

The Director of Central Intelligence

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National Intelligence Council

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MEMORANDUM FOR: Distribution

FROM: Marten van Heuven
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SUBJECT: "Sense of the Community" Report on Yugoslavia

1. We convened Intelligence Community analysts recently to discuss Yugoslavia, survey the recent unrest there, and pose the question whether the country can survive in its present form. Following is a "sense of the Community" report of that meeting, prepared by [redacted] Assistant National Intelligence Officer for Europe. Though not a fully coordinated document, it has been circulated for interagency review and reflects the general consensus of the Intelligence Community. [redacted]

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YUGOSLAVIA: WILL THE FEDERATION HOLD TOGETHER?

2. Summary. Yugoslavia faces its greatest threat to stability since the 1940s. The federal system itself is being challenged by Serbian party leader Slobodan Milosevic, who has mounted an aggressive campaign designed to assert Serbian dominance in the federation. Despite recent setbacks -- and increasing opposition from other regional and federal leaders -- Serbian nationalism remains a potentially explosive challenge to Yugoslav cohesion. While the Yugoslav federation will probably stagger through in weakened form, there is also a risk that heightened ethnic tensions will provoke widespread violence or increased separatist tendencies, raising the possibility of the country's dismemberment.

- Yugoslavia is a pivotal state between East and West. The US has a strong interest in seeing the country survive as a stable and independent state and in encouraging its halting efforts toward internal liberalization and closer links to the West.
- Our ability to influence these events, though limited, would be enhanced by a strong reaffirmation of US commitment to human rights and the rule of law, economic freedoms via the market, and the country's independence and freedom from outside interference. [redacted]

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3. Background: The Yugoslav National Question. Yugoslavia's creation in 1918 was the product of two opposing conceptions: whether it was to be a centralized state under Serbian domination or a loose federation of autonomous national units. The issue was left vague, but the arrangement favored the Serbs, who constitute just over a third of the population. The constitution affirmed the "unity of the Serb, Croat, and Slovene peoples" but ignored the Macedonians and treated Montenegrins as if they were Serbs. The arrangement degenerated swiftly to dictatorship.

-- None of these fundamental national issues have been resolved in the 70 years of Yugoslavia's existence. They are at the heart of the present crisis. The issues are strikingly similar to those of 1918. [REDACTED]

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4. After the Second World War, Marshal Tito's answer to the national question was a federal arrangement that kept the Serbs in check. Unity at the federal level was provided by the Communist Party and Tito himself. (The slogan was "Yugoslavia: six republics, five nations, four languages, three religions, two alphabets, one Party.") Tito was able to beat back several threats to federal unity, but only at the price of accommodating greater regional autonomy. Upon his death in 1980, Yugoslavia was neither centralized enough for effective federal leadership nor decentralized enough for market forces or genuine federalism to take hold. [REDACTED]

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5. Yugoslavia Post-Tito. Now there is no Tito, and hardly any Party, to provide central authority and hold the country together. (The Yugoslav army remains a guardian of federal unity, but it is ill-equipped to provide political leadership.) The economy is in crisis, with inflation running at more than 200 per cent and a huge foreign debt undercutting any attempts at recovery. North/South divisions are sharper. The Northern republics -- Catholic, Western, and relatively prosperous -- go one way; the Orthodox (and Moslem), Eastern, and poorer Southern republics, another. The North is increasingly loath to subsidize the South, particularly at a time of economic stringency and growing labor unrest. The national question has become as much a matter of economic as of political autonomy. [REDACTED]

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6. The Current Challenge. Yugoslavia faces its greatest threat to stability since the 1940s. The federal system itself is being challenged by Serbian party leader Slobodan Milosevic, whose vision for Yugoslavia appears closer to the 1918 arrangement than the Titoist model.

-- Milosevic aims at reasserting Serbian control over Serbia's multi-ethnic "autonomous provinces" of Kosovo and the Vojvodina. He also wants to increase Serbia's weight within Yugoslavia as a whole -- by changing the balance of power within existing institutions, assuming power himself, or even altering the make-up of the federal system.

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- His methods are unconventional, not to say unconstitutional. Operating from a power base among local and county bosses in Serbia, he has seized control of the Serbian media and organized nationalist demonstrations directed against Albanians and other ethnic groups.
- Milosevic draws support mainly from within Serbia but also among Serbs in neighboring republics, where he is projecting himself as an alternative to the weak federal government and a way out of the deep economic crisis.
- Escalating labor unrest fuels the process by further undermining the federal government's authority, though it may soon turn on Milosevic as well.

7. Milosevic's increasingly aggressive campaign has sparked a backlash from other regional and federal leaders. He succeeded in ousting the leadership in the Vojvodina but failed in similar attempts in Kosovo and neighboring Montenegro. And his challenge galvanized opposition from Party leaders in other republics, who joined forces at the October 17-19 Party plenum to condemn Serb nationalist excesses and reject Milosevic's demand for a purge of the Party Central Committee (which he planned to pack with supporters). Other federal institutions have also shown more determination in meeting the Milosevic challenge head-on:

- The Federal Executive Council and State Presidency convened a rare joint meeting, at which they strongly reaffirmed their support for economic reforms.
- The Federal Assembly passed constitutional amendments giving Serbia somewhat greater authority over its autonomous provinces but leaving intact the consensual decision-making system at the federal level.

8. Although Milosevic has been turned back for now, his challenge is by no means over. The forces that propelled his Serb hegemonist drive are still at work and now have a momentum of their own. At a minimum, we can expect Milosevic to mount further demonstrations within Serbia and continue to exert pressure on Kosovo for the removal of its leadership. Should he push harder -- through larger, more provocative demonstrations or actions outside the Serbian republic -- the danger to stability would rise sharply.

9. The Year Ahead: Three Scenarios.

- #1: The Federation Stagger Through. Given Yugoslavia's recent past, this is probably the most likely for the near term. It would have Serbia consolidating power within the Serbian Republic but not beyond. Other republics would continue largely to go their separate

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ways, albeit with wary eyes focused on Milosevic; jointly agreed reform programs would prove insufficient to reinvigorate the federal system. Central authority would be the lowest common denominator of what individual republics chose to accord federal institutions. The economy would deteriorate further; labor unrest would increase; ethnic tensions, especially in Kosovo, would remain potentially explosive. It would be a weak and unstable situation, but one which could hold for some months or even years to come.

-- #2: Toward a More Genuine Federalism. There is now a small window of opportunity for this more hopeful evolution. Leaders in the key republics, shocked out of complacency by the Milosevic challenge, could take their federal responsibilities more seriously and work toward a more viable federation on the basis of decentralization and market reforms. The effort would require an accommodation of some Serbian demands but would not necessarily entail institutional change. Neither this nor any other scenario would offer quick solutions to Yugoslavia's economic crisis nor provide a formula for eliminating ethnic conflicts, some of which are simply intractable. But decentralization would facilitate economic recovery via the market and help contain the country's growing regional diversity.

-- #3: A Centralized, Serb-Dominated Federation. This scenario would have Milosevic rebounding to force his will on the Kosovo and then the Montenegrin leaderships, and ultimately on the federation as a whole. Banking on his strengthened position and the collapse of alternative federal leadership, he would try to present the Slovene and Croat leaderships with a fait accompli. The Army, under this scenario, would discard its initial opposition; its Serb-dominated officer corps would redefine its federal role along Milosevic lines. Milosevic would take over leadership of the federation, which would exist in name but not in substance. (A "Serb-dominated federation" is probably an oxymoron, like "fried snowballs.") Though not an inconceivable scenario, it is hard to see it evolving without major violence or toward anything but an authoritarian regime. Separatist tendencies would increase sharply, particularly in Slovenia and Croatia; they could either tear the country apart or lead to forcible suppression.

10. Alternative Scenario: Widespread Violence. Milosevic's active encouragement of Serbian nationalism has increased the danger of violent confrontation. Given Yugoslavia's volatile past, it is surprising that greater violence, or the emergence of domestic terrorism, has not occurred already. Although ethnic tensions seem to have abated for now, a spark could touch off a cycle of violence and repression that could overwhelm security forces, paving the way for widespread bloodshed and breakdowns in public order.

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- Kosovo remains potentially explosive. Heightened Serbian pressure could lead to an escalating cycle of violence and repression going well beyond the level of the 1981 riots. Leaders in other republics would be inclined to leave matters to the Serbs, but violence on a wide scale would inevitably become a federal matter.
- If the 800,000 Serbs in Croatia began to mount demonstrations on the scale of those already taking place in Serbia, there could be a recurrence of the bloody Serb-Croat clashes of the wartime period. Similar clashes could erupt in multi-ethnic Bosnia-Herzegovina.
- The Yugoslav Army has strongly condemned nationalist demonstrations and, for now at least, could be expected to respond to a federal call to restore order. But its capacity to maintain discipline in the event of protracted, violent national conflict is uncertain.

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11. Soviet Attitudes. However benign Gorbachev's approach toward Yugoslavia may seem, there is little doubt that the Soviet leadership would like to restore lost influence and certainly would not like to see the country tilt further toward the West. Like us, Moscow is concerned over rising instability and has reservations about Milosevic's challenge to the federation. But while Moscow has sought to improve relations and expand contacts at the federal and republic levels, its ability to influence internal developments is limited. So long as the Yugoslav situation does not deteriorate markedly, Moscow will stay in the background. At least three evolutions would portend more direct Soviet economic and political involvement: a major realignment at the federal level (toward Serbian domination, e.g.), prolonged and severe instability, and/or a much greater Western economic and political role in Yugoslavia. [REDACTED] 25X1

12. Implications for the United States. US interests in Yugoslavia are largely negative: to deny Yugoslav territory to the Soviet Union and its allies for strategic uses, to keep Yugoslavia from returning to closer political relations with the East, and to avert major instability that might heighten East-West tensions and risk US-Soviet competition over the allegiance of a successor regime. We also have a stake in protecting our investments and in drawing the country toward greater cooperation with the West on counterterrorism and other issues. And it is in US interests to see the Yugoslav experiment succeed, or at least not to fail. Tito's defiance of Moscow and his efforts to build a viable, independent state acquired a symbolic importance -- in Eastern Europe and indeed globally -- far beyond the country's intrinsic geopolitical weight. However chaotic and uneven Yugoslavia's record post-Tito, the country has evolved generally toward internal liberalization and closer links to the West. It is in our interest to see these trends continue and see the country survive as an independent state under conditions of greater stability and unity. [REDACTED] 25X1

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13. The Limits of US Influence. Yugoslavia looks to us for political and especially economic support. While the country's acute economic needs give us a degree of influence over its economic policies, our ability to help is dwarfed by the magnitude of Yugoslavia's economic problems. There is in any case little we can do to influence the outcome of the challenge raised by Serbia to Yugoslavia's federal structure. Attempts to do so would probably be counterproductive.

- Siding with or against Milosevic appears a no-win proposition. It would be seen as interference in Yugoslavia's internal affairs and would be more likely to backfire.
- Such efforts, either alone or with our European allies, would increase the likelihood of Soviet involvement. The risks of US-Soviet confrontation in the Balkans would increase. [REDACTED]

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14. The approaches most likely to serve US interests are ones based on US values and longstanding policy toward Yugoslavia:

- respect for liberty, human rights, and the rule of law;
- support for economic freedoms via the market; and
- commitment to the country's independence and freedom from outside interference. [REDACTED]

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Marten van Heuven

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