade clearly hopes

that the proliferation of decisionmaking centers -- and their interplay within and across republican boundaries -- will dilute the power of the republics and blur current regional and national disputes.

8. Organized pluralism -- the participation of regional organs, federal bodies, and various interest groups (youth, labor, professional, and economic) in the process of government -- was introduced as an indispensable element in the self-management system in the early 1950s. This development has been accompanied by and contributed to a liberalization of the political climate in Yugoslavia, including a remarkable expansion of freedom of speech and of the press and a distinct curtailment of police powers. Yugoslav pluralism is still subject to many shortcomings -- such as inadequate representation of peasant interests -- and still functions under clear restraints. But the trend has gathered considerable momentum and -- short of major political upheavals in the wake of Tito's passing -- seems unlikely to be reversed. The long-term consequences of this cannot be finely calculated, in Belgrade or elsewhere, though certainly it is safe to say that the passage from a conventionally totalitarian Communist system to a hybrid form of Socialist pluralism will not be an easy one. At a minimum, the central authorities will continue to

be taxed with the problem of accommodating powerful divergent interests without, in the process, allowing the expression of these interests to intensify regional animosities and threaten the very existence of the federal system.

9. Tito is of course aware of this sort of problem, recognizes that the greatest test of the system may occur in the aftermath of his departure, and thus is determined to prevent a crisis of succession. He has effected sweeping organizational changes and has provided for the devolution of his enormous personal power to collective bodies composed of highly qualified republican leaders who seem to be dedicated to Yugoslavia's current course. By bringing the "barons" to Belgrade and by bolstering the power of the collective presidency in relation to Yugoslavia's increasingly free-wheeling Parliament, he hopes to mute the inter-republican squabbling which reached such alarming proportions during the opening months of 1971. To supplement these moves, he has sought enactment of an array of additional statutory safeguards designed both to restrain personal ambitions and to contain regional rivalries. The key elements in this program include strict limitations of tenure in high office, equal representation for the republics in certain important bodies, and an almost check-and-balance division of authority both within and outside the governmental structure.

10. Obviously Tito's personal commitment to the current political program has been crucial. Few people in or outside the country doubt Tito's singular ability to decree important domestic political changes. And standing well above the diverse ethnic groups as a kind of living national monument, Tito can suggest, or enforce, key personnel transfers or other modifications without rousing widespread suspicion that his ideas are prompted by any consideration other than the common good. But Tito's will be an extraordinary hard act to follow. His prior endorsement of the emerging succession arrangements will surely carry some weight even after he is gone. But precisely how much, and in what practical detail, cannot now be said.

11. Even now, decentralization and the beginnings of a constitutionally-grounded rule of law have raised major problems with respect to the role and internal dynamics of the League of Communists of Yugoslavia (LCY), which has remained the locus of power in Yugoslavia. In conformity with the spirit of the times, the LCY has become something approaching a federation of nine relatively autonomous party organizations: six republican plus -- on a slightly lower plane -- two provincial and the military. On the other hand, while the LCY has long since renounced a "commanding role" in Yugoslav society, Belgrade firmly intends to have it exercise a

central "guiding role" for a long time to come. This, in turn, will require the central authorities to set the line on broad policy issues and exercise sufficient authority over regional party organizations to insure that independent behavior does not undermine the League's ability to function as a badly-needed national unifying force. Clarification of the limits of republican and provincial party autonomy awaits discussion at a National Party Conference this fall.

Economic Policy and Problems

12. Belgrade's efforts to reform the Yugoslav economy, stalled off and on during the 1960s, are again moving in high gear.* The system described as workers' self-management remains the core of the Yugoslav

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* *With a per capita gross national product (GNP) estimated at about $860 in 1970, Yugoslavia has one of the least developed European economies -- about on a par with Greece, considerably less than that of Romania ($1,140) and Bulgaria ($1,300), and about one-half that of Italy. Yugoslavia's six republics and two autonomous provinces present sharp contrasts in level of development. The per capita GNP in Slovenia, the richest republic, is about $1,550 -- i.e., five times higher than that in the autonomous province of Kosovo, the most backward area. Industrial output increased at an annual average of 8.7 percent between 1950 and 1968 while GNP -- held back by the erratic year-to-year performance of agriculture -- grew at a rate of about 5.5 percent. Yugoslavia's economic reforms have gradually oriented the country toward Western markets. Last year, about 57 percent of Yugoslav trade was conducted with Western Europe and another 6 percent with the United States. The share of the Soviet Bloc was a little less than 25 percent.*

program. This system is bewilderingly complex, but, as in the political field, decentralization is the key element. By giving local administrations and individual firms and -- through the Workers' Councils -- the labor forces greater authority over their own affairs, and providing them with a growing opportunity to reap the rewards of their own enterprise, the regime hopes to promote efficiency, modernization, and long-term growth. It also hopes to make Yugoslav products competitive in world markets.

13. In the period from 1965 to 1967, Yugoslavia restructured and liberalized its price and foreign trade systems, increased the investment role of enterprises and banks, and became the first Communist country to permit foreign investment. These measures stimulated the play of market forces and helped to shift Yugoslavia's pattern of trade farther away from clearing account transactions with members of the Soviet Bloc and toward the West. For the next three years, however, progress in liberalizing the system had to be postponed because of growing inflationary pressures and other difficulties.

14. Reform talk began again in the fall of 1970. The government decided to make further changes in the economic system a part of the proposed package of Constitutional Amendments affecting the organization

and powers of the federal government. Now adopted after lengthy debate, the new provisions are designed to move Yugoslavia farther toward a Socialist market economy. The direct economic role of the federal government has been further reduced in favor of the republics and local governments. Federal funds -- and taxation powers -- have been sharply curtailed. The central authorities will continue to channel money to the underdeveloped regions, but direct federal investment is to be phased out completely. In addition, the new reforms specifically provide for the protection and gradual expansion of the private sector of the economy. All told, these changes have created a much freer system -- and one that is much harder to control.

15. This latter point is important, for the Yugoslavs are still in the midst of one of their recurrent bouts with inflation, and with the balance of payments problem -- both the result of efforts to sustain rapid rates of growth and unemployment. In 1970, the cost of living rose by 11 percent, and the hard currency trade deficit climbed to a record $1.1 billion. The balance of payments deficit reached $388 million despite an unexpected increase of nearly $300 million in remittances from Yugoslavs in other countries. Total unemployment stood at 9 percent even though more than 750 thousand workers were working abroad.

And the situation did not improve during the opening months of 1971. By the end of May, the cost of living was rising at an annual rate of 13 percent and the hard currency deficit was running at nearly twice the 1970 level.

16. Although living standards throughout Yugoslavia have continued to rise, the gap between the richer northwestern regions and the poorer southeastern areas has tended to widen. While some improvement has been recorded over the past two years, the per capita national income of the less developed republics and provinces -- Macedonia, Montenegro, Bosnia-Hercegovina, and Kosovo -- fell from two-thirds that of the more developed parts of the country in 1947 to little more than half in 1968. There is also a gross disparity in regional unemployment rates. Unemployment in Kosovo in mid-1970, for example, was 26.7 percent, or about eight times that in Slovenia. Partly as a result of the revival of old nationalistic stirrings, the poorer republics have become increasingly aware of their backwardness and bitter about progress in the north.

Foreign Policy

17. In an uncertain fight for survival with the East, yet deeply suspicious of Western intentions and hostile to Western ideology, Tito

and his colleagues began in 1949 to forge a peculiar Yugoslav approach to foreign policy. By the mid-1950s, they had rejected passive neutrality, of the kind practiced by the Swiss, and were seeking instead to play a leading international role. At the same time, they refused to associate themselves formally with any of the great powers. Thus Yugoslavia, while it would not align itself with any one state, would pursue "active coexistence" with all. And thus Yugoslvaia, a small, backward, and vulnerable country, lying between two great hostile camps -- and following domestic economic and political practices disliked by both -- would stress certain elevated principles of international conduct: the obligations of the rich countries toward the poor; the sovereignty and equality of all states; the right of each state to conduct its own affairs without interference from abroad; and the inadmissibility of the use of force in interstate relations.

18. In time, as the Yugoslavs, with Western help, overcame threats to their survival and began to develop specific lines of foreign policy, Tito discovered common cause with the leaders of other non-aligned states and entered upon a career as a distinguished senior statesman. By the mid-1950s, Yugoslavia found itself courted by both East and West, admired by most of the Third World, and accepted by the world at large as an

influential member of the international community. The Yugoslavs (and Tito) were immensely pleased by all this and were inclined to view it as vindication of their views and, perhaps, as confirmation of their superior moral stature as well. In any case, Yugoslavia's effective emphasis on Third World politics and on independence vis-à-vis both the USSR and the United States unquestionably promoted a sense of national pride and cohesion. This was especially useful to the regime in the early 1960s because the primary spur to unity -- fear of the USSR -- was then fast receding.

19. There have of course been elements of delusion in Yugoslav policies and, when the issues get close to home and affect important national interests, the Yugoslavs are probably no more prone to act out of lofty principle than most peoples. On the whole, however, Yugoslav policies have been consistent with the professed objectives of non-alignment. There were many times when Belgrade's positions on one or another international issue were very close to Moscow's, and there were periods -- most notably the early 1960s, before the removal of Khrushchev -- when Soviet-Yugoslav relations were quite close. Tito apparently still identified himself more or less with the broad sweep of Soviet ideology; was reasonably optimistic that the Soviets would one day

recognize the virtues, for themselves, of a Titoist course; and was willing on occasion (e.g., after the Hungarian revolution of 1956 and after the Soviets unilaterally broke the moratorium on above-ground nuclear testing in 1961) to give the USSR the benefit of the doubt.

20. Still, even during the height of the Soviet-Yugoslav rapprochment, the Yugoslavs maintained an independent view. When Yugoslav policies resembled Soviet, this was almost always the consequence of their own particular appraisals, not the results of efforts to accommodate Soviet positions. Improvements in relations with the USSR, moreover, were usually prompted by Soviet overtures and changes in Soviet, not Yugoslav, attitudes. And on some matters of special importance to Moscow, including its policies in Eastern Europe, the Yugoslavs often stood in open opposition.

21. Though it bears Tito's personal stamp, non-alignment has become an accepted feature of the Yugoslav system. It is seen in Belgrade as the correct and perhaps only feasible course for an independent Yugoslavia. It is thought to provide great flexibility and bargaining power and, under conditions short of military confrontations, an acceptable degree of security vis-à-vis both East and West. It is seen as a means to enhance

national prestige and as a way to gain access and influence in the Third World. And, finally, insofar as it reflects continued independence from Moscow, it is thought to be an important model and inspirational factor for all of Soviet-dominated Eastern Europe.

22. It would appear, then, that only the gravest threat to national security would convince Belgrade to abandon non-alignment. But it is also true that in recent years, ever since the Warsaw Pact invasion of Czechoslovakia, fear of Soviet intentions has been one of the major factors conditioning Yugoslav behavior. In fact, it would seem that nowhere outside of Prague itself did the events of August 1968 have greater or more lasting impact than in Belgrade.

23. The change in Belgrade's attitudes is all the more striking because, throughout 1967 and the opening months of 1968, Yugoslav apprehensions had been centered on Western intentions. Continuing squabbles with the USSR -- over the question of an international Communist conference and over Yugoslav efforts to rally "progressive" forces in the Mediterranean area -- had little effect on a warming trend in Soviet-Yugoslav relations. On the other hand, a deterioration in Yugoslav relations with Italy, the coup in Greece, and -- most of all -- the

Arab-Israeli war were all interpreted by Tito as evidence of an American-led conspiracy against Yugoslavia and against all "progressive" non-Bloc States.

24. But this peculiar view -- which may not have been entirely shared by Tito's lieutenants -- did not survive Czechoslovakia and its aftermath. Yugoslav hopes that the USSR would tolerate the Czechoslovak experiment (thought in Belgrade to be akin to Titoism) and that this might signify a generally benevolent turn in Soviet attitudes were crushed overnight. Fear that Yugoslavia (and Romania) might be next on the list for invasion raced through top levels of the regime and among the people at large. Once again, then, the USSR loomed as the prime enemy and national survival seemed at stake. And, in the midst of this emotional hour, Tito's friends in the Third World -- the UAR and India -- refused to denounce the Soviets and rebuffed Tito's hint that a third non-aligned summit be convened to consider the problem.

25. All this served to move Yugoslavia's political interests farther to the West. (Economically, the shift had begun in 1965 as a consequence of Yugoslavia's growing dependence on Western markets and technology.) There was no dramatic break with the USSR, partly because

the Soviets did not care to respond vigorously to the Yugoslav condemnation of the invasion, and there was no sudden wrench in Belgrade's relations with the Third World. But clearly, priority was assigned at that time to efforts to strengthen and expand relations with the West -- principally with Italy and the other major Common Market states, with Austria, and with the United States. At the same time, Belgrade sought, for the most part successfully, to improve its relations with its Balkan neighbors, Romania, Albania, Greece, and Turkey.

26. There has been a striking improvement in the United States-Yugoslav relations since 1968, and particularly since President Nixon's visit last year. The Yugoslavs have become open and friendly, reluctant to raise contentious issues, and anxious to develop closer ties. Much of this can be attributed to renewed concern about Soviet intentions. But, in addition, Belgrade seems to have reassessed the entire course of its post-1948 relations with Washington and concluded that American sympathy and support for Yugoslav independence is genuine -- not just an artificial and inherently temporary adjunct of the United States-Soviet relationship.

27. Indeed, the whole of Yugoslavia's recent westward shift in orientation would seem to be qualitatively different from the outwardly comparable situation in the early 1950s. Twenty years ago, the Soviet factor provided almost the only grounds for cooperation, and Tito, intellectually and ideologically, still conceived of Yugoslavia as a member of the Communist community; the Soviets and their allies were the heretics, not the Titoists. But this time, the relationship with the West is much more broadly based. The Soviet invasion of Czechoslovakia seemed to shock Tito out of his residual identification with Soviet doctrine and probably terminated any lingering hope he may have had that the USSR could be converted to the Titoist enlightenment. In any event, politically, economically, culturally, and even ideologically, Yugoslavia has over the years grown much closer to the West and farther apart from the USSR. And this process seems likely to persist in the post-Tito era. Whether, ultimately, something uniquely Yugoslav will survive all this or -- as many Yugoslavs fear -- the country will in effect simply be absorbed into the mainstream of Western Europe can only be, of course, a matter for conjecture.

28. While the Yugoslavs will continue to reject any affiliation with NATO, Belgrade is making it clear that it hopes soon to develop

unobtrusive but relatively extensive military cooperation with Western Europe, particularly with Italy.* Its interest in the strength of NATO -- and of its old Balkan Pact allies -- has even led it to overcome its strong reservations about the current regime in Athens and to urge Bonn to sell weapons to Greece and Turkey.

29. Relations with the USSR have remained correct though strained throughout this period. But, not surprisingly, the Kremlin has become increasingly annoyed with Belgrade's domestic and foreign policies and has been willing to say so, though with some restraint. For their part, the Yugoslavs remain dismayed by what they believe to be a regressive trend of developments in the Warsaw Pact and are disturbed by evidence of Soviet attempts to aggravate and exploit their internal difficulties. Their commentaries on these matters have recently increased a great deal in volume and acidity -- if they continue at current levels, correct relations will be difficult to maintain. It is possible that Belgrade, seeking to maximize the unifying effect on the Yugoslav population of

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* *Washington has also been approached. Assistant Defense Minister Dolnicar has submitted a limited shopping list and expressed interest in training Yugoslav officers in the United States military schools as well as in a variety of other exchanges and arrangements.*

fear of Soviet intentions, may now even intend to allow an open deterioration of its relations with Moscow.

30. *Attitudes Toward the Middle East.* Yugoslavia conceives of itself as an important political power in the Mediterranean world and has over the years actively concerned itself with the struggles of Arab states to remove the Western colonial presence. It was an ardent supporter of the National Liberation Front (FLN) during the French-Algerian war, it was among Egypt's earliest and most vocal supporters, it declared itself wholly on the side of the Arabs during and after the June war, and it has more often than not found itself opposing the views and activities of the United States in the area. Thus, while the Yugoslavs have sometimes urged the militant Arabs to proceed with moderation and warned them of the dangers of overdependence on the USSR, they have followed policies in the area which have frequently complemented or coincided with those of the USSR.

31. Of late, however, the Yugoslavs have begun to re-examine their interests. They have not by any means become supporters of the United States. But they have become increasingly fearful that renewed Arab-Israeli hostilities might provoke a United States-Soviet clash; they

have become somewhat disillusioned by Arab disunity; and they have grown more and more apprehensive that the USSR will acquire too powerful a position in the area. Most of all, the Yugoslavs would now like to see the great powers withdraw from the Mediterranean, fleets and all. Short of that, however, they seem to be primarily interested in encouraging some form of rapprochement between the West and the Arab states, and they have suggested to Cairo that it would be in the Egyptian interest to work for this.

Defense Policy[*]

32. The projection of an image of military strength and the determination to use it has played an important role in Yugoslav defense strategy. Thus Belgrade has traditionally sought to give the impression that an invading force, no matter how strong or from what quarter, would meet with fierce resistance and -- even if initially successful -- would encounter prolonged and costly partisan warfare.

33. In keeping with this -- and with a desire to bring the conduct of military affairs into closer harmony with the concept of decentralization -- Belgrade began in 1967 to consider plans for the development of

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[*] *For a more detailed discussion of Yugoslav military strength, see Annex B.*

sizeable territorial forces and for increased emphasis on guerrilla warfare. This work was undertaken at a time when, as indicated, the Yugoslavs were on relatively good terms with the Soviets but were quite nervous about developments in Greece, Italy, and the Middle East. Thus, while no particular urgency seems to have been attached to the restructuring program, initial planning assumed that Yugoslav defenses should be directed primarily against a possible attack from the West. But the Soviet invasion of Czechoslovakia in August 1968 reversed this orientation and advanced Belgrade's timetable. By early November, the government had refined its views and incorporated them into a draft bill for consideration by the National Assembly. And on 11 February 1969, Yugoslavia's new Nationwide (or "all-Peoples") Defense Law was officially adopted.

34. Under the new law, Yugoslavia has established a two-tiered defense system composed of the regular armed forces (presently totaling about 228,000 men, and collectively designated as the Yugoslav National Army -- JNA) and territorial defense units. Only the latter force and the complementary civil defense organization are decentralized, with republican, local, and factory authorities given primary responsibility for the levy, training, funding, and activation of the component

units.[1] Regional planning, supervision, and coordination falls to the republics, but overall strategy and control remains in the hands of the Presidency and designated military organs in Belgrade.

35. Yugoslav strategy is now more clearly and openly based than ever before on the practical and deterrent aspects of the concept of a "nation in arms". Almost everyone between the ages of 16 and 65 is required to undergo training in military tactics, first aid, use of weapons, and the strategy of collective defense. Of these, men from 17 to 60 and women from 19 to 50 may be assigned to armed units.[2] If attack comes, plans call for temporary forward defense by the centrally-controlled

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1/ *The federal defense budget is basically confined to the needs of the regular armed forces. Federal military spending has been increasing, but if expressed as a percentage of gross national product (GNP), it has remained fairly constant at a little more than 5 percent since 1965. See Annex A, page A-7.*

2/ *While maneuvers and exercises involving both regular and territorial forces have been held at fairly frequent intervals over the past two years, a much more ambitious test of the new system is planned for this fall when mechanized units of the JNA will play the role of "the invader" in what promises to be the largest Yugoslav military exercise since World War II. Full use of territorial units (now said to embrace nearly one million citizens under arms backed by another two million in civil defense organizations) will be made in the defense.*

and more heavily armed operational forces (assisted, where possible by the activities of local territoral units), followed by the orderly and fighting retreat of these forces into the mountains. Theoretically, enough time will be gained to transport necessary government personnel and records into mountain redoubts to mobilize many of the country's more than two million reservists and to activate additional territorial partisan units. And once settled in the mountains, the retreating operational army would cooperate with partisan units in continued operations against the invader.

36. Implementation of the new defense law has not been without its problems, but Belgrade has demonstrated its determination to strengthen the effectiveness of the nation-wide system. It has donated military equipment worth more than $40 million to the program. It has rearranged its military districts to align their borders more closely with republican boundaries and has encouraged local JNA commanders to work closely with their counterparts in the territorial forces. In addition, language has been included in the latest Constitutional Amendments which declares that no one has the right to sign or recognize the surrender -- or occupation -- of all or any part of Yugoslavia or to prevent Yugoslav citizens from taking up arms against an invader. Such acts would be punishable

as treason. And the Croats have gone one step farther in their recently-adopted republican defense law by stating that no one has the right to *invite* the enemy's armed forces into the country or to collaborate with the enemy in any way.

37. Belgrade has also moved to revamp the traditionally aloof regular military establishment and to bring it directly into the mainstream of developments in Yugoslav society. To this end, recent changes have rid the military establishment of its more conservative officers, restructured and rejuvenated its Party organization, and given it broader representation in policymaking councils. All this has been reflected in a marked change in the general attitude prevailing in top military circles. Initial qualms about the territorial militia seem largely to have disappeared. A new interest in the resolution of political, social, and economic problems affecting national unity (and thus bearing on military capabilities) has emerged. And while the military establishment's general loyalty to Tito has never seriously been questioned, ranking military officials now seem to be taking pains to stress that this loyalty extends to Tito's system as well.

III. PRINCIPAL INTERNAL FACTORS WHICH WILL AFFECT FUTURE DEVELOPMENTS

The Nationalities Problem

38. Yugoslavia has the most complex ethnic composition of any country in Europe. There are five main Slav "nations" -- Serbs, Croats, Slovenes, Macedonians, and Montenegrins* -- and a number of substantial non-Slav minorities or "national groups", of which the Albanians and the Hungarians are the largest. Together, the facts of a difficult geography and many centuries of occupation by the Austrians, Hungarians, and Turks have given these nationalities widely varying cultures and religions, great disparities in economic development, and a distrust of central authority. Different languages, and even different alphabets in which to write common languages, have hindered communication between the nationalities and become a political issue in their own right.

39. Historically, political assassination and civil war have suggested that no regime in Belgrade can long maintain effective national unity solely through authoritarian means. But current efforts to solve

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* *Yugoslavia's total population is about 20.8 million, of which 41 percent are Serb, 22 percent Croat, 9 percent Slovene, 8 percent Macedonian, 3 percent Montenegrin, 5 percent Albanian, 3 percent Hungarian, and 9 percent miscellaneous.*

the country's problems through decentralization of authority and the creation of a relatively open society are by no means assured of success either. National self-assertiveness is rising and old feuds and suspicions are combining with new regional grievances. Party and government leaders sometimes seem unable to cope with these problems or are swept up in them and become partisans on one side or the other.

40. The three most volatile elements in all this are the traditional animosity between Serb and Croat, the struggle of the Albanians in Kosovo to free themselves of Serb domination, and the conflicting interests of the poorer and richer regions. Problems of this character will surely plague Yugoslavia for years to come. The process of decentralization will proceed partly at the expense of Serbian authority and status and the Serbs are not likely to enjoy this; the Croats will remain especially sensitive to national slights, real or imagined, and will be anxious to make conspicuous displays of their growing independence; the Albanians will continue to regard themselves as a repressed minority and may again (as they did in 1968) resort to large-scale disorders; and most of the more backward areas will still feel themselves the victims of inequities and will still seek larger subsidies from the northern regions, which will probably become increasingly reluctant to provide them.

41. It is also true, however, that much of the surfacing of internal antagonisms in Yugoslavia is a natural by-product of progress toward a freer and more decentralized society. Thus, to some degree at least, the recent upsurge in open conflicts between various group and regional interests can be viewed as a healthy development. Radical departures from the present system -- such as a separatist solution -- do not now seem to hold much appeal for either the public or the practicing politicians. No single ethnic group seems at all certain that it could make it in the world as a separate sovereign state.

42. Indeed, even in the midst of forceful expressions of regional interests, a new willingness to compromise has begun to emerge. The Croats have recently begun to show a new awareness of the dangers of nationalistic outbursts and have quieted down somewhat. The Slovenian Party, which has long been openly dissatisfied with aspects of national policy -- especially the diversion of Slovenia's wealth to poorer areas -- seems to be having second thoughts and recently committed itself formally to the principle that Yugoslav security interests override those of the individual republic.

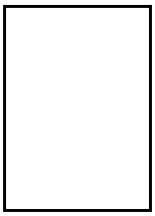
43. Even the Serbs seem to be developing more flexible attitudes. Although long accustomed to dominating the federal scene through control of key posts and organs in Belgrade, they have lately emerged as champions of self-management. They now seem to accept the notion that Serbian interests must be defended and advanced in regulated competition with the other republics. This is not to say that Serbian nationalism has simply faded away. But it is beginning to find an outlet in aggressive exploitation of the opportunities offered by a decentralized system and in vigorous defense of the ground rules against any weakening or "distortion" which would work to the advantage of the northern republics.

44. In the economic field, where decentralization has gone the farthest, Tito has been trying to promote commercial and financial links -- including mergers -- across republican borders. Although the results so far are modest, such arrangements at least represent a step toward dislodging isolated local interests.

45. The new constitutional amendments have been designed in large part to deal with the nationalities problem in the decentralized, post-Tito state. Painstakingly tailored to allow for almost every conceivable ethnic and regional sensitivity, they seek to establish a reassuring rule

of law and remove some of the uncertainties which have exercised national passions in recent months. Politically, the most significant innovation is the establishment of a collective Presidency (temporarily modified to allow Tito to continue to serve as President of the Republic as long as he is physically able to do so). The new Presidency consists (in addition to Tito) of three members from each of the six republics and two members from each of the two autonomous provinces. These representatives are elected for a five-year term by their respective regional Parliaments. Elaborate rules prohibit the members from holding any other federal or regional office and govern the annual election of the body's president and vice president in a manner intended to ensure that no republic can secure a dominating position. A similar formula for equal representation has been in force and is prescribed for the Federal Executive Council (cabinet), while a system of proportional representation is to be applied to the JNA officer corps, senior military positions, and portions of the civil service. Finally, the revised rights and obligations of the federation, the republics, and the autonomous provinces are spelled out in considerable detail.

ILLEGIB



46. Still, the new system has inherent weaknesses which, in the absence of a leader of Tito's stature (one whose influence would far

exceed his Constitutional prerogatives), could prove fatal. A 22 man collective Presidency may prove to be unworkable. At a minimum, if it functions according to the letter of the law, it will be extremely unwieldy and hamstrung by the rigidity of its own rules. The Constitutional Amendments are very specific about what it can and cannot do under both ordinary and extraordinary circumstances. They also spell out procedures for resolving differences with and among federal and regional organs of government. But they are silent on how a Presidency of this size, representing so many diverse interests, and bound by time-consuming rules of procedure, is to avoid costly delays and perhaps deadlocks in the decision-making process. (Perhaps because of problems like this the Presidency may in time come to be dominated by a small segment of its membership which would be able to function with some flexibility.)

47. The way in which the collective Presidency evolves will bear heavily on how serious another potential flaw in the latest reforms proves to be -- *viz.* the degree ot which decentralization limits the central government's ability to cope with national problems. The relationship between federal and republican powers has been spelled out but not as yet *worked* out through normal political processes. There are numerous provisions for overriding normal procedures and abridging local

prerogatives if the federal authorities determine that such action is required in the interests of national security or in order to avoid "significant damage to the social community". But such provisions will have little or no effect unless there is agreement within the federal government on a necessary course of action and the courage to proceed with it.

48. Finally, there is the question of what will be the long-term effects of the new rules concerning regional representation at the center on the level of competence of federal officials. The right man for the right job -- in the cabinet, in the army, in the foreign service -- could be denied appointment because of his ethnic origin. By the same token, the wrong man might receive an important position only because he is an available Serb, or Slovene, or whatever. The rules will no doubt be bent from time to time, but the politics of bending could in themselves become quite delicate.

The Economy

49. In theory, the central government still possesses sufficient tolls to manage the economy effectively. It retains statutory authority over the monetary system, foreign trade, foreign exchange transactions,

and customs duties; it can channel funds to the poorer regions through levies and mandatory loans; and it can regulate republican fiscal activity and promulgate binding laws over republican objections. But the mere existence of these powers does not guarantee that they will be used. The central government's current efforts to control inflationary pressures, for example, have been indecisive and unsuccessful. A price freeze enacted last November was never enforced; a wage control bill was watered down in the face of trade union pressure; legal limits on republic and local spending in 1971 were grossly exceeded in the first half of the year; and the belated devaluation in January had already been undermined by domestic price increases and a self-defeating open debate last fall on whether or not to devalue. Decentralization has unquestionably made it more difficult for Belgrade to control the economy and to act effectively even when it is legally empowered to do so.

50. Parallel with the decentralization of political and economic authority, conflicts of interest arising from regional economic disparities have increasingly assumed the character of inter-republic disputes and have made agreement on appropriate national policies extremely difficult to achieve. Sometimes termed "dinar nationalism", divergent interests find reflection today in such things as the reluctance of the northern republics to share their wealth -- and particularly their

hard currency earnings -- with the rest of the nation, and the espousal by republican officials of economic projects promising special benefits for their own area. Prolonged or severe economic difficulty could easily exacerbate these inter-republican conflicts to the point of political crisis. The force of economic nationalism has been difficult for even a Tito to rein; the outlook for its being controlled after Tito's departure is bleak.

51. The basic problems of inflationary pressures, foreign trade deficits, and unemployment are likely in any event to persist, and this will mean continuing dependence on help from the West. The Yugoslavs are currently seeking $600 million in various forms of financial assistance from the International Monetary Fund (IMF), the United States, and a number of West European countries; this amount is to tide them over through 1972. In the normal course of events, further requests for assistance can be expected. If Belgrade's dispute with Moscow resulted in a sharp curtailment of Yugoslav trade with the Soviet Bloc, or if economic developments in Western Europe prompted the sudden return of large numbers of emigre workers, such requests would probably be very substantial.*

* *CEMA countries presently account for a little less than 25 percent of Yugoslavia's total foreign trade. But a complete cutoff of trade -- or a selective reduction in the more important items exchanged -- would have highly disruptive effects on Yugoslavia's machine building, metallurgical, shipbuilding, chemical, and textile industries.*

The Army and the Party

52. Following the ouster of Vice President Rankovic in 1966, decentralization and reforms sharply reduced the powers and political significance of the Yugoslav State Security Service (SDB). The importance of the Party and the military establishment increased accordingly. These institutions are, of course, closely linked. Nearly all JNA officers and three-quarters of the NCOs are Party members. And reforms undertaken since 1968 have given the military's Party apparatus broader and more direct association with the LCY Presidium and with republic and local Party organizations in the areas in which JNA units are located.

53. JNA remains a highly-centralized organization, the only true national institution left in Yugoslavia. While none of its leaders seem to entertain independent political ambitions, its behavior in the event of a post-Tito crisis will be critical. But the military establishment would be reluctant to intervene independently in the political process unless it were convinced that the integrity of the state was in serious jeopardy. For one thing, a consensus on the proper course of action would be difficult to achieve in a muddled situation. Further, the military leaders are aware that the JNA no longer possesses a monopoly of

organized armed force. New territorial forces could in extreme circumstances elect to support their own republican authorities rather than the JNA command in Belgrade.

54. Belgrade's efforts to encourage the military to play a greater role in domestic affairs seem to be meeting with some success. It is Tito's hope that the military will be able to exert some restraining influence on fractious local Party and government leaders. There is, of course, a certain risk involved in giving the military a greater hand in civilian affairs. But, on the whole, the army seems to be loyal both to Tito and to his system. There are no signs of the existence of any significant group of officers who would be willing to serve Soviet purposes; nor do there seem to be cliques of officers who owe their primary loyalties to one or the other republic rather than to the Yugoslav state as such. (At the NCO and company officer level, Serbs and Montenegrins are still strongly over-represented, but Belgrade has long sought to eliminate regional prejudices by assigning these ranks to posts outside their native republics.) And Belgrade has now given its campaign to establish a proportional ballance of nationalities in the military hierarchy the force of constitutional law.

55. In contrast to the military establishment, the LCY has been in considerable disarray. Tito has in recent months managed to restore some order -- principally through invocation of the Soviet threat -- but the fundamental problem of defining and enforcing the limits of regional Party autonomy remains to be resolved. Until it is, the effectiveness of the LCY as a force for national unity and stability will be severely limited.

56. Tito has exhibited considerable impatience with the present state of affairs, emphasizing his belief that there can be no boundaries for the LCY -- "republican, local, or any other". He has stated that the Party Conference in October will be the occasion for a major reorganization of the LCY. And he has threatened to purge the more outspoken regional mavericks.

57. Tito may attempt to do just that, but it seems more likely that some of his tougher pronouncements have been made largely for effect. Most regional Party leaders now probably recognize the need for setting some sort of ground rules for harmonizing the activities of the component elements of the LCY. But none are likely to be willing to accept a return to a centralized supranational Party of the type Tito sometimes

seems to have in mind. Furthermore, it seems doubtful that, at this delicate stage in Yugoslavia's political evolution, Tito would be willing to risk turmoil by carrying out a sweeping purge of regional Party leaders.

58. A compromise may eventually emerge which would leave the regional organizations free to manage their own affairs but which would bind them to honor certain general guidelines laid down by the central Party organs. Such a solution might require the restructuring of the Executive Bureau and the expansion of its authority. This would be likely to generate considerable controversy, but the alternatives would seem to be continued and hazardous inaction or reversion to greater centralization, a course which almost no one now desires.

Dissident Elements

59. Belgrade has for the past year or so clearly exaggerated the seriousness of internal dissidence. It has emphasized the threat posed by domestic and externally inspired enemies as a means to quiet inter-republic squabbling and as an excuse for curbing the free expression of extreme views. Nevertheless, hostile elements -- including former political prisoners (mostly so-called Cominformists), purged Party

apparatchiks, and national militants -- do exist in Yugoslavia. Their numbers are unknown, but some have links with emigre groups abroad and others may have ties with foreign intelligence services.

60. Though they could in certain circumstnaces aggravate existing national divisions and political rivalries, in and of themselves, these individuals and groups would pose little threat to the Yugoslav system. They disseminate propaganda, engage in scattered terrorist acts, and within their limited capabilities, collect intelligence information. But as the labels -- Cominformists, Rankovicites, Ustasi, and Chetniks -- suggest, their past associations and beliefs have little relevance to present day Yugoslavia. Most are probably known to the authorities and could probably be rounded up quickly in the event of crisis. The necessary laws are on the books.

61. Yugoslavia has its share of outspoken and discontented students. There have been strikes and sit-ins and fiery debates. Nationalistic passions have at time run high -- particularly among the Croats. But the students are not in opposition. While critical of certain provisions in the new constitutional reforms, most of Yugoslavia's young support them in principal. Small extremist groups exist -- including some of Maoist orientation -- but their appeal and influence is very limited.

IV. MAJOR EXTERNAL INFLUENCES

The USSR

62. The Soviet Union has had nearly a quarter of a century in which to learn to live with an independent socialist Yugoslavia. But the adjustment has been difficult. The Cominform break of 1948 still rankles; Belgrade's assertion of absolute sovereignty still enrages; and Tito's eccentric road to socialism still bewilders and dismays. Moscow knows full well that Titoist Yugoslavia is *there*. But it has never lost hope that someday, somehow, it will go away.

63. Various Soviet leaders have sought in various ways over the years to solve the Yugoslav problem. Stalin, outraged by Tito's defiance, and perceiving a threat to Soviet dominance elsewhere in Eastern Europe, did his best, short of military intervention, to bring down the Tito regime. Khrushchev, apologizing for Stalin's behavior, offered Tito Russian aid and friendship, and then tried to push or pull Yugoslavia back into the fold. The present Soviet leaders, the victims, perhaps, of collective inertia, have tried more or less to do the same sort of thing for the same purpose.

64. The Brezhnev regime, however, has not approached the Yugoslav problem with much visible enthusiasm. It seems, in effect, to be less interested in Yugoslavia than either Stalin or Khrushchev, less given to extravagant gestures of enmity or good will, less inclined to engage in polemics or to deliver exhortations. It seems to understand, in a way that its predecessors did not, that at least so long as Tito is in command, Yugoslavia cannot be intimidated or seduced into a return to the Bloc.

65. This is not to say that the present Soviet regime has given up hope of future successes. All of the current leaders were mature men and many of them occupied senior positions when the Cominform break occurred. They perhaps did not approve of Stalin's subsequent policies toward Yugoslavia, and could not have been much impressed with his accomplishments, but there is very little chance that this made Tito and his actions any more appealing to them. On the contrary, Tito's departure from the Soviet bloc and his subsequent departure from Soviet doctrine must still be remembered in Moscow as a painful ideological and political shock.

66. If, for one reason or another, post-Tito Yugoslavia should come to re-embrace the USSR, Moscow's pain would be greatly eased. The

validity of its view of the "socialist world" would be enhanced and reaffirmed; its political position elsewhere in Eastern Europe would be strengthened, perhaps especially so in the case of Romania; its strategic posture -- particularly vis-à-vis Italy and the Mediterranean -- would be improved; and its long, frustrating, and debilitating quarrel with a major heretic would at long last have ended in triumph, not only for the USSR but also for those Soviet leaders who could claim to have brought it about. The whole Titoist episode could then be dismissed as a temporary aberration -- as was the Stalinist era within the USSR -- the fault not of the Soviet Party and the Soviet system but of one evil or mistaken old man, Josef Broz Tito.

67. But if there are many reasons why the Soviets might devoutly wish for Belgrade's return, there are also many constraints on Moscow's willingness and ability to bring it about:

-- Important as it is in the Soviet view, Yugoslavia has not occupied a place of high priority in the Soviet scheme of things since the mid or late 1950s. Over time, Moscow has recognized that the Yugoslav problem has become, in effect, a problem of foreign policy, still intertwined with but distinct from the problem of intra-bloc affairs. What happens inside Yugoslavia

and what Yugoslavia does for itself internationally are not (as they are, for example, in the case of Czechoslovakia) vital concerns of the USSR. Thus there are major self-imposed restrictions on the risks the USSR would be willing to run and the costs it would be ready to pay for the accomplishment of its objectives in Yugoslavia.

-- The means available to Moscow to further these objectives are in any event quite limited. As a great and nearby power, one which, moreover, professes a similar ideology and in a number of areas similar international objectives, the USSR exercises some political leverage in Belgrade. But Soviet influence is by no means compelling and does not seem as a rule to exceed that of the United States and of the West European states. Moscow does not seem to have any particular assets within the Yugoslav establishment and cannot count on any substantial body of opinion even vaguely sympathetic to the USSR or to the Soviet variety of communism. Soviet economic leverage is not great -- especially in view of the probable Western willingness to help in times of Yugoslav need -- and Moscow has often found it to be an ineffective instrument of pressure in any case.

-- The Soviets could of course seek to apply military pressure against Yugoslavia, but the risks of backfire here are substantial. The Yugoslavs would almost certainly unite in resisting such pressures, and they would turn to the West for political support and material aid. This of course is what happened in response to such pressures during the Stalin era. In most circumstances, if the Soviets invaded Yugoslavia, they would encounter organized and irregular armed opposition. Moscow is almost certainly aware of this probability; it would, at a mimimum, have to allow for the possibility. (See Annex B for a discussion of Soviet capabilities against Yugoslav forces.) It would also have to allow for the possibility of strong Western reactions.

-- Even if Soviet military operations against Yugoslavia proceeded successfully, and without Western military reactions, an invasion of Yugoslavia would severely, perhaps irreparably, damage Soviet interests in a variety of fields and a number of areas. It would greatly complicate United States-Soviet and Sino-Soviet relations, hurt the Soviet image in the Third World, and risk serious instability in Eastern Europe. Moreover, closer to home, it would instantly jeopardize Moscow's large investment in its current policies in Europe -- its drive for a kind of rapprochement, its

wooing of West Germany, its desire for trade relations embracing much-needed imports of technology, and, above all, its efforts to reduce the continental presence of the United States. West European hopes that the USSR was becoming a responsible, even benign power, survived the invasion of Czechoslovakia, partly because that campaign was rapidly executed and bloodless and because Moscow was acting within its own sphere of influence. An invasion of Yugoslavia might not be quick, would probably be bloody, and would certainly take Soviet troops far beyond the boundaries of Sovietized Europe.

68. The USSR's current policies toward Yugoslavia reflect a curious mix of these objectives and these constraints. Moscow maintains generally cordial relations, encourages reasonably extensive economic and trade ties, keeps ideological disputes fairly subdued, and permits Party contacts -- though these are infrequent and restrained. Moscow presumably hopes through these means to retain some degree of influence in Belgrade, to thwart the influence there of the Western powers, to keep its options open during the succession period, and to avoid the uncertainties and problems which would flow from a sharp deterioration in relations.

69. At the same time, the Soviets persist in petty subversion, engage in unfriendly semi-covert diplomatic activities, and disseminate gray propaganda against the Tito regime. They presumably hope in this way to keep their hand in internal Yugoslav politics, to encourage pro-Soviet sentiments among discontented elements of the population, to create difficulties between Belgrade and the West, and to be in a position to exploit any new opportunities which might open for them during the succession period.

70. The extent and effectiveness of Moscow's espionage and covert action efforts against Yugoslavia are difficult to determine. The Yugoslavs imply publicly that these efforts are massive and claim privately that the Soviets were involved in the Kosovo riots of 1968 and have collaborated with hostile emigre groups of all colorations. Such charges, which have also included allegations that Moscow has been busy trying to recruit supporters in military and student circles, have generally lacked specific details and are probably exaggerated. We lack evidence to sustain them.

71. There is, however, clear evidence that the Soviets have engaged in various informational activities which have angered or distressed the Yugoslavs:

-- In January 1970, Tito and Soviet Ambassador Benediktov had a heated exchange over the behavior of Soviet Embassy representatives who were offering assistance to Yugoslav enterprises in financial trouble. Apparently a large number of firms -- primarily in remote areas -- had been so approached. And the Soviet officials involved had been combining offers of money and technical assistance with considerable commentary on the advantages of the Soviet way of doing things.

-- Soviet and Soviet-sponsored "informational activity" in Yugoslavia had grown to such proportions by early 1970 that Belgrade instructed its Embassy in Moscow to lodge a firm protest. Apparently the Kremlin was unimpressed. The Soviets have persisted in their efforts to reach even the remotest villages with their books, films, and other propaganda materials, and they have continued to reject the suggestion that they scale down this program to match Belgrade's modest effort in the Soviet Union. In June of this year, the Yugoslavs publicly warned that the maintenance of Soviet information and cultural centers in Yugoslavia is inconsistent with the principle of reciprocity.

-- In material intended for both domestic and foreign consumption (including broadcasts beamed to Yugoslavia), the Soviets have combined general criticism of Belgrade's heretical practices with emphasis on Yugoslavia's current political and economic ills. They have made liberal use of carefully selected quotations from significant Yugoslav documents and pronouncements -- including some of Tito's speeches -- to illustrate how black things really are. And, according to a public Yugoslav protest, the Kremlin is now employing the services of disgruntled Yugoslav emigres to confirm its derogatory assessment of the Yugoslav scene before Soviet audiences.

-- Finally, some Yugoslav journalists and politicians have openly asserted that Moscow's campaign to blacken the Titoist system and to draw certain parallels between developments in Yugoslavia and pre-invasion Czechoslovakia are intended to create a psychological atmosphere in the USSR and Eastern Europe favorable for military intervention.

72. Soviet involvement with hostile emigre groups -- groups which can work among the more than half million Yugoslavs living abroad

-- is a matter of the gravest concern in Belgrade. Yugoslav accusations that Moscow has encouraged the revival of Cominformist exile activity would seem to have some substance. So too would charges that the Soviets are working with various ultra-conservative and fascist Yugoslav emigre groups in the West. Specifically, the Soviets apparently collaborated with a Ustashi unit based in West Berlin early this year in floating rumors and surfacing circumstantial evidence of links between top Croatian officials and Ustashi elements. Bloc diplomats in Belgrade are reported to have been active in spreading such "gossip". Zagreb openly accused the "Serb-dominated" federal security apparatus of complicity in a conspiracy directed against the Croatian leadership. In the end, Tito had to intervene to calm things down.

73. Partly because of their genuine concern and irritation over Soviet meddling of this character, and partly because their suspicions of ultimate Soviet intentions are likely to grow as the succession period draws near, Belgrade is likely at a minimum to keep the USSR at arms length. It may be, in addition, that for their own good reasons, independently of whatever actions are taken by the Soviet Union, the Yugoslavs will make it very difficult for Moscow to maintain cordial relations. Belgrade has already raised the spectre of Soviet

intervention this year to help dampen domestic controversy and may be increasingly tempted to do so as time goes by.

74. The Soviets have so far managed to curb any impulse to respond vigorously to this sort of thing -- strong denials might only feed Yugoslav suspicions. But they could not turn their cheek indefinitely to a major Yugoslav campaign stressing malign Soviet intentions. At the same time, it may become more and more difficult for Moscow to overlook the implications of Yugoslavia's current quest for military assistance in the West. Thus, while the Soviets probably hope to be able to maintain the present pattern of their relations with Yugoslavia, at least until Tito goes, Belgrade may make it increasingly difficult for them to do so.

75. The Soviets will in any event wish sooner or later to adjust their policies toward Yugoslavia to take account of Tito's departure. They will wish to exploit any opportunities offered by the succession period and may look for candidates to support. They may, in addition, seek to add to any confusion in Belgrade in the hope that a fluid political situation would work to their advantage. (Certainly the stability imposed by Tito has not.) But, initially at least, the Soviets

are much more likely to react to specific events in Belgrade than to participate in them. Thus the general outlines of present Soviet policy are likely to be preserved until Moscow has some notion of just what the new circumstances in Yugoslavia are. A clear trend toward internal anarchy might provide the Soviets with a highly tempting opportunity to intervene directly on the political level. And the outbreak of civil war might prompt them to intervene militarily as well.

The Communist Countries

76. It is an article of faith in Belgrade that Yugoslavia is showing the way for all the Communist states of Eastern Europe. It is true that the Yugoslav socialist experience has from time to time had a bearing on events in several of these countries (Hungary, Poland, and Czechoslovakia) and that Yugoslav independence has served to encourage those East Europeans who seek their own sovereignty (most notably, Romania). Because of this, and because Belgrade's diplomacy is directed toward the quiet encouragement of East European nationalism when and wherever possible, Yugoslav-East European relations have developed a special character, a distinct flavor all their own. In some capitals, they are treated more or less as members of the family,

as eccentric cousins, perhaps; but in others, they are regarded as black sheep and are thus shunned and despised.

77. *Romania* is, of course, a case apart. The Yugoslavs are treated in Bucharest as brothers. Ceausescu has reservations about Belgrade's domestic policy, but he recognizes that Yugoslavia's survival as a united and independent state may be critical to the preservation of his own nationalist course. Thus he can be expected to continue to foster his country's special relationship with Yugoslavia and to do what he can to impede or weaken Bloc pressures on Belgrade. *Hungary* has made an effort to maintain good relations with the Tito regime and has displayed a restrained but sympathetic interest in the general thrust of Belgrade's reformist course. Kadar is no doubt aware that any dramatic Soviet moves against Yugoslavia might seriously reduce his own freedom of maneuver. *Poland* has also sought to expand its relations with Belgrade. Although this trend seems to have begun during the final two months of Gomulka's rule, it has clearly accelerated since his fall. *East Germany* has been much less friendly, more openly critical of Yugoslav "revisionism". Pankow's representatives in Yugoslavia apparently have sought, moreover, to influence Yugoslav journalists and officials with bribes and gifts, to develop contacts

and sympathizers among Yugoslav workers bound for West Germany, and to distribute films not cleared by Yugoslav censors.

78. The key factor affecting Yugoslav relations with *Bulgaria* is the Macedonian issue. Belgrade looks on Sofia's refusal to recognize the existence of a separate Macedonian nationality as a potential threat to its territorial integrity. It is clear that the Bulgarian leadership will be alert to any opportunity to loosen Belgrade's hold on the region in the post-Tito period. Indeed, the Yugoslavs claim that top Bulgarian leaders have said as much. And Belgrade has drawn attention to the fact that Bulgarian pressures in Macedonia -- including subversion and espionage as well as propaganda -- have tended to peak when tensions have been unusually high between Belgrade and Moscow.

79. For years, Sino-Yugoslav hostility proved useful to Moscow (inter alia assisting in the isolation of Albania), but there has been a great improvement in relations between Belgrade and *Peking* since the Soviet invasion of Czechoslovakia. The Yugoslavs view this development with cautious enthusiasm. They surely hope that in the event of major Soviet pressures Peking would seek to aid Yugoslavia, at least by issuing the kind of bellicose statements which might give the Soviets pause.

In any case, improved Sino-Yugoslav relations have brought an increase in trade and in transportation revenues. But China is far away and, as demonstrated during Foreign Minister Tepevac's recent visit to Peking, neither the Chinese nor the Yugoslavs yet seem certain of the nature and the limits of the relationship.

80. The recent restoration of diplomatic relations between *Albania* and Yugoslavia may have been encouraged by Peking. But Yugoslav-Albanian friendship is still fragile, resting primarily on a common fear of Soviet intentions. Ideological differences remain as sharp as ever, and it is likely to take some time before expanding trade, tourism, and cultural exchanges establish a broader community of interest and temper old suspicions. In the meantime, developments in Yugoslavia's ethnically predominantly Albanian province of Kosovo will continue to constitute potential sources of friction between the two countries. At the same time Yugoslavia's more liberal attitude toward this minority will help to contain the friction.

Western Europe

81. *The NATO Powers.* While still sometimes disturbed by vestiges of problems dating from wartime, Belgrade's relations with the NATO states and with most of the other developed nations of the West are

now at a high level of cordiality -- and they are based on a solid foundation of mutual interest with a substantial economic content.* In a sense, there are ideological ties as well -- and not only with like-minded Communist groups. In its quest for friends in the dark days of the late 1940s and early 1950s (when all detachments of the Communist movement were openly hostile), Belgrade sought out and cultivated socialist and socialist-oriented political parties throughout Western Europe. Personal and organizational ties thus established have been continued, extended into the trade union field, and carefully nourished. And they have contributed to official and popular sympathy for Yugoslavia in many countries -- particularly in the Scandinavian

25X6 states, [redacted] 25X6

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* *The present state of these relations, and the importance which Belgrade attaches to them, is reflected in Tito's recent travels. Prior to last fall, the Yugoslav President had visited only four countries in Western Europe -- and these trips were widely separated in time. But last October, hard on the heels of hosting President Nixon, Tito toured five West European countries -- all members of NATO and the Common Market. A visit to Italy, scheduled for December but postponed because of an untimely resurfacing of the Trieste issue, finally materialized in March. And on the 29th of that month -- the day that other Communist leaders were gathering in Moscow for the 24th Soviet Party Congress -- Tito met with Pope Paul VI for almost an hour and a half.*

82. Thus, at this juncture in Yugoslavia's post-war evolution, the overall Western attitude can be characterized as one of friendly concern. It is generally agreed that while not ideal, Belgrade's established posture and policies are advantageous to Western interests. Conversely, it is accepted that these interests would be gravely threatened if Yugoslavia's current course were reversed or Belgrade were again to fall under Soviet domination.

83. Individually and collectively, the NATO powers dispose of a number of potentially effective means for exerting a positive influence on the course of developments in Yugoslavia. They range from economic assistance and political support to vague hints that NATO would not countenance an extension of Soviet power to the shores of the Adriatic. Loans have been extended. Payments have been rescheduled. Yugoslavia has been included under the provisions of the Common Market's preferential tariffs for developing countries. In one way or another, all the NATO powers have pitched in. But because of the special nature of their relations with Belgrade, Bonn and Rome merit individual discussion.

84. West Germany is Belgrade's foremost trading partner. Each summer, ever increasing hordes of West German tourists travel south to Yugoslavia. Some 425,000 Yugoslav workers are now employed in West

Germany, their rights and social benefits protected by official protocol. Last October, Tito became the first Communist Chief of State to visit Bonn. In view of the bitter heritage of World War II and the break in diplomatic relations in 1957 -- restored in January 1968 -- the current scope and warmth of Yugoslav-West German relations is remarkable. And now Belgrade's appreciation of West German economic potential has been supplemented by its favorable assessment of the Brandt regime.

85. The FRG's interest in Yugoslavia as its first -- and for a long time, only -- foothold in Eastern Europe has been sustained and reinforced by a growing economic stake in the country and hopes concerning the potential broader ramifications of Belgrade's independent and reformist course. But at least one potentially troublesome problem remains -- Yugoslavia's claims for indemnification of the victims of Nazi concentration camps and medical experiments. Negotiations on this subject were begun in May, but the two sides are still far apart. In itself, this would be of little significance -- it took 25 years to get to the talking stage. But the issue has spilled over into another and more pressing matter. For the West Germans, in an effort to get Belgrade to scale down its demands, have made their counter-proposal part of the stabilization assistance package which they are

offering the Yugoslavs. The pressure on Belgrade to yield is great, but both sides seem to be standing fast and the ultimate outcome is uncertain.

86. Since accommodation on Trieste in 1954, Yugoslavia has had no serious dispute with Italy. Relations have gradually become warmer and more extensive. For some years, the Italians were Yugoslavia's most important trading partners, and while recently surpassed in this regard by the West Germans, they still hold second place. Tito has proclaimed that the Italian-Yugoslav border "is the most open in the world". And, even more than in the case of the West German-Yugoslav relationship, both sides have shown a growing determination to strengthen cooperation in all fields, including military affairs, since the invasion of Czechoslovakia.

87. But there were temporary setbacks in Yugoslav-Italian relations in 1967 and the winter of 1970 when Belgrade took umbrage at what it construed as signs that Rome still coveted lost territory in Yugoslavia. And since rightist elements seem to be becoming more active on the Italian political scene, it is possible that irredentist stirrings may again cause difficulties in the future.

88. *The Neutral European States.* Belgrade has long sought to develop a special "kindred spirit" relationship with the Scandinavians. But since 1955, when the State Treaty established Austrian independence and neutrality, Yugoslavia's northern neighbor has occupied first place among European non-bloc states in Belgrade's order of foreign policy priorities. Recent highlights in the evolution of Yugoslav-Austrian relations include the state visits exchanged by Presidents Tito (1967) and Jonas (September-October 1968), their meeting at border ceremonies in October 1969, and a flurry of defense consultations which began shortly after the invasion of Czechoslovakia. Yugoslav interest in Austria has declined, however, as the prospects for military co-operation with Italy and other NATO powers have improved.

V. THE FUTURE, SOME ALTERNATIVES, AND THEIR IMPLICATIONS

Key Variables

89. Change and disarray will continue to confront the Yugoslav leadership with a variety of serious problems. The destination of the Yugoslav regime, said to be a new and superior kind of "socialism", is vague and uncertain, and the route toward it uncharted. None of the forces released by the Titoist reformation is likely to prevail without a struggle. Separatist sentiments are likely to weaken the federation; various considerations will probably operate to diminish the power of the LCY; and economic forces, increasingly decentralized, will almost certainly encourage non-Party institutions to play a larger role in shaping national policy. Thus the Yugoslav system will remain unsettled and chances of serious disruptions will persist into the indefinite future.

90. But beyond these rather gloomy near certainties, the Yugoslav future remains indistinct. There is a great array of variables which will bear on the course of Yugoslav national development, especially during times of trouble. Not the least of these will be international

circumstances -- the attitudes and actions of external parties, and the ways in which the Yugoslavs perceive them.

-- Yugoslavia is a part of the European heartland, standing between East and West, between Central Europe and the Balkans, and facing both the Alps and the Mediterranean. Historically, events in and affecting Yugoslavia have touched Europe as a whole. And, especially over the past quarter of a century or so, the status of Yugoslavia has come to involve the stability and security of the continent as a whole.

-- Both NATO and the Warsaw Pact have invested heavily in Yugoslavia, though it belongs to neither, and both sides have come to understand that the current balance in Europe would be changed if Belgrade were to adhere to one Bloc or the other. Further, it is almost certainly recognized in Moscow that for these reasons, among others, direct Soviet intervention in Yugoslavia would be viewed in the West as a matter of grave concern.*

* *Indeed, NATO has in effect so warned. The Communique of the NATO Ministerial Meeting of November 1968 (following the Soviet invasion of Czechoslovakia) urged the USSR to "refrain from using force and interfering in the affairs of other states", asserted that NATO members could not remain indifferent to "any development which endangers their security", and warned that "any Soviet intervention directly or indirectly affecting the situation in Europe or in the Mediterranean would create an international crisis with grave consequences". It was perfectly clear at the time that the United States and others were addressing themselves to the problem of so-called gray areas in Europe, and that they were greatly concerned about the future security of Yugoslavia and Austria, and, in a somewhat different context, Romania as well.*

-- The West European members of NATO would in fact almost certainly regard direct Soviet intervention in Yugoslavia as a threat to their own security. They would conceive of the problem in NATO terms, even though the fortunes of a NATO member were not formally involved, and they could not imagine an effective response without full United States participation. They would thus see in the Soviet move both a test of their own resolve and a test of the United States commitment to European security as a whole.

-- A Soviet move against Yugoslavia would have unsettling implications for the remainder of Eastern Europe and the Soviets are presumably aware of this. All of the USSR's allies in Eastern Europe, except perhaps Bulgaria and East Germany, would be reluctant to see this development occur. Romania, in particular, would interpret any Soviet action against Yugoslavia as a threat to their own interests. Romania would refuse to cooperate with a Soviet military operation against Yugoslavia and could be forced to only if it were itself invaded. The Hungarians and Poles would try to avoid participation, though their willingness to resist

strong Soviet pressures would probably be quite limited. The Bulgarians, for their part, might participate with some enthusiasm, particularly if they were allowed to move into Macedonia. In the short term, assuming Soviet successes, most of the East European countries would be cowed by a Soviet invasion of Yugoslavia. But the history of the area suggests that acts of this character do not intimidate indefinitely, that, in fact, the sources of discontent are in the longer term magnified.

-- Of lesser moment to the Soviets, though still an element in their calculations, would be the reactions in the Third World. Here, responses would no doubt vary widely, depending on individual assessments of self-interest. But even if there were no general outpouring of concern and regret, suspicions of Soviet intentions would surely be strengthened and the policies of states which were truly uncommitted might be affected in subtle but substantial ways.

Domestic Alternatives

91. Aside from international variables of the sort discussed above, there are any number of somber eventualities within Yugoslavia itself and,

within these, an endless array of variations. Four possibilities, intended to serve only as plausible illustrations, are examined below. The first reflects our estimate of the most likely of several possibilities. The others, in varying degrees, all carry more disturbing implications for Western interests. They are, we think, less likely, but at least in their rough outline are by no means out of the question. Contingencies of a more optimistic nature -- such as Yugoslav achievement of a high degree of internal unity and stability, or open alignment with the West not occasioned by imminent attack from the East -- are not considered here.

A. A United, Independent, and Non-Aligned Yugoslavia

92. Yugoslavia is troubled today and will sorely miss Tito tomorrow. But the Yugoslav system as a whole has withstood the attacks of party factions, the stresses of economic crisis, and the importunities of separatists. The army continues to provide support for national unity, and so, inadvertently, does the USSR. While Tito cannot lay out a fixed path for a successor regime to follow, he may have established a pattern and style, a reliance on the empiric and the experimental, which his successors would probably want to imitate and which, in any case, they

would find difficult to abandon. Over the long term, then, the principal accomplishments of the Yugoslav system seem fairly secure; Yugoslavia, even without Tito, has a good chance of surviving essentially intact as a hybrid system.

93. This alternative, then, is essentially a linear projection of the current Yugoslav situation, complete with some degree of internal disarray. Nationality frictions and economic difficulties persist and sometimes flare. But with some adjustment, the present division of authority among the federation, republics, and municipalities proves workable, and timely economic assistance is forthcoming from the West. The post-Tito collective leadership manages to overcome its organizational shortcomings, limit its internal differences, and govern the country relatively effectively. Fear of Soviet intervention continues to condition the attitudes and behavior of the leadership and population alike. In this atmosphere, potentially pro-Soviet forces remain marginal and isolated. Additional reforms move the economy farther toward market socialism. And, unless the Soviet threat becomes so acute that Belgrade is forced to seek alliances in the West, Yugoslavia maintains its present posture of non-alignment.

94. *Soviet Reaction.* While hardly a "worst case" situation, Moscow finds this outcome frustrating. Despite Soviet hopes and machinations, a Titoist succession leadership has passed its initial test. Thus the Kremlin faces the indefinite continuation -- and perhaps aggravation -- of the problems long posed by Yugoslav behavior. The basic Soviet attitude becomes increasingly hostile and impatient. Armed intervention remains unlikely, but the Soviets intensify pressures on Belgrade across the board. They step up efforts to exploit Yugoslavia's internal difficulties, stall in economic negotiations, delay certain deliveries of goods, and refuse new aid. They maintain or intensify gray and black propaganda and continue their cultivation and support of Yugoslav dissidents at home and abroad. They encourage Bulgaria's claims to Macedonia, increase pressure on Romania to withdraw from close association with Belgrade, and try to stir up Yugoslavia's lingering territorial, minority, and political differences with Western countries.

B. A Divided, Independent, Non-Aligned Yugoslavia

95. This situation could emerge quite rapidly after Tito's departure or could develop as a consequence of gradual deterioration. Ethnic and regional conflicts mount to a point where national level policymaking

breaks down in many areas. The weakening center is unable to agree on remedies. While the integrity of the state and its Western-oriented non-alignment are not called into question, the federation is radically deprived of many of its remaining functions -- and these accrue to the republics, which pursue their own economic policies and even begin to act in the area of foreign policies.

96. Contending republican elements begin to seek political and moral support in the West, vying for favor in Washington and various West European capitals. Extensive economic aid is also sought as the economy begins to suffer the consequences of division and disruptive internal competition. The Western states find themselves faced with confused and conflicting requests, are hard put to respond effectively, and are not least tempted to proceed unilaterally.

97. *Soviet Reaction.* The Soviets are generally encouraged by this turn of events, seeing new opportunities for themselves, new problems for the West, and perhaps fewer problems for themselves in Eastern Europe. They are thus anxious to insure that the liberal-minded Belgrade regime does not succeed in restoring its nation-wide authority. They pursue the kinds of policies discussed above, but with some major exceptions: they adopt a more friendly overt posture, offer sympathetic

commentary (instead of polemics), and extend impressive offers of economic and technical assistance. They hope in this way to reduce fear of Soviet intentions as a unifying force and to persuade substantial numbers of Yugoslav citizens to favor closer cooperation with the Soviet Union. They step up efforts to cultivate party and state officials and work harder to blunt or turn back Western involvement. But they avoid choosing sides (as, for example, between contending republics) unless forced by events to do so. Soviet military intervention remains unlikely.

C. A Disintegrating Yugoslavia: A Military Coup

Contingency 1: Rapid Takeover

98. The situation described above (paragraph 95) deteriorates over time. Serious disorders, including clashes between ethnic groups, erupt. Civil war threatens. The central political leadership is unable to reach agreement on how to handle the situation. Displaying considerable resolve and unity, the JNA -- perhaps with the complicity of some Party leaders -- seizes power in Belgrade, the republican capitals, and other major cities and succeeds in restoring order relatively rapidly. Martial law is established, but the junta preserves the decentralized character of the economy and effectively pursues a Western-oriented (but still officially

non-aligned) foreign policy. The shock of fratricidal bloodshed exercises a sobering effect on the Yugoslav political climate, but disenchantment with centralized military government grows. The West maintains its ties but urges the formation of a liberal, non-military regime. The junta presses preparations for the restoration of civilian government along pre-coup lines and steps down.

99. *Soviet Reaction.* Moscow views the unfolding situation with mixed emotions. The Soviets hope that the logic of martial rule will spell the end of Belgrade's liberal heresies -- and that their long-standing efforts to cultivate friends in the JNA will now pay off in an eastward shift in Yugoslavia's foreign policy orientation. On the other hand, they recognize that neither of these developments may come to pass. Thus, Moscow waits the situation out and attempts to woo Yugoslavia's new leaders with offers of assistance. Once the junta's Titoist domestic and foreign policy intentions become clear, the Soviets adopt an openly hostile attitude, but continue to eschew military intervention.

Contingency 2: A Difficult Takeover

100. Acting under the conditions outlined above, the JNA seizes power quickly throughout most of the country and seeks to impose harsh central rule, perhaps in collaboration with elements of the Party. But it meets with determined resistance in Croatia. Martial law is declared and Belgrade seeks to impose federal control over the entire economy. The junta mounts scattered small-scale military operations against the Croats. It assumes a xenophobic attitude and declares its determination to resist external intervention from any quarter. But it also calls for badly needed economic and military assistance from both East and West. Some West European states, alienated by the character of the junta and profoundly distressed by the prospect of major bloodshed urge Western disengagement. Others, fearing Soviet involvement, favor continued support of the Belgrade regime. After several bloody incidents the Croatian leadership comes to terms and nation-wide order is restored.

101. *Soviet Reaction.* Moscow is encouraged by the early moves of the new regime. It decides that disunity within NATO minimizes the chance of Western intervention. It adopts an openly friendly attitude toward the junta, declares its opposition to the Croat separatists, and advises Belgrade of its willingness to provide extensive economic and

military assistance. The Soviets follow up promptly when such aid is requested and take advantage of the opportunity thus presented to significantly increase their presence in Belgrade. They avoid overplaying their hand, counsel rather than command, and try over time to ease Yugoslavia into dependent status.

D. A Disintegrating Yugoslavia: Collapse

Contingency 1: Contested Secession

102. Croatia goes through all the formal motions of secession, proclaims its independence, and announces its intention to become, in effect, a member of the Western community. Slovenia provides moral support but does not formally declare itself an ally. Belgrade refuses to recognize Zagreb's action, but federal forces seeking to march on Zagreb are turned back and suffer severe losses. Both the government and the military establishment suffer from severe internal divisions. Believing that little or no help for subduing the Croats will be forthcoming from the West -- which has been generally sympathetic to the Croatian cause -- and taking advantage of their majority position in the truncated collective federal Presidency, Serbia, Kosovo, Vojvodina, and Montenegro appeal for direct Soviet assistance in the name of the Federation.

103. *Soviet Reaction.* Moscow decides that in these circumstances the informal Western commitment to Yugoslavia no longer exists, that the West will be divided over what options remain, that the invitation from the rump Yugoslav Government is legitimate, and that in general the opportunities are too promising to pass up. Some Soviet troops are sent to the Belgrade area, and these then move north with elements of the JNA. Once battle is joined with the Croats, the main body of the Soviet contingent sweeps in from its staging areas in Hungary and seizes the major population centers. These are garrisoned by the Soviets. Mop-up operations and maritime patrols are left to the JNA.

Contingency 2: Total Disintegration

104. Regional and ethnic conflicts lead to clashes between the territorial defense units of adjacent republics. The fighting spreads and leads to a state of civil war. Both the central government and the military establishment are too divided to restore order. As the situation worsens, some JNA units desert and join up with republican forces. Others mutiny and refuse to fight. Yugoslavia ceases to exist. Serbia and Montenegro suffer reverses at the hands of the northern republics and appeal to the Soviet Union for assistance. This action prompts Croatia and Slovenia to turn to the West for help.

105. *Soviet Reaction.* Moscow wishes both to exploit the passing of the Yugoslav Federation and to bring an early end to fighting near Warsaw Pact borders. Taking note of the fact that entry of their troops into Serbia and Montenegro would be unopposed and therefore swift, the Soviets determine that NATO would not try to counter such a move militarily. However, hoping to minimize risks, Moscow quietly lets NATO know that it would be interested in a trade-off: Croatia and Slovenia under Western influence in exchange for the remainder of what was once Yugoslavia under Soviet influence. In line with this approach, the Soviet military response to the Serbian and Montenegrin appeals is measured, tailored to meet the minimum defensive requirements of Moscow's new clients without overly exercising Western concerns.

* * * * *

106. It is clear in all the alternatives discussed above that the West and the United States may have a critical role to play in Yugoslavia's future. Belgrade's economic ties are now predominantly with the West, its political and cultural views are increasingly shaped by Western concepts, and its national security is at least indirectly dependent on Western strength and resolve vis-à-vis the USSR. Belgrade, while firmly

committed to a policy of non-alignment, recognizes that Western (especially United States) political support and economic and military assistance were crucial to Yugoslav survival in the late 1940s and early 1950s, and it is well aware today that such aid could become vital once again. Belgrade feels reasonably confident that such aid would be forthcoming, that the West is in fact morally bound to provide it, and that it is, in any case, in the West's own interest to help preserve an independent and united Yugoslavia. It also fears, however, that NATO might be slow to move in a crisis and that there is no Western commitment, moral or otherwise, to defend Yugoslavia in the event of a Soviet attack.

ANNEX A

YUGOSLAV MILITARY CAPABILITIES

1. Yugoslav military personnel currently on active duty total about 230,000 of which some 20,000 are naval, 20,000 air force and 190,000 ground forces. (There are also about 15,000 frontier guards.) The Yugoslav military establishment is second only to the Polish in size among East European forces.

2. The Yugoslav ground forces are organized into 1 armored and 9 infantry divisions, and a number of independent brigades and regiments equivalent to about 10 more divisions. Yugoslav ground force units are generally deployed near the land borders, and normally are maintained at about 50-60 percent of their authorized strength. It would take up to a week to bring them to wartime strength, at which time they would number about 350,000. Since total ground force reserves are estimated at about 2 million, substantial numbers of reservists would be available to replace losses in existing units, to form new active duty units, or to serve with activated territorial and civil defense forces (already said by the Yugoslavs to number some 3 million).

3. Sufficient equipment is available for all existing ground force units. Tanks are of both Western and Soviet manufacture, but the more modern ones are all Soviet, including small numbers of the newest tank currently in the Soviet inventory, the T-62. The Yugoslavs themselves produce trucks, light and medium artillery, chemical warfare material, signal equipment, and a small number of armored personnel carriers.

4. The Yugoslav Air Force consists primarily of interceptor and ground attack aircraft. Of the approximately 120 fighter interceptors in the inventory, more than 40 are late model Mig-21 all-weather interceptors and the remainder are day fighter Mig-21s and F-86 Sabre jets. The ground attack force contains about 70 F-84 Thunderjets and some 100 indigenously produced jet and propeller-driven aircraft. Ground-based air defense forces include eight SA-2 surface-to-air missile (SAM) sites plus anti-aircraft artillery (AAA). Replacement parts for both Soviet and United States aircraft are limited. (By way of comparison, Bulgaria alone has a larger and generally more modern combat air force, and a more extensive SAM system. Soviet tactical air forces in the Carpathian, Kiev, and Odessa Military Districts and in the Southern Group of Forces alone number some 830 combat aircraft.)

5. The navy consists of one one operational destroyer, 5 submarines, 120 coastal patrol ships -- including 10 OSA-class large guided missile patrol boats -- and numerous other patrol, mine warfare, amphibious, and service craft. The emphasis placed by the Yugoslavs on large numbers of small ships seems appropriate in view of Yugoslavia's highly irregular coastline. There are believed to be some 30,000 or more naval reservists. The Yugoslavs now build small submarines and units up to patrol boat size and are capable of constructing larger conventional submarines and even destroyers. But the Yugoslavs remain dependent on the USSR for sophisticated electronics gear, sonar, steam power plants, and optical equipment. The Yugoslav Navy would be unable to cope with the Soviet naval forces in the Mediterranean which currently average 11 submarines, 18 combatants, and 20 support ships.

6. Although Yugoslavia has received about two-thirds of its post-World War II arms from the West, the USSR has been its dominant supplier of military equipment during the 1960s. The Soviet Union has sold at least $365 million of arms to Yugoslavia, accounting for most of Belgrade's arms purchases since 1961 and for its major modern weapons systems. The most recent arms agreement with the USSR was reached in 1965 and expired in 1970. Since early 1970, Belgrade has

sought to reduce its dependence on the USSR for military equipment, and has opened arms negotiations with Britain, France, Sweden, West Germany, and Norway. French helicopters and Swedish torpedo boats have already been acquired and the Yugoslavs may be seeking Mirage aircraft from the French. The Yugoslavs have expressed little interest, however, in acquiring Western tanks, which suggests that Belgrade will continue to seek such items from the USSR, or, perhaps, approach the Chinese.

ANNEX A

Major Military Equipment Delivered to Yugoslavia
1952-1970

Equipment	Units: Soviet Manufacture	Units: Western Manufacture
Land armaments		
Tanks	420	945
Armored personnel carriers	25	0
Artillery and heavy mortars	2,830	2,103
Self-propelled guns	115	56
Naval ships		
Destroyers	0	2
Large guided missile patrol boats	10	0
Patrol boats	4	8
Minesweepers	0	8
Aircraft		
Propeller bombers	0	88
Jet fighters	58	422
Propeller fighters	0	126
Transports	2	27
Helicopters	45	44
Others	0	130
Guided missile systems		
Surface-to-surface, antitank	Some	0
Surface-to-surface, antiship	Some	0
Surface-to-air	8 battalions	0

7. Morale and training apparently are good at all levels throughout the Yugoslav Armed Forces. Much progress seems to have been made in subduing ethnic animosities, partly through political indoctrination conducted before and after conscripts are called to active duty. The average male in service is physically tough and has the capacity to remain effective without, by Western standards, adequate food and equipment. Western military observers believe that the Yugoslav soldier adapts readily to military discipline, is adept at improvisation, and handles weapons efficiently. His military training program has a dual objective -- to prepare him for defensive guerrilla-type combat and for conventional defensive warfare. Training for both objectives appears to be intensive and thorough.

ANNEX A

Yugoslav Defense Budget

Year	Federal Defense Budget (Million US $)	Defense Budget as a Percent of Federal Budget	Defense Budget as a Percent of Social Product
1965	343.4	51.2	5.4
1966	405.6	58.2	5.1
1967	430.5	53.9	5.2
1968	512.5	59.4	5.7
1969	548.8	61.1	5.2
1970[a/]	606.0	55.4	N.A.

a/ Estimated.

ANNEX B

SOVIET MILITARY CAPABILITIES VIS-À-VIS YUGOSLAVIA

Soviet Requirements and Considerations

1. A full-scale invasion of Yugoslavia would be a much more difficult undertaking for the USSR than the Czechoslovak intervention of 1968. In that instance, Soviet and allied forces surrounded the victim on three sides and were backed up by short, secure supply lines. They invaded with overwhelming strength, quickly occupied the entire country, and successfully forestalled any resistance on the part of the Czech Army.

2. None of these factors would hold true for operations against Yugoslavia. The Soviets probably would be confined to only two major land routes -- one from Hungary toward Belgrade and Zagreb, the second from Bulgaria toward Nis and Skopje. (They could not count on cooperation from Romania.) They would have little hope of surprising their enemy; there are no large, ready Soviet forces adjacent to Yugoslavia (as there were near Czechoslovakia). Moreover, Moscow would have to allow for stout Yugoslav resistance, both from the armed forces and a large portion of the population.

3. Deployments for the Czech invasion resulted in a forward shift of Soviet forces from primary reinforcement areas in the western USSR and thus a more favorable position opposite the critical NATO Central Region. Conversely, an invasion of Yugoslavia would require a significant southward shift of Soviet forces from the western USSR and thus would weaken the over all posture vis-à-vis the NATO Central Region. And prolonged resistance could force the Soviets to maintain large forces in Yugoslavia for some time.

4. For the invasion of Czechoslovakia, the ratio of Soviet and allied divisions over combat-effective Czechoslovak divisions was more than 3 to 1. Assuming that the Yugoslavs would have enough warning to bring most of their own regular ground forces to full strength, the Soviets would have to assemble an invasion force of some 50 divisions or more in order to achieve the same ratio. The Soviet planners might settle for a smaller ratio by allowing for the superior mobility and firepower of their own forces and the ability of the Pact to achieve air supremacy over Yugoslav territory. Even so, the Soviets probably would have to commit the four divisions of the Southern Group of Forces, 20 to 25 divisions from the Carpathian, Kiev, and Odessa MDs (many of which would have to be augmented by reserve personnel and additional

equipment, such as general purpose vehicles drawn from the civilian economy), and one or two airborne divisions (to be used mainly to block the retreat of Yugoslav forces into the mountains).

5. In addition, the Soviets might press into service 2-4 Hungarian divisions and 3-6 Bulgarian divisions, making a total Warsaw Pact force of 30-40 divisions.

Yugoslav Strategy

6. Yugoslav strategy appears to call initially for conventional resistance beginning near the border along a continuous front. The Yugoslav ground forces would conduct large-scale rear guard actions (with the aid of territorial and partisan units behind enemy lines) to enable major government and territorial defense forces to regroup in the more inaccessible parts of the country.

7. There can be no doubt in Belgrade's mind that the Soviets could commit sufficient forces to take the major urban areas of Yugoslavia. But such success would still offer considerable scope for Yugoslav armed resistance, particularly if the regular forces retreated substantially intact to the mountains, where they would be supplemented by large partisan forces. The Yugoslavs publicly claim that 2 million foreign troops would be needed to completely "pacify" the country.

8. The Soviets would have to take account of possible foreign military reactions, particularly if Yugoslav resistance were prolonged. The greatest chance of a confrontation with NATO forces might come in the Mediterranean if the Soviets instituted a blockade of the Yugoslav coast to prevent arms deliveries.