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Yugoslav Prospects for Political Instability: An Indicators Approach

An Intelligence Assessment

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Yugoslav Prospects for Political Instability:

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Key Judgments
Information available as of 1 August 1984 was used in this report.

[REDACTED] we believe the present Yugoslav leadership should maintain power at least through the next 24 months—a period during which significant adjustment will be made in the Titoist political and economic system. Current trends and leadership discussions lead us to believe that regional officials will probably return to federal authorities in Belgrade some of the power that has gravitated to them over the last 15 years. Although the regional leaders jealously guard their powers, most Yugoslav officials realize that increased centralization is required for the nation to effectively address national concerns—particularly in the economic arena—if Yugoslavia is to remain a stable political entity. Under increased centralization, Yugoslavia would continue to build its unique brand of Communism and maintain its independent, nonaligned foreign policy—blocking Soviet expansion into the Mediterranean basin and parts of the Third World.

If adjustments in the political system are not made voluntarily and the economy worsens, we anticipate that a coalition of current civilian and military leaders will mandate a return of authority to the national level. To limit public displeasure, we would expect the concomitant imposition of a more tightly controlled system that would curtail at least some media, political, and personal freedoms. While relations with the Soviet Union could improve, we believe Yugoslavia would retain its basic self-managing socialism at home and nonaligned commitment abroad.

Should the leadership fail to either elicit or mandate needed centralization—the least likely outcome, in our view—Yugoslavia could be thrown into a deep economic depression. This turn of events could conceivably allow hardliners, with military support, to impose an orthodox Communist dictatorship. In the process, personal and political freedoms would be sharply curtailed, with a strong likelihood of widespread civil disorder. Under this scenario, Yugoslavia would most likely abandon independent Communism, establish close relations with the Soviet Union, and support Moscow's foreign policy positions.

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Yugoslav Prospects for Political Instability:

Introduction

The road has been rough for Tito's heirs since May 1980. They have had to rule using the cumbersome political system he left behind. Regime leaders have been hesitant to move too fast in reforming the collegial leadership system because their political legitimacy is tied to their adherence to the system.

The simmering nationality tensions in Kosovo, where the Albanian majority seeks full republic status independent from Serbia, are at the cutting edge of Yugoslavia's problems. Kosovo has been hit hard by the country's economic recession, which in turn has added to the nationality discontent. The Albanians blame past discrimination by the Serbs for their current problems. With a large number of unemployed Albanians grumbling, nationality tensions have increased. Should these tensions flare, they could set off a dangerous chain reaction of mutually hostile behavior by the country's major nationality groups.

On the positive side, Yugoslavia's leaders have managed to maintain substantial support for the Titoist system. Yugoslavia is the first Communist state to carry out an institutionalized succession along constitutional, publicly known lines. More pluralistic than in Tito's time, the regime allows greater personal, cultural, and political freedom and has attempted to distribute political power and economic resources among the nationalities in a way that bolsters stability. There is little political violence or other evidence of antiregime hostility. Even most dissidents, in our view, recognize that the collapse of the federation would threaten their interests as well as those of the regime.

The system is also supported by a number of gifted politicians, probably the most able of whom is Prime Minister Milka Planinc. In contrast to the prime ministers in Communist systems elsewhere in Eastern

Europe who are little more than figureheads, Prime Minister Planinc has emerged as one of the most influential and powerful leaders of the post-Tito era. During the first two years of her four-year tenure, the post of prime minister has come to play a dominant role in the country's decisionmaking process, in marked contrast to other Communist systems where the party is the locus of power. Indeed, both the Yugoslav party and state presidencies have been relegated to endorsing her actions and decisions. As a national leader, she overshadows most other party and state officials. For example, she has tackled the country's severe economic problems, clashed with the regional party barons to gain more authority for the central government in Belgrade, and forced through legislation tightening federal controls over hard currency earnings and the country's banking system.

The unique role of the Yugoslav military in the political system, which allows it a voice at all levels, has added an element of stability. The Yugoslav military—unlike that of Poland—has played a role in the political process ever since Tito instituted a series of reforms in the late 1960s intended to ensure an active dialogue between military and civilian leaders. The Army has been a loyal servant of the Titoist system. Today, the Yugoslav People's Army (YPA) is the one national institution most resistant to divisions prevailing elsewhere in the society. Beginning in 1983, leading members of the YPA began taking an increased role in the nation's political life by speaking out publicly on some sensitive political issues. There is no indication, however, that the YPA intends to do anything more than make its feelings known. Indeed, while members of the military hierarchy have spoken out on politically related topics, they have scrupulously avoided taking sides with members of the civilian leadership.

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The Yugoslav System

Yugoslavia is made up of six republics and two autonomous provinces. There are more than 18 nationalities, none of which constitutes a majority of the population. Indeed, Yugoslavia itself is something of an artificial creation, its name meaning "union of the south Slavs."

During the last decade of Tito's rule, a deliberate policy of political decentralization was followed to guarantee the nationalities a maximum voice in the decisionmaking process. At the same time, an effort was made to ensure the citizenry that their best opportunity to express their cultural, linguistic, and national identities was within the federation.

In the last years of Tito's rule, he superimposed a system of collegial presidencies on all party and state organizations. These collective presidencies are made up of representatives of the major nationality groups. The post of president rotates among the presidency's members—in most cases on an annual basis. There are, however, two- and four-year terms for some presidents, and implementation of the collegial system varies from one region of the country to another.

The major exception to this collegial system is the prime minister and cabinet. These posts are held for two years, with the option of an additional two years on the approval of the Yugoslav Federal Assembly. Because the position of prime minister is not subject to the annual rotation, it has achieved an importance unique in the Communist world. The Yugoslav Prime Minister and her cabinet have taken the lead in formulating economic policies and mediating differences between regional leaders.

Given Yugoslavia's diverse nationality makeup, the collegial approach has proved to be politically astute, guaranteeing each nationality a voice in the decision-making process at all levels of the party and state bureaucracies. The rules of order, however, require so much consultation and coordination that they have prevented the formulation and implementation of nationwide economic policies.



Prime Minister Milka Planinc

Our belief that Yugoslavia faces problems requiring political adjustments is based on detailed study and analysis of developments in Yugoslavia since May 1980.

After reviewing and analyzing the events in Yugoslavia since Tito's passing,

we perceive three plausible dynamic scenarios for Yugoslavia over the next two years: muddling through, tightening the reins, and—least likely—system failure.


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Scenarios and Implications

Muddling Through—Most Likely

We believe the government's current policies and programs will not be totally successful, but the regime will muddle through its difficulties by making several political adjustments that will allow it to grapple more effectively with the economy. Should this scenario develop as we expect, the military can be expected to refrain from intervention. The following would be key indicators of this scenario:

- The central authorities in Belgrade win further concessions on economic decision making from the regional leaders, allowing them to better formulate and implement national policies.
- Some progress in streamlining the nation's clumsy and inefficient party and state bureaucracies, specifically, a change in the collective leadership and rotation of presidencies to allow longer terms in office.
- Inflation remains above 30 percent.
- Exports to the West increase 5 to 15 percent rather than the planned 20 percent.
- Guest worker remittances from the West increase slightly.
- The regime obtains another financial rescue package or reschedules its debt.
- No major outbreaks of ethnic violence. 

An upsurge of charges and countercharges about who is to blame for the nation's continuing problems would be likely, following which the veiled criticisms of Tito probably would become more frequent and more open. A few politicians would be held accountable for past bad policy decisions and lose their jobs. If officials are ousted, it would not be a purge but rather the first concrete step in implementing the concept of "responsibility" advocated by liberal members of the

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Yugoslav leadership and the Yugoslav media. After the dust settles, we would expect something approximating the following:

- The populace would accept additional sacrifices, including more belt tightening, and remain loyal to the regime.
- The basic tenets of Yugoslav independence—socialist self-management at home and nonalignment abroad—would remain intact.
- Pluralism and press freedom—the more positive trends in post-Tito Yugoslavia—if not reinforced, would at least be retained.

Under this scenario, the Yugoslav system would remain strongly independent of the Soviet Union and as such would be an attractive socialist alternative to that of the USSR, not only for East Europeans¹ but for Third World nations as well. Yugoslavia also would continue to play a moderating role in the Nonaligned Movement (NAM) and would oppose Cuban and Soviet efforts to make the socialist states the "natural" allies of the movement. Finally, Moscow would continue to be denied any special military, political, or economic interests in Yugoslavia.

Tightening the Reins—A Distinct Alternative

A less likely scenario presupposes efforts at political reform and economic stabilization will fail. The following would be signs to look for:

- A movement for modest political reforms such as those advocated by Najdan Pasic founders.
- Lack of decisions aimed at stabilizing national economics.
- Acceleration in inflation and intensification of shortages of meats and coffee.
- Leveling off of or decline in exports to the West.
- Drop in tourism.
- Failure of regime to comply with International Monetary Fund (IMF) regulations.
- Reappearance of food lines.
- Soviets begin to support the cominformist² opposition.
- Increase in nationality tensions.
- Antiregime emigres commit isolated acts of terrorism.

¹ The Yugoslav self-management system was cited in Solidarity documents as a possible path for the development of socialism in Poland.

² Cominformists are those Communists who sided with Stalin against Tito in the Yugoslav-Soviet break in 1948.

These developments would strengthen the hand of those in civilian leadership who advocate tighter central controls and would lead military and security officials to support measures that would sharply curb regional power and authority. Yugoslavia would thus step back from the decentralized system and revert to a structure more similar to that which Tito himself operated before the mid-1960s when he decentralized political institutions. We would expect that those leaders most closely tied to the policies of the immediate post-Tito period would be removed in a limited purge. The more conservative political philosophy of those in power would mute policy differences between Belgrade and Moscow. If this scenario unfolds, the following profile might be apparent several years from now:

- The central authorities in Belgrade—particularly Serbs and Macedonians—would have substantially enhanced powers at the expense of regional leaders, and a single dominant leader or small ruling group would emerge.
- Nonalignment would remain the basis of Yugoslav foreign policy, but Belgrade would tilt toward the USSR on some issues, particularly in curbing dissidence.
- Overt media censorship would exist.
- Nationality tensions would flare periodically in Kosovo in response to the deterioration in the economy and failure of the regime to meet Albanian political demands.
- Kosovo Albanians would be supported by some other nationality groups—possibly Croats or Muslims.
- The military would adopt a higher profile in Kosovo, and perhaps in Bosnia-Herzegovina, Macedonia, and Croatia.
- The public in general would accept the new restrictions with minor grumblings.

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Current Leadership Disputes

The deadlock among Yugoslav leaders over political and economic policy has for the first time led some to recommend changing the decisionmaking structure bequeathed by Tito. Sentiment for "de-Titoization" exists among both Westward-leaning reformers and the more authoritarian hardliners. Both groups are frustrated by their inability to achieve the consensus required for new policy initiatives.

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At the other end of the spectrum, Veljko Milatovic, a Montenegrin liberal, resigned from the federal party Presidium, reportedly to protest the Central Committee's disunity over economic reform. Serbian liberals, meanwhile, have publicly supported efforts to introduce majority instead of consensus voting in the regime's decisionmaking bodies.

Most leaders see the need for austerity measures, and many also are eager for reforms, but they are split along ethnic and regional lines. Many Serbian liberals want market-type economic reforms and a stronger central regime to force local party barons to accept them. Most non-Serbian liberals and moderates, however, oppose greater central powers because they fear giving Serbia too much power.

The hardliners are more united, particularly in resisting economic austerity policies needed to continue financial support from Western lenders and the IMF

and in desiring a crackdown on liberals. They have publically warned that a "Jetish" for parliamentary democracy is challenging the Communist system. Last spring, they also sponsored the detention of 20 dissidents to stop their agitation for reforms. Their continued attacks on reformers may have contributed to Milatovic's decision to resign.

Both factions share a growing concern about the unrest resulting from the government's inability to act. [REDACTED] in Zagreb [REDACTED] local officials fear that morale problems could lead to strikes and unrest.

[REDACTED] Serbia's leaders also are worried about the internal situation in their republic. A leading Slovene liberal warned in a recent interview about the chance of demonstrations there.

The Army, from all accounts, would act with force to control unrest. It continues steadfastly to defend the Titoist system and has not chosen sides in the current dispute. Defense Minister Mamula in a recent speech carefully condemned extremist deviations of all kinds. Three senior officers who criticized the leadership for its disunity late last year lost their jobs this spring.

When the Central Committee reopens debates this fall, the collective, consensus-oriented leadership is not likely to endorse the hardliners or the reformers. TempORIZING may be more difficult than previously, however, because some leaders question fundamental Titoist policies. In an atmosphere of unrest, the hardliners probably will gain support for their firmer program. Probably only a real emergency brought on by unrest or by more forceful Army demands for an end to the squabbling would break the deadlock.

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Under this scenario the Yugoslav model would become less attractive to East Europeans, the more independent aspects of Yugoslav foreign policy would be muted, and Belgrade's approach to the Nonaligned Movement might lean toward partial acceptance of some Soviet positions. Moscow probably would still be denied any special military, political, and economic rights in Yugoslavia, however.

The System Fails—Least Likely

We believe it is highly unlikely that the failures of post-Tito leadership policies and programs will be so complete that the country will revert to a rigid, orthodox Communist dictatorship. Tito's heirs have met and overcome a number of serious economic and political challenges over the past three years. Nevertheless, we do not rule out a sudden turn for the worse in Yugoslavia.

The following events would suggest the development of this scenario:

- Party and state officials in Belgrade appear paralyzed and cannot formulate or implement policy.
- No political adjustments or reforms are made.
- The economy becomes a shamble—long food lines are the norm, meat becomes scarce, inflation skyrockets, fuel and electricity shortages become severe.
- Major ethnonational civil disorders erupt in Kosovo and Macedonia.
- Muslim nationalists demanding greater autonomy take to the streets in Bosnia-Herzegovina.
- Repression is resorted to in Kosovo and against other Muslim nationalists.
- Personal liberties are restricted.
- Strict press censorship is imposed.

Under the failed-system scenario, we believe the military would actively enter political life but, aware of the Polish military's problems in governing, would not take the reins of power itself. We believe the Yugoslav armed forces would throw its support behind a small group of conservative hardliners and force through a full-scale recentralization of authority. The Yugoslav military, having had to step into the political arena, would seek a political system that offered a clear chain of command, such as Soviet-style Communism. In addition, the military's desire to modernize might cause it to make political concessions to Moscow for the equipment needed. We also

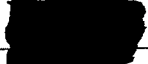
would expect a fairly widespread purge. Nonalignment and self-management would still be given lip service but would be interpreted narrowly, and the economy would be tightly controlled from the center. After a couple of years:

- The reassertion of central authority probably would be accompanied by the ascendance of Serbian power because it is the Serbs and their allies—particularly Macedonians—who traditionally identify with centralized control emanating from Belgrade.
- The military would openly play a dominant role in the formulation and implementation of foreign and domestic policies.
- Yugoslavia would draw closer to the Soviet Union and strengthen its ties to the Council for Mutual Economic Assistance.
- The public, weary of years of shortages and government ineptness, would accept the new military-backed civilian rule.

Under these conditions, the Yugoslav model would be an attractive alternative to the Soviet system of socialism. Second, Belgrade would no longer take the lead in acting as a moderating force in the NAM, nor would it object to the labeling of Soviet-led socialist nations as natural allies of the NAM. Finally, the Soviet Union would gain some special privileges in Yugoslavia. For example, the Soviet military conceivably could get additional repair and refueling privileges as well as overflight rights. Any such developments also would set back US policy interests in the Balkans and would alarm Italy as well.

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