

Yugoslav Gov't Shakeup Linked To New IMF Demands

The months-long absence from public view of the wife of Yugoslav President Josip Broz Tito has occurred in the midst of an intense factional struggle over a new round of economic decentralization measures demanded by the International Monetary Fund and like-minded capitalist investors in Yugoslavia. Reports from Yugoslavia persist, despite official denials characterizing them as "immoral and improper," that the factional activities of Jovanka Broz were serious enough to warrant her house detention and an official investigation.

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Yugoslav sources have confirmed that Jovanka Broz's absence is tied to the dismissal or transfer within the last year of Serbian military and other officials — notably General Djoko Jovanic, who have a history of opposing decentralization.

Yugoslavia has a debt repayment schedule that the IMF, the City of London and Wall Street want to enforce. This year, the Yugoslav leadership acceded to the monetarists' demands with new measures of economic liberalization. A law was passed to facilitate Western bank operations in Yugoslavia, and legislation has been drafted to further decentralize the Yugoslav banking apparatus.

The Yugoslav press is also singing the IMF's tune. The Zagreb daily *Vjesnik* recently proclaimed that the IMF and the World Bank belong at the core of a new world economic order — this, after an earlier statement that the role of gold in international financing "will have to be reduced."

The City of London's press, meanwhile, are claiming that the "Jovanka affair" signals a crisis of leadership which is bound to erupt as soon as the 85-year-old Tito dies. London's agents are seeking total Yugoslav cooptation into NATO and the European Economic Community (EEC). The London *Economist* recently wrote that negotiations between Yugoslavia and the European Economic Community should conclude with Belgrade's formal membership in the organization. British Chancellor of the Exchequer Denis Healey and the EEC Commissioner Roy Jenkins, who are trying to recruit Spain and Portugal to the EEC, see Yugoslavia's membership as the perfect follow-up.

To increase Yugoslav involvement with NATO, U.S. Secretary of Defense Harold Brown last month concluded arms sale agreements with Yugoslavia on a scale

much larger than previous U.S. sales. The U.S. aims to replace the USSR as the top foreign supplier of arms to Yugoslavia, which currently produces 80 percent of its own military hardware. New arrangements have also been worked out for training Yugoslav officers in Britain.

Against Decentralization

The opposition of the purged Serbs to the latest government concessions conforms to their past policy orientation. General Jovanic, on whose behalf Jovanka Broz allegedly interceded, was central to forcing the 1971-72 purge, which ousted Croatian party officials Savka Dapcevic and Mika Tripalo on charges of Croatian chauvinism and liberalism. (See accompanying article).

Over the years "Croatian chauvinists" have claimed that because Croatia is the source of more tourist and trade income, it should receive a bigger portion of investments — a demand for decentralization which challenges a coherent national policy of resource allocation. Serbian officials lobbying against these Croatian provincial demands, therefore, have often been the strongest advocates of centralized planning and administration.

The Yugoslav army has favored a centralized economy and government, on the grounds that defense of Yugoslavia would be impossible if the armed forces were decentralized.

These factors have led individuals such as the Serb Aleksandar Rankovic, the security chief purged in 1966, to historically oppose decentralization. Likewise, Jovanic and his associates are of a similar background.

Jovanic was suddenly and unceremoniously retired at the end of 1976 when he was reportedly seeking to replace Nikola Ljubcic as Defense Minister, with assistance from Jovanka Broz, who fought in Jovanic's World War II partisan brigade. Other Serbs associated with Jovanic and transferred in recent months include Tito's chief of staff Milos Sumonija; four Serbian generals have lost their jobs.

The Fight Continues

With Jovanic and his associates cleared away, the City of London and Wall Street have a stronger hand to leverage debt repayment as scheduled, as well as the enforcement of the required austerity and decentralization. And they have longstanding agents through whom to apply the pressure: the Belgrade Institute of International Politics and Economics which is a so-called corporate member of Britain's International Institute for Strategic Studies. The British-trained former director of the Institute, Leo Mates, and others have had a big hand in inculcating younger League of Communist members with a corrupt, social-democratic ideology.

But, at a just-concluded Belgrade session of the Yugoslavia-EEC Mixed Commission, the Yugoslav delegation warned that imminent new protectionist measures by the EEC, when Yugoslavia is already marking sharp deficits vis-a-vis these trading partners, will force the government to import from a sector where a better balance of trade exists — the Soviet bloc.

However, Jenkins and Healey are not the only wing of the EEC reaching into Yugoslavia. Yugoslav ties to the EEC were high on the agenda of Tito's October talks in France, where he was accompanied by a large delegation of trade officials and others. The two countries established a working group to collaborate in the field of nuclear energy.

Yugoslavia's 1971 Crisis Of Decentralization

In the fall of 1971, a group of Serbian generals reportedly threatened Yugoslav President Josip Broz Tito with a military coup.

The crisis that forced these generals to bring the country to the brink of civil war began nearly two years before, at the Croatian Central Committee's 10th Session in January 1970. That session saw the emergence of "Croatian Communism," a movement for Croatian autonomy which would mean the decentralization of political and economic authority in the country.

The opponents of the "Croatian Communists" were the predominantly Serbian "unitarists," including certain levels of the army and federal government who traditionally favored a centralized Yugoslavian state. The "unitarists" and their allies were attacked by the Croats as the "principal threat to democratic socialism and the Yugoslav self-managing way."

Western analyses usually treat these factional battles as ethnic squabbles, an epiphenomenon of the "Balkan character." This ignores the crucial political-economic aspect of the fight: the economic and political demands of the Croatian "reformers" for decentralization coincided with the International Monetary Fund-World Bank's insistence that the country dismantle the remnants of socialized planning and force down the standard of living of the population.

Attributing these factional battles to national jealousies, likewise obscures the reality that many of the ethnic movements in Yugoslavia have been thoroughly infiltrated and controlled by Anglo-American intelligence networks since World War I.

At the beginning of the 1970s, Yugoslavia's economic picture was grim, with exports stagnating while imports and inflation increased exponentially, despite the enactment of a formal price freeze. The Croatian triumvirate of Savka Dabcevic-Kucar, Mika Tripolo, and Pero Pirker constituted itself in 1969 with the endorsement of Vladimir Bakaric, a member of Yugoslavia's collective presidency. At the 10th session of the central committee, the Croatian leaders proposed to reform banking, foreign trade, and the foreign currency systems to harmonize with IMF demands that the federal government had already declared unacceptable. The Yugoslav dinar was devalued in January and again in December of 1971 by 18.8 percent and 18.7 percent, but this failed to improve the economy, instead, fueling social unrest.

A key base of regional insurrection was *Matica Hrvatska*, a "cultural" organization credited with aggressive awakening "Croatian nationalist consciousness."

The concepts of Croatian nationalism were largely

developed by Vladimir Bakaric and his proteges. In the years immediately following the 1948 Tito-Stalin split, Bakaric fought to dismantle Yugoslavia's collectivized agriculture. He and his associates hoped that a new "liberal Croatia" could set an example for the rest of the country of successful "modern democratic socialism." (Later Bakaric condemned the overtly chauvinist activities of the Croatian leaders.) The significance of the Croats' demands was not lost to British intelligence. The MI-6-linked Royal Institute of International Affairs (RIIA) sponsored a recent book, *The Yugoslav Experiment 1948-1974*, by D. Rusinow that notes:

"What was new in the strategy was that the effort to reform the system at the federal level was temporarily given up: modern socialism could be built in one republic."

In an attempt to pacify the Croatian malcontents, the federal government adopted a new constitution in June 1971 that provided for far-reaching decentralization of legislative and executive power. The reforms marked the first official appearance of the Basic Organization of Associated Labor (BOALs), and other instruments of continued decentralization of Yugoslav society. Other reforms were: an increase in the number of government representatives from each region; the reduction of the powers of the federation; changes in the banking and the foreign currency systems.

These constitutional reforms however did not satisfy the insurgents and the Croatian nationalist manifestations escalated. The crisis which originated in Croatia developed into a crisis of the whole Yugoslav system.

The nationalists continued to demand "liberal" reforms whose goal was full political and economic autonomy of the Croatian republic. During this "national euphoria" numerous nationalist excesses were recorded; including the murder of the Yugoslav Ambassador in Stockholm in April, 1971 by two young Croat immigrant workers connected to the Utashi terrorist movement.

In September 1971 the Soviets intervened. For the first time in five years, the Warsaw Pact military-forces conducted maneuvers in the Balkans, in Czechoslovakia, and in Bulgaria, precipitating a strong reaction from the Croats. Brezhnev visited Belgrade that month to meet with Tito for what was termed a significant "improvement" in the Yugoslav-Soviet relations.

On September 29, *Ivan Miskovic*, a Serbian who favored central government, was appointed Tito's personal security advisor. (He was subsequently purged in 1973.)