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- In order to properly assess the present political situation, to draw conclusions from recent events, and to foresee the most likely trend of future developments, a short survey of the causes leading up to the present situation is desirable.
- Yugoslavia has obviously always represented an important factor in Bolshevik-Communist plans of expansion in view of her geographical and strategic position, and on this account the Soviet Union made every effort throughout the Second World War to draw this country into its sphere of influence. Not only did Russia succeed in this objective but she was, moreover, to bring into power a Communist regime, the supporters of which, i.e., the Yugoslav Communist Party, numbered only 12,000 or less than one percent of the country's pre-war population.
- In her main post-war objective of thrusting forward to the warm waters of the South in general, and the Mediterranean in particular, the Soviet Union met with a series of failures. Access to the Aegean via the Dardanelles was blocked [redacted] by the "failure of General Markos". The only other road to the Mediterranean (via the Adriatic) was through Yugoslavia and Albania. As a result of the setback suffered over the question of [redacted] Yugoslavia and Albania assumed a position of major importance in Russia's plans for access to the Mediterranean. This fact is of great importance, since it affects fundamentally the present position of Yugoslavia as well as future prospects and developments.
- It was admitted by UDB Chief Alexander Rankovic at the Fifth Congress of the Yugoslav Communist Party (in July 1948), that when they took over power the Yugoslav Communist Party at the end of the war only numbered 141,066 members, or 0.9 percent of the population. Too weak to govern the country by itself, the Yugoslav Communist Party with Soviet support formed the People's Front. Even now that Communist Party membership has arisen to about 5 percent of the population and all the more important posts are held by Communists, the Party is still too weak to maintain its authority without the People's Front.
- The belief that the Communists are all-powerful in the country is a mistaken one; on the contrary it is only by ruthless terror and the creation

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of a network of informers causing one and all to fear for their safety that they maintain their rule. In point of fact they fear the people as much as the people fear them.

6. In considering the situation in Yugoslavia, therefore, account must be taken of the actual weakness of the Communist regime (in spite of its apparent strength); the hatred of the people for the Russians which exceeds even their loathing in the past for the [ ] forces of occupation; and the failure of the Russians to "understand" the special difficulties of the Yugoslav Communist Party in socializing the country.

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Primary Causes of the Tito-Moscow Rift

7. There can be little doubt that the Soviet Politbureau had different plans for Yugoslavia from those that have crystalized since [ ]

[ ] the "failure of General Markos". The original plan to use Yugoslavia as a military base for future offensive action included a large measure of industrialization and the creation of an army sufficiently strong to defend the country's seaboard, and thus free as many Soviet troops as possible on the southern flank for action elsewhere.

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8. In consequence the Yugoslav Communists, then loyal and obedient servants of Moscow, evolved their Five-Year Plan, quite beyond the financial and economic resources of the country as it was. (The collectivization of rural communities formed part of a secondary plan and was implemented only in so far as it was necessary to turn the peasants into members of the proletariat and the latter into factory workers.)

9. When in late 1947 and early 1948 it became clear to the Soviet Union that her former Allies were prepared to resist her aims - if necessary by force; [ ] that aid to Markos was becoming increasingly difficult

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[ ] and that Communism could only be maintained in the Soviet zone of Austria so long as this country was occupied by Soviet forces, Russia reversed her ideas on the role to be played by Yugoslavia.

10. In Soviet eyes the change in the situation required the following re-adjustments of Yugoslavia's economy: concentration on increasing agricultural and mining products (to be taken by Russia in exchange for manufactured goods); reduction of industrialization to a minimum, the manpower made available in consequence going to swell the army, which was to become a tool in Soviet hands and to act as an advance guard in any future offensive or defensive war.

11. Acquiescence by Yugoslavia in Moscow's new plans meant:

- a. A concentrated effort to collectivize village community and peasant holdings and increase agricultural and live stock production to the maximum by the use of directed labor. (Such an increase the Yugoslav Politbureau realized would be difficult to carry out and could only increase the passive and active resistance of the peasants and their hatred of the Communist regime and its leaders.)
- b. The run-down of industrialization except in regard to plants manufacturing transport vehicles, agricultural machinery and implements, and tinned goods. (Such a check on development of Yugoslav industry would automatically render Yugoslavia dependent on imports of Soviet manufactured goods and expose her to ruthless exploitation by the Soviet Union.)
- c. The exportation of agricultural produce (and ores) to the Soviet Union and specified satellite countries in exchange primarily for military equipment. (This could only involve further increases in the existing food shortage, particularly in the towns and industrial centers with a correspondingly greater dissatisfaction with the regime among intelligentsia and workers.)

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12. Whereas Andrije Hebrang and Sretan Zujevic (the Ministers for Finance and Light Industry), upon whose shoulders fell the major part of the burden of implementing the Five-Year Plan (for which they realized neither the financial means nor skilled labor were available), welcomed the change in policy, other members of the Yugoslav Politbureau, headed by Tito rejected the planned change uncompromisingly.
13. When, moreover, Marshal Tolbukhin, as the Soviet commander of all forces in Southeast Europe, demanded that no senior officer in the Yugoslav Army should in the future be posted without his approval; that he should be allowed to transfer Yugoslav officers to the Red Army and Soviet officers to the Yugoslav Army; and that the number of troops under arms be doubled, Tito not only refused to comply with these demands, but suggested that the existing numbers under arms be reduced by 50 percent in view of the prevailing shortage of food, clothing and labor, and the country's strained financial means.
14. Tito, moreover, informed Moscow that an open onslaught on the peasants was not feasible and that collectivization in Yugoslavia was a long term proposition and would have to be carried out imperceptibly and gradually through the "cooperative clubs", using such weapons as high taxation, compulsory sale of produce at low prices, fixed prices in favor of labor cooperatives, et cetera.

Development of the Dispute

15. These "negotiations", it is to be noted, were conducted not through the normal government channels but through the Yugoslav Politbureau on the one hand, and the Soviet Politbureau (in the person of Andre Zhdanov and the Cominform) on the other. It may therefore be of interest at this stage to devote a word to the rivalries between Zhdanov and Molotov of the Soviet Politbureau, and their effect on the Politbureaus of the several satellite countries.
16. Zhdanov, orthodox Communist and creator of the Cominform, was a propagandist of the Communist world revolution. His view was that Moscow's authority, as wielded by the Cominform, must be unconditional and indivisible, and favored the purge from all Communist parties of all elements unwilling to toe the line. Out of the Communist parties so purged he intends to forge a powerful revolutionary weapon capable in the case of Communist parties still struggling for power of preventing these countries participating on the side of the Allies in any future conflict by staging strikes, sabotage and other diversionary action. Molotov on the other hand was an exponent of compromise seeking to gain the same ends by surer if more Machiavellian means.
17. Zhdanov's reply to Tito's insubordination was to array against him all the member-states of the Cominform and to issue the Cominform's resolution condemning Tito and his regime - not a difficult task in view of Tito's general unpopularity with the other satellite states. (There has always been great rivalry between Tito and Dimitrov both in the matter of personal prestige and as future head of a Federation of Balkan Republics, while Albania had grown to detest the overbearing attitude of Tito's experts, instructors and advisers.)
18. Neither Hungary or Rumania even thought of opposing Zhdanov, virtually occupied as they were by Soviet troops, while any opposition by Czechoslovakia, as the "new boy" among the Soviet satellites, was unthinkable. The only opposition offered to the resolution was by the Polish Communists who, at first inclined to Tito's side, were finally convinced of their error after a 12-hour debate.
19. Tito, it appears, confident of his exceptionally good standing with Stalin and in the expectation of having the resolution rescinded, soon found himself faced by two awkward alternatives: either to make his peace with the Cominform, which meant loss of prestige, authority and independence, if

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not indeed his life, or to accept the consequences of non-participation. Tito chose the latter as the lesser of two evils, so gaining a breathing space in which to find some third alternative based on the immediate development of world events.

20. (The death of Zhdanov led optimists in Yugoslavia to believe that Stalin, who was along capable of balancing the conflicting policies of Zhdanov and Molotov, had "by removing Zhdanov", shown his intention of supporting the longer-term policy of Molotov. The death of Lukin, one of Zhdanov's closest collaborators and the defender of Hebrang and Zujevic, only confirmed these optimists in their belief.)
21. In the several months of struggle between Tito and the Cominform, there is every reason to assume that the several moves by either side had been well thought out and weighed beforehand, though Tito's position became increasingly difficult as a result of the Cominform's imposition of economic sanctions (cessation of oil deliveries from Albania and Rumania, of machinery and arms supplies from Czechoslovakia, and of reparations payments from Hungary).
22. It should be emphasized that neither Tito nor the Yugoslav Politbureau had any intention of cutting adrift from the Eastern bloc, believing that the pressure of events would cause Stalin to give way. In order to strengthen his position at home and to give an impression of solidarity abroad, Tito embarked on:
  - a. A purge of the Yugoslav Communist Party, involving investigation into the opinions of all members, their relations and links with the Soviet (as a preliminary to their elimination when this became necessary); identification of all MVD agents and others working for Russia since 1944; exclusion of all Communists with Moscow leanings from the Fifth Congress of the Yugoslav Communist Party. These tasks were entrusted to Rankovic.
  - b. A propaganda campaign eulogizing Stalin and vilifying (in stronger terms than ever) the Western war-mongers and imperialists in order to strengthen Tito's position for bargaining with Moscow (as Tito and his followers thought). This campaign was entrusted to Milovan Djilas.
23. In regard to Party loyalties it must be remembered that with few exceptions Communism is no longer a matter of ideology and conviction but a profitable career with all the advantages of a privileged class, so that the average Communist, realizing that to side with the Cominform meant loss of office, pension and possibly death, naturally backed Tito.
24. Nevertheless, even at the carefully "packed" Fifth Congress of the Yugoslav Communist Party, Tito failed to obtain a 100 percent vote, while it was found necessary to purge the provincial governments and Communist Parties of Montenegro, Bosnia and Herzegovina and more recently of the Central Government and Party, not to mention diplomatic missions abroad.
25. Similarly doubts have arisen as to the reliability of the armed forces, particularly in regard to those senior officers who had received their military (and political) training in the USSR, and of whom 43 were arrested.
26. The most serious threat to Tito's authority lies perhaps in Southern Serbia on the Albanian and Bulgar borders where owing to family connections, Exarchate influence and Bulgarian propaganda, the population, apart from those favoring in any case an independent Macedonia, is bulgarophile. (The success of an insurrection in these parts, resulting in the creation of an independent Communist Republic of Macedonia, or a republic desirous of incorporation with Bulgaria, would obviously be of advantage to Russia in her plans of expansion to the Adriatic and the Mediterranean.)

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27. Though still hopeful of winning over Stalin, whom he continues to eulogize and petition (through the Yugoslav Trades Unions, et cetera), Tito has in the meantime inaugurated a whispering campaign for the benefit of the general public to the effect that he (Tito) and the Communist Party broke with the Cominform in order that Yugoslavia, by remaining neutral in the forthcoming conflict, might be saved the horrors of war; and in order to save the country from being further plundered by the Soviet Union and so reduce present shortages.
28. Since the economic sanctions imposed by the Cominform were likely to paralyze the socialization of Yugoslavia and the execution of the Five-Year Plan, the only expedient left to Tito was to obtain economic assistance from the Western Powers. The thawing of Yugoslav gold reserves abroad, the agreement [redacted] for timber exports in exchange for machinery, the delivery of oil will help Tito to resist Moscow and carry on with the Plan. It must, however, not be forgotten that Tito is at heart a Communist and will become reconciled with Moscow only when it suits him. 50X1-HUM
29. Rumors are current that Tito has seen Dragoljub Jovanovic; [redacted] that Bakaric (Secretary of the Croat Communist Party and President of the Croat Government) has sent an emissary [redacted] and that negotiations are afoot with Vladko Macek regarding the latter's return to Yugoslavia. These rumors may be described as attempts by Tito to create an impression of greater political freedom in Yugoslavia preliminary to seeking inclusion among the countries to receive [redacted] Aid. 50X1-HUM

Conclusions

30. The following conclusions may be drawn as regards future developments in the situation:
- Reconciliation with the Cominform, unlikely while Zhdanov lived, is now not out of the question though involving as it would serious loss of prestige to Tito and his adherents. (Such reconciliation would entail a further move to the left with a corresponding greater communization of the people - particularly the peasants.
  - Civil war between Tito-supporters and Cominformists with unpredictable results - but probably involving the separation of Macedonia from Yugoslavia.
  - The defection of Yugoslavia from the Eastern bloc and her inclusion in the community of Western countries - the least likely development.
  - The creation of an autonomous Communist State outside the Eastern and Western blocs, [redacted] 50X1-HUM

Whereas development (b) was the most likely one until Zhdanov's death, it is now a question between (a) and (b). The death of Tito and Rankovic would of course fundamentally alter the situation.

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