

The Balkans in Turmoil – Yugoslav Political Crisis and its Position Between the Blocks 1966-1971

Abstract

In the period between 1965 and 1972, Yugoslavia went through a process of extensive economic and political reforms, which was initiated by the communist leadership with a goal to introduce elements of the market economy into Yugoslav self-management system. At the same time, by increasing the autonomy of the republics, the regime hoped to solve the ever-present national question that had been a burning issue for Yugoslavia since its creation in 1918.

These reforms greatly influenced Yugoslavia's international position and its relations with both the East and the West. This article will examine what the attitudes of the Cold War blocks were toward the situation in Yugoslavia in that period, particularly a possible instability of the Yugoslav regime, caused by the weakening of the Party authority that could have endangered the integrity and independency of Yugoslavia, and consequently have disturbed the entire geopolitical picture of Europe.

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.¹

Ever since its foundation in 1945, creating socialist Yugoslavia was a specific process in the post World War II European geopolitical system. Unlike in any other east European state, the communist regime in Yugoslavia came to power by fighting its way to victory against the Germans, and with no help from the Red Army.² These facts will strongly influence the future relations between the Tito regime and the Soviet Union, and consequently the future international position of Yugoslavia.

¹ NARA, Electronic FOIA Reading Room, CIA, Yugoslavia: An Intelligence Appraisal 00734, 27 July 1971, p. 25.

² Zimmerman, 1987, p. 13.

In the period before 1948 Yugoslavia was a faithful Soviet disciple, copying the Soviet administrative and economic system earlier than other East European countries.³ Even in its relations with the West Yugoslavia had a far more negative attitude than the Soviet Union, which was particularly obvious in Yugoslavia's border disputes with Italy and Austria. The Yugoslav leadership led a very aggressive foreign policy with its Western neighbours, a fact that did not always please Stalin and the Soviet leadership. Yugoslav insistence on Trieste, on parts of Austrian territory, and the hostilities such as bringing down two American transport planes in August 1946, disturbed Stalin's relationship with the Western allies.⁴

Yugoslav Balkan policy also started to interfere with Stalin's plans, because it was diminishing his authority in the Balkan states such as Bulgaria and Albania, where Yugoslav influence had become so strong that a plan was considered to create a Balkan federation under Yugoslav leadership. In addition, Yugoslav support of the Greek communists was very important to Stalin, as it directly affected his relations with the West. Tito stubbornly continued to support the Greek communists, in arms and logistically, in spite of the clearly negative Soviet attitude.⁵ Finally, Yugoslavia was reluctant to allow a Soviet grip over its economy, and to allow their security and military services to infiltrate its territory.⁶

Increased Soviet pressure to turn Yugoslavia into a Soviet satellite resulted in Cominform's direct attack on the Yugoslav communist regime in June 1948.⁷ Tito tried to hold the independent position and prove to Stalin that Yugoslavia remained firmly attached to Marxism-Leninism, but when it became obvious that Soviet pressure would not stop Tito was forced to change his position.⁸ Soviet economic and military pressure became so strong in 1948 and 1949 that Yugoslavia, already highly dependent on economic help from the East, had to accept Western help in order to survive.⁹ The foundations of future Yugoslav policy of Non-alignment and Self-management can be traced back to this period: the Western policy of *keeping Tito afloat* profoundly changed the existing perception of the Cold war blocks and Yugoslavia became the first communist country to receive substantial economic and military help from the West. Between 1950 and 1955, Yugoslavia received circa 1,2 billion US dollars in food, arms and machines from the US only.¹⁰ In the period

³ Heuser, 1989, p. 19.

⁴ Jakovina, 2003, p. 56-72.

⁵ Banac, 1990., p. 42-55.

⁶ Bilandžić, 1985, p. 152, 154; Rusinow, 1977, p. 24.

⁷ Banac, 1990., p. 121, 132; Rusinow, 1974, p. 42; Zubok, 1996, p. 135.

⁸ Banac, 1990, p. 127; Rusinow, 1974, p. 34.

⁹ Jakovina, 2003, p. 291.

¹⁰ Campbell, 1967, p. 28.

leading up to Stalin's death, the West considered Yugoslavia a part of its defence system in the containment policy towards the Soviet Union.¹¹

The events of 1948 and their aftermath helped Yugoslavia create a completely new internal and political system. This system was two folded. On the one hand, its purpose was to differentiate the Yugoslav socialism from the Soviet one, and on the other hand it was needed to justify Yugoslavia's tight connections with the West between 1950 and 1955. The *Belgrade declaration* of 1955 proved to Yugoslavs that they were right to fight the Soviet Union, and more importantly it formalized the Soviet acceptance of Yugoslav independent position.

Economic and political reforms of the 1960s

In the period between 1965 and 1972, Yugoslavia was going through an extensive process of economic and political liberalization, and even democratization. In 1952, Yugoslavia started to develop its unique form of socialism, with its two most important aspects: the Self-management System and the Non-aligned policy. The main aspect of the Self-management system was abandoning the Soviet-style centralized and planned economy by allowing the enterprises a higher level of autonomy, especially in fund allocation. At the same time, the political process of decentralization reduced the control of the Federal government over the Republics.

But, it was not until the early 1960s that this process started to seriously affect Yugoslavia's economy and politics.

One major factor in this process was the national question. Yugoslavia was created in 1945 as a Federation. This was done specifically not to repeat the mistakes made in the pre World War II period when the national conflicts between the Serbs and the Croats brought the Kingdom of Yugoslavia to a collapse in 1941, and contributed to a bloody civil war during the World War II. Tito's regime therefore paid a lot of attention to the problem of equality among the Yugoslav nations by creating six republics: Slovenia, Croatia, Bosnia and Herzegovina, Montenegro, Macedonia, and Serbia and its two autonomous provinces: Vojvodina and Kosovo.

Every republic had a single national majority, apart from Bosnia and Herzegovina which had a large Serbian and Croatian population, and which was formed to solve the problem of Bosnian Muslims who were the largest population. Vojvodina and Kosovo, though a part of Serbia, also had a certain amount of autonomy because of their respective large Hungarian and Albanian minorities. By the late 1950s, the regime tried to surpass national differences by forcing the creation of Yugoslavism that promoted similarities among the Yugoslav nations, creating Yugoslav culture, and identity.¹²

¹¹ The most obvious example was the creation of Balkan Pact in 1954 between Yugoslavia, Turkey and Greece, Heuser, 1988, p. 126-167.

¹² Shoup, 1968, p. 193.

In 1963, the state made a further step to ease the state control over the economic life of the country, because the existing economic system could not support the changing face of the Yugoslav economy and society. Since the war, Yugoslavia had been transformed from a peasant into an industrialised country. The industrialisation of the 1950s was based on heavy industry, but the development phase was completed by early 1960s. The economic crisis, which started in 1962, proved that the system had to be changed in order to support sustained development and economic growth. The industry started the transformation from basic industries towards the production of finished goods. The shift meant a more productive and competitive economy that required modern Western technology. As part of the 1960s reforms, and in order to ease the trade with the West, the state liberalized its foreign exchange and trade systems.¹³

Parallel with the economic reforms, decentralization occurred along the Party and state lines. The most visible result of this process was enhanced autonomy of administrative and party organs in each republic, as well as their increased control over economic resources. The *withering away* of the Party control over the political and social life inevitably led to resurgence in national rivalries that first re-occurred in economy, and soon after in all aspects of political and social life. Economic nationalism occurred most obviously after the 1965 economic reform, which presented the most significant attempt to reform the economy since 1952. Although the aim of the 1965 reform was to introduce free-market mechanisms into Yugoslav economy and to integrate them into world economy, the main obstacle was complying free-market mechanisms with the socialist foundations of the society.¹⁴ This had always been and would remain a major concern for Yugoslav economists and politicians.

The major political breakthrough toward liberalisation came with the changes in secret services. The most prominent secret service member was Yugoslavia's vice president and Party's organisational secretary in charge of the cadres Aleksandar Ranković. In July 1966, Ranković was accused of eavesdropping a number of high-ranking politicians, including Tito himself. This was an excuse to expel him from the office, but the real reason behind it was a long lasting conflict between Ranković and the liberal members of Yugoslav leadership. Ranković was the most influential member of the Party's conservative wing leadership that aimed to preserve Yugoslavia's centralist character. As the vice president, he was considered the most likely candidate to take over the leadership once Tito was gone.

Another problem with Ranković was that he was regarded as the main supporter of Serbian unitarism. His political attitudes and Serbian background, combined with his influence on secret

¹³ Dubey, 1975, p. 2.

¹⁴ Singleton et al., 1982, p. 137.

services, created feelings of discomfort among the majority of non-Serbian population that a resurrection of pre-World War II Serbian hegemony was on the way.

Social life in Yugoslavia began to flourish as a result of secret services reorganisation and the loosening of the grip it had over the society. The media became freer and the political life, once reserved for the political elite, became more open to ordinary citizens.

A more difficult aspect of the post-1966 liberalization was the resurgence of national sentiments and clashes between the republics. The main clashes were over not only the economy, but also language, history and culture.

A good example was the question of Serbo-Croat, or Croato-Serb language. In the 1950s, the regime attempted to create a single unique language for both Serbs and Croats: the two variants were respectively distinguishable by accent and pronunciation (ijekavski and ekavski), and by scripts (Latin and Cyrillic). In March 1967, several most influential cultural and scientific institutions in Croatia published the *Declaration on the Name and Position of the Croatian Literary Language*, demanding that Croatian and Serbian variant be treated as two separated languages. In their view, the Croatian variant was being discriminated against the Serbian one. This publication provoked a reaction in Serbia with similar demands, and this time the Party reacted and punished many involved in the language controversy. The punishment, however, was relatively mild, comparing to similar cases of national outbursts in previous years. This proved that the political climate was changing rapidly.

Constitutional amendments of 1967, 1969 and 1971 gave a further impetus for the autonomy of the republics and their leaderships in their efforts to limit the authorities of the Federation. The main change was in the relationship between republic leaderships and the state and Party centre. Since republic leaderships no longer reported to the Party and the state centre in Belgrade, but dependent on their own electoral bodies and party organs, they started to pursue a popular policy to indulge their respective constituencies. Clashes of interest with other republics became therefore more often a rule than an exception. Croatian leadership was the most vociferous one in its demands for a greater economic and political autonomy, especially in banking, foreign currency, and assets distribution. As the country's main provider of foreign currency from tourism, Croatia was unsatisfied with the existing bank system which transferred most of foreign currency earnings from Croatia to the banks in Belgrade, where most of Federal budget was allocated.

A similar situation occurred in other republics, a good example of which is the Slovenian road affair of the summer of 1969. Namely, the Slovenian government filed a complaint to a decision made by the Federal government to refuse the allocation of the World Bank's funds to Slovenia for building

its roads. This provoked a public protest in Slovenia, and the official explanation was that Slovenian proposal was not prepared well enough to meet the World Bank's standards.¹⁵

The impact of Czechoslovakia

The Soviet intervention in Czechoslovakia in the summer of 1968 had a very profound impact on Soviet-Yugoslav relations, but also on Yugoslav political system. Despite the occasional critics of Yugoslavia's internal situation, the relations between the two countries were fairly good throughout the sixties. When Brezhnev came to power in 1964 he continued the trends started under Khrushchev in mid 1950s. In 1967 the good relations peaked when Tito openly supported the Soviet policy in the Middle Eastern crisis. Tito even allowed the Soviet airlift over the Yugoslav territory, although this was driven by a desire to save Nasser and the Non-aligned policy, not to support Russian goals in the Eastern Mediterranean.

However, unlike in 1956 when Tito supported the Soviet intervention as the only way to prevent Hungary from leaving the socialist block, the Soviet intervention in Czechoslovakia was fiercely attacked by Yugoslav authorities and its press. The intervention was seen as crushing the attempts of the Czechoslovak leadership to implement reforms similar to the ones Yugoslavia had been pursuing for the past fifteen years.

Once again, the possibility of Soviet pressure on Yugoslavia and the fear of a possible military attack became a reality. Still, the difference between this and what happened in 1948 was the fact that the Soviet Union was now in the middle of a global expansion that reached outside their traditional sphere of influence in Eastern Europe. Access to the warm seas had been an important goal for Russia for centuries. The Turkish control of the Straits of Bosphorus and Dardanelles, and the Montreaux Convention of 1936, prevented the Soviets to access to the Mediterranean easily. This severely affected their geostrategic goals in establishing a long term and sustainable presence in the Mediterranean.

This was especially important after the 1967 June war that was followed by the increased Soviet military presence in Egypt and Syria,¹⁶ which did not, however, solve the problem of the Soviet Union's undisturbed access to the Mediterranean. Yugoslavia was therefore of special importance to the Soviets in this respect. The access to the Adriatic Sea could have been, in given circumstances, the easiest way for the Soviets to reach the Mediterranean. Since 1948, however, the access through Yugoslavia was impossible. Albania was isolated and under a strong Chinese influence after 1961, which made it impossible for the Soviets to build their naval bases.

¹⁵ Burg, 1983, p. 88-100.

¹⁶ Ro'i et al., p. 65.

The Czechoslovak crisis confirmed the fears of Yugoslav leaders of Soviet interventionism, and once again raised the possibility of a Soviet threat to the Yugoslav independence. Although formal state relations improved quite quickly, Yugoslavia's attitude to a possible attack from the East shifted. Before 1968, both Yugoslav defence doctrine and the military were based mainly on contravening an attack from the West. In the immediate aftermath of the Soviet attack on Czechoslovakia, the differences between liberal and conservative members of the Yugoslav leadership came into light when Yugoslavia's defence doctrine was criticized for its unpreparedness to oppose an attack from the East, and for the heavy dependence of *Yugoslav Peoples Army* on Soviet military equipment.

The immediate effect of Czechoslovakia's events was the creation of a Total National Defence System (*Općenarodna obrana*), that relied on the resistance of the general population and guerrilla war similar to the Second World War. The reason behind the decision to implement this practice parallel to the existence of conventional armed forces was awareness that the regular armed forces could not resist an attack from a large military force. What is more, in the process of increased decentralization of decision-making and the weakening of the state centre, it was impossible to allocate a high percentage of national income to defence costs, as it was the case in the early 1950s. During the split with Stalin Yugoslavia was spending 22% of its national income on defence, and by 1968 defence costs fell to 6%. Finally, a decision to create a parallel defence system that was coordinated by the conventional armed forces was on the lines of earlier demands of the republican leaderships to create territorial armies in each republic.

Consequently, the Law on Total National Defence was brought in February 1969. It required all citizens ages 18 to 65 to undertake combat assignments in regular armed forces, civil defence and guerrilla units in case of a prolonged guerrilla war.¹⁷ Therefore, the impact of the events in Czechoslovakia, combined with the decentralization process, practically legalized the existence of an armed force commanded by republican authorities, a fact that was unthinkable a couple of years earlier.

The West was not prepared for Czechoslovakia either. Although there was no formal agreement between the Soviets and the Americans on interest spheres in Europe, there definitely was an understanding between them on this matter. The United States regarded Czechoslovakia, a member of the Warsaw Pact, as a part of the Soviet sphere of influence, and therefore did not, nor could, do much to ease its position. Yugoslavia, unlike Czechoslovakia or even Romania, was different and the West had clear interests to preserve Yugoslavia's independence. Yugoslavia has been important to the West since 1948, when it broke its ties with the Eastern Block. Its independent position directly affected NATO's defence policy and Italy (a NATO member) and the

¹⁷ Rusinow, 1977, p. 241.

Adriatic coast, and with Greece - by protecting its northern border. No less important for the West was Yugoslavia's role as a tampon between the Soviet block and the southern border of Austria.

But surprisingly, the West did not have plan for Yugoslavia in case of a Soviet attack before the 1968 events in Czechoslovakia. Several days after the invasion, Yugoslav ambassador to the UK visited the Foreign Office in order to sound out what the UK's position might be on countries outside the blocs in case of an attack. Although the ambassador was careful not to specifically mention the Soviet attack on Yugoslavia, it was quite clear that Yugoslavs wanted to know their options without compromising their non-aligned position. Interestingly enough, the Americans did not receive similar queries from Yugoslav authorities, and a UK initiative to co-ordinate plans with the US was the first reaction of the West towards a possible Soviet attack.

Patrick Dean, British ambassador to the US, was responsible for coordinating an Anglo-American policy on this matter. He liaised with Dean Rusk, the US Secretary of State and John Leddy, the Assistant Secretary of State for European Affairs, to agree on how to handle the Yugoslav problem. The US-UK correspondence was kept secret from NATO allies; not even the Yugoslavs knew anything about it. It was quite obvious that a direct military involvement would be impossible and that the supply of military equipment, particularly of heavy armament, would only weaken Yugoslav defence in the short term, since most of Yugoslavia's military equipment was based on Soviet technology. The conclusion was that a strong warning should be given to the Soviets clearly emphasizing the Western interest in the preservation of the Yugoslav independency. In case the attack should happen, the West, and particularly NATO, should limit themselves in assisting by supplying the military equipment, with no direct involvement in the conflict.

Finally, one of the consequences of Czechoslovakia's events was the rapprochement with the West, but also between Belgrade and Beijing, and consequently Albania. Its ties with the West were growing stronger economically, but not always followed by political development. Although Yugoslavia was politically a non-aligned country, economically it enjoyed the status of a Western nation in many respects. It was a member of the IMF, the World Bank, the GATT, the International Finance Corporation and it had a special status at OECD.

The Croatian Spring and the crisis of Yugoslav Socialism

The 1970 and 1971 were particularly difficult years for Yugoslav leadership. National and economic tensions between the republics, and the population in general, became constant, and it was getting harder for Tito to mediate successfully. The consequences of the increased autonomy within the republics became most obvious at the Tenth Congress of the Croatian League of Communists in January 1970. The Croatian communist leadership used its new authority for the first time to suspend Miloš Žanko, a Croatian representative in the Federal Assembly, on the

account of not following the official republic policy, and for accusing Croatian leadership of supporting Croatian nationalism.

More importantly, there was an unprecedented change in Croatian Party's official position on the national question. Public expression of national feelings, as well as displaying national symbols, was often treated as nationalism and severely punished in the past, even if these were not forbidden officially. The Tenth Congress however, made a stance that the main problem in Yugoslavia was not nationalism, but unitarism and centralism. Similarly, the Party leadership made a sharp distinctiveness between nationalism and chauvinism, and clearly stated that it would not tolerate the latter, especially towards the Serbian minority in Croatia.

Two major fractions started to develop in Croatia as a consequence of the Tenth Congress. The communist republican leadership, represented by more moderate nationalists, tried to solve Croatian problems by changing the Yugoslav system within the existing framework. On the other hand, they tolerated public activity of the more traditional nationalist organisations with more controversial demands. One of them was Matica Hrvatska, the leading and most popular cultural institution in Croatia. Its most consistent complaint was the question of representation of the Croatian the culture and language in Yugoslavia.

It was quite obvious in the 1967 Language Affair that the Party would not tolerate the nationalistic positions on the language, but by 1971 this had changed. The language question was raised once again in 1971 when Matica Hrvatska publicly renounced the existence of a Serbo-Croatian or Croato-Serb language and demanded the recognition of two separate languages, Croatian and Serbian, on the grounds that one unified language was favouring the Serbian variant. The language debate was not limited only to Croatia. In other republics, such as Bosnia and Herzegovina and even in Montenegro, there were similar claims.¹⁸

By spring 1971, the intra-national and intra-republican situation was so bad that Tito considered the possibility of putting an end to further liberalization. What kept him from doing that and to continue the liberalization and decentralization of the country? After all Tito never belonged to the liberal Party wing. He often opposed the ascendancy of liberalism, unlike Edvard Kardelj and Vladimir Bakarić, his closest collaborators and supporters of decentralization. It was the hope that decentralization and the increasing influence of the republics, together with the liberalization of economy, would help the country to overcome complex national problems that posed a major threat to its unity and integrity. Contributory to this was Tito's decision in the late 1970 to form a collective presidency of the state, consisted of representatives of all republics. Clearly, what he had in mind was a way of preparing the country and its political leadership for the period after he is gone, without provoking a political crisis that might break the country apart.

¹⁸ Čulo, 1990, p. 113-114.

He was aware that political instability might provoke a Soviet response. On the other hand, he very skilfully used the Soviet threat to preserve Party unity. The most obvious example happened in the spring of 1971, after the so called *Spy affair*, when an unidentified group or an individual within federal bureaucracy, tried to compromise the Croatian party leadership by linking them to a prominent Croatian anti-Yugoslav émigré in Germany, with the attempt to create an independent Croatian state under Soviet protection. This affair worsened the relations between the republics and provided another argument for mutual accusations.

At the meeting of the LCY Presidium in April 1971, where intra-republic problems were supposed to be discussed, Tito informed the members of the Presidium of a call he had received from Brezhnev, who offered him Soviet help in resolving the political crisis in Yugoslavia. According to Tito's words, Brezhnev expressed concern over the situation in Yugoslavia. He mentioned the threat to Yugoslavia's socialist orientation and integrity, and compared the situation to the one in Czechoslovakia under Dubcek. Certainly this information came as a surprise to all members of the Presidium and helped Tito to, at least for a while, unite the Party leadership under the threat of Soviet intervention.¹⁹

Tito offered an even more serious appeal at Central Committee of the Croatian League of Communist meeting on 4 July 1971 in Zagreb, where he mentioned his talk with Brezhnev and once again emphasized Soviet danger. It seems that Yugoslav military intelligence discovered that six Soviet divisions had been moved to Central Asia for training in connection with a possible invasion of Yugoslavia.²⁰ The CIA report from April 1971 clearly emphasize such threat: "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."²¹

By now, the country nationalist conflicts were common in Yugoslavia. "Croats were accused of being chauvinists, separatists and, most deadly of all, Ustaša nostalgics."²² Serbs were charged with

¹⁹ That the conversation between Tito and Brezhnev indeed happened confirms the Yugoslav ambassador in Moscow at that time Veljko Mićunović in his memoirs. Mićunović was at the reception at the Canadian embassy when the members of the Soviet leadership including Kosigin and Gromiko expressed their concern with the situation in Yugoslavia and mentioned that Brezhnev did call Tito and offered him Soviet help. See: Veljko Mićunović, *Moskovske godine 1969/1971.*, Jugoslavenska revija, Beograd 1984, p. 127-131.

²⁰ FRUS, Nixon-Ford Administration, Volume XXIX, Eastern Europe; Eastern Mediterranean, 1969-1972, Intelligence Information Cable, TDCS DB-315/04377-71, August 2, 1971., Appeal by President Tito for Croatian Party Unity in Face of Danger From the USSR, Source: National Archives, Nixon Presidential Materials, NSC Files, Box 733, Country Files—Europe, Yugoslavia, Vol. II Aug 70–Aug 71. Secret.

²¹ NARA, Electronic FOIA Reading Room, CIA, Yugoslavia: An Intelligence Appraisal 00734, 27 July 1971, p. 50.

²² Ustaše were a Croatian nationalists who established a Croatian puppet state under German protection during the Second World War.

unitarist centralism, great nation chauvinism and even Cominformism and neo-Stalinism.”²³ Although it seemed that Croatia was affected by the public revival of national feelings in particular, the feeling was widespread everywhere. The Slovenian road affair, the unrest in Kosovo, conflicts between the Serbs and the Montenegrins over the question of the Montenegrin nation, language and church, Hungarian nationalism in Vojvodina are a good example to prove that.²⁴

In Serbia, after the purge of Ranković and his supporters, a young liberal Party leadership, elected at the 1968 Party Congress, managed to keep Serbian nationalism under control by proclaiming an action against its main two attributes: centralism and hegemonism. Their tactics against the traditional Serbian nationalism were to pursue the economic development of Serbia, if not by preserving, then by taking advantage of the existing privileged economic position that Belgrade had as the political centre of the Federation.

However, as Dennison Rusinow pointed out, “the expected Serbian backlash did occur and took the form of a *political underground* defined as an unholy alliance of Ranković’s supporters with former Stalinists and Cominformists, *new left* students and intellectuals, and even former royalist Chetniks.”²⁵ Serbian nationalism was also openly manifested by the Serbian Cultural Society in Croatia *Prosvjeta* that demanded a Serbian autonomous province within Croatia, and even incorporating parts of Croatia inhabited by Serbs in Serbia as a response to the Croatian demands for a separate language and exclusion of the Serb nation from the Croatian constitution.²⁶

In Croatia the reasons for such a strong outburst of national sentiments were partially historical. The Croats had been treated as second-class citizens in someone else’s country for centuries. The negative experiences with Germanisation and Magyarisation attempts in the 19th century, followed by the Serbian domination in the Yugoslav Kingdom, and a Belgrade based centralism enforced by the communist regime immediately after the World War II made many Croats more sensitive to protecting their national interests and identity.²⁷

The last attempt to solve the crisis without a major political upheaval came with the new constitutional changes in June 1971. Both Croatian and Serbian leadership agreed that the Federation should be stripped of most of its remaining powers. A package of 23 amendments limited the powers of the Federation to foreign affairs, defence, foreign trade, common currency, and guaranteeing a common tariff system and market.²⁸ The Yugoslav leadership believed that with

²³ Rusinow, 1977, p. 273.

²⁴ Ramet, 2006, 240-243.

²⁵ Chetniks were Serbian nationalist represented mainly by Serbian officers of the Royal Yugoslav Army who remained in Yugoslavia after its collapse in 1941; Rusinow, 1977, p. 274; Carter, 1982, p. 23-24.

²⁶ Ramet, 2006, p. 242-243.

²⁷ Rusinow, 1977, p. 274.

²⁸ Rusinow, 1974, p. 284; Ramet, 2006, 247.

constitutional changes, a new frame for the solution of Yugoslav national and economic problems was created.

However, Croatian Party leadership continued claiming their demands, especially the ones linked to the changes in the economy, and until now they had had Tito's support. One of the crucial Croatian demands was the foreign currency system reform, which would allow Croatia to retain a large portion of its foreign currency earnings.²⁹ Yugoslavia tried to resolve the problem of non-convertible currency by introducing retention quotas in 1967. Exporting and tourist enterprises could retain 7% of its foreign currency earnings, and the rest had to be converted into dinars and sold to the authorised banks, who then resold it back as a foreign currency to the claimants. Croatian complaints came from the fact that five strongest banks were in Belgrade, and Croatia produced 40% of Yugoslav foreign currency earnings from tourism and its workers earning abroad. With a rampaging inflation and constant devaluation of the dinar, the enterprises got significantly less in foreign currency back than they initially gave away.

The more extreme demands made by a relatively small but influential group of Croatian economists went as far as to demand Croatian currency with its own National Bank and a Governor. Hrvoje Šošić, a Croatian economist demanded for Croatia to be represented in the United Nations. Although Croatian communist leadership did not directly support such claims and refrained themselves from demands of economic changes, it did very little to prevent them. This attitude alienated them from even their closest supporters and associates within the Croatian Party's Central Committee.

Their uncompromising stance on the economy at the same time cost them losing the support of other republics. However, they did gain the support of Croatian masses and became more popular than Tito. In late 1971 it became obvious that the Party had become an object instead of subject of its own policy. Two centres of influence were formed in Croatia in 1971. Parallel to the League of Communist stand *Matica hrvatska* with its popular weekly *Hrvatski tjednik* and from April 1971 the Student Association of Croatia.³⁰ Tito's patience came to an end when a Student strike was organised on the 23 of November 1971 at all Croatian universities. In a matter of days 30,000 students were on strike to support the Croatian leadership in their demands for an extensive political and economic autonomy of Croatia.

"Until the end of November I would have endorsed my predecessor's conclusion that this nationalism would not develop separatist tendencies that would weaken the cohesion of Yugoslavia." These were the words of the British Consul general in Zagreb in the aftermath of the

²⁹ Rusinow, 1974, p. 207;

³⁰ In April 1971 the Student Association leadership elected with the Party support was replaced by non-party and more nationalist leadership.

December events in Croatia.³¹ According to the British diplomat, the greatest threat to Yugoslav unity was a mixture of nationalism and unresolved economic problems. The most emphasized issue was the foreign currency distribution. In its oversimplified form the Croatian demands to keep all foreign currency earning would in practice mean the creation of a separate Croatian currency area and therefore the end of the Yugoslav single market and economic unity, something that Tito could not allow that to happen.³²

In December 1971, Tito convened the Presidium and Central Committee of the LCY in order to resolve the situation in Croatia. At the 21st Session of the LCY Presidium, the Croatian Party leaders were accused of promoting nationalism and an unacceptable form of liberalism. Within a month, they were forced to resign and were replaced by more conservative members of the Party. Political purges affected tens of thousands of Party members and supporters of the *Croatian Spring* or *Mass Movement*.³³ *Matica hrvatska* was abolished, and all student leaders ended up in prison. Ironically, the foreign currency issue that initiated Student strike and forced Tito to react was solved in Croatia's favour. The controversial retention rate was raised from previous 7% to 20% and the main producers of foreign currency, Tourist enterprises, were allowed to keep up to 45% of their hard currency incomes.

Similar to the Đilas affair in 1954, the 1971 purges in Croatia and the subsequent purge of Serbian liberal leadership in October 1972, re-affirmed Party's control over the society.³⁴ This was confirmed at the Tenth Party Congress and by introducing Constitutional changes in 1974 when the President of the Party became an *ex officio* member of the State Presidency of Yugoslavia.³⁵

View from the West

Despite a need for economic co-operation, mainly resulting from Yugoslavia's economic reforms, the Western countries, and the US in particular, had clear political reasons to support Yugoslav independency economically. "Individually and collectively, the NATO powers dispose of a number of potential 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."³⁶

³¹ PRO, FCO 28/1630, Internal Situation in Croatia, Region of Yugoslavia, G. Baker to D. Stewart, 14 December 1971.

³² PRO, FCO 28/1630, Internal Situation in Croatia, Region of Yugoslavia, G. Baker to D. Stewart, 14 December 1971.

³³ Both terms are used in the literature to describe the national and liberal movement in Croatia between 1966 and 1971, although latter was often used as a derogatory term by its political opponents, and former as an affirmative by its supporters.

³⁴ Latinka Perović, *Zatvaranje kruga – Ishod rasepa 1971/1972.*, 1991.

³⁵ Rusinow, 1977, p. 327.

³⁶ NARA, Electronic FOIA Reading Room, CIA, Yugoslavia: An Intelligence Appraisal 00734, 27 July 1971, p. 55.

The US was particularly interested in promoting economic ties with Yugoslavia, not exclusively to help, but to promote that model of cooperation with other East European countries. Secretary of State William Rogers discussed direct US investments in Yugoslavia with Tito in Addis Ababa in February 1970. Tito was complaining that the cooperation between the US and Yugoslav firms was not satisfactory. President Nixon showed his personal interest in the matter by adding a comment to the report: “K (Kissinger)—I am very much in favour of exploiting this in Yugoslavia fully. If it works there it might be the device by which we can work with Rumania & other E. European countries—Can we get a report from Stans & Kearns on this?—Get some steam behind it.”³⁷

The problems with direct US investment in Yugoslavia were lack of business confidence and administrative red tape. The US government agencies tried to overpass these difficulties by promoting investment and providing guarantees and insurances for US investments in Yugoslavia. The US efforts in finding ways to help Yugoslavia’s economic reform were indeed on the way. In order to by-pass the often belligerent attitude of the Congress towards Yugoslavia, the Administration used its authorities to reschedule the Yugoslav debt, it encouraged Export-Import Bank to increase credit activities in Yugoslavia, and even increased visits of American ships to Yugoslav ports and the purchasing of army supplies from Yugoslavia.³⁸

Although American help constituted only about 20% of Western financial assistance given to Yugoslavia, it sent a clear political message. “Politically, our assistance would signal to the Yugoslavs, Eastern Europeans and the Soviets the importance we place on the success of Yugoslavia’s political and economic decentralization efforts and her moves toward an essentially open market economy. Economically, it would help Yugoslavia over a severe balance of payments crisis by increasing reserves from the present dangerously low level. This would, in turn, assist her economic stabilization program and thereby allow her to continue the economic reforms on which she has embarked.”³⁹

A similar situation was taking place with military relations. The main problem for Yugoslav army was high dependence on Soviet Arms. This had nothing with ideology, but with the fact that

³⁷ FRUS, Nixon-Ford Administration, Volume XXIX, Eastern Europe; Eastern Mediterranean, 1969-1972, Yugoslavia, Memorandum From the President’s Assistant for National Security Affairs (Kissinger) to President Nixon, February 12, 1970, p. 531, <http://www.state.gov/documents/organization/97933.pdf>, Source: National Archives, Nixon Presidential Materials, NSC Files, Box 733, Country Files—Europe, Yugoslavia, Vol. I through Jul 70. Confidential.

³⁸ FRUS, Nixon-Ford Administration, Volume XXIX, Eastern Europe; Eastern Mediterranean, 1969-1972, Yugoslavia, Memorandum From the President’s Assistant for National Security Affairs (Kissinger) to President Nixon, Washington, June 7, 1971, U.S./Yugoslav Economic and Technical Cooperation, <http://www.state.gov/documents/organization/97933.pdf>, Source: National Archives, Nixon Presidential Materials, NSC Files, Box 733, Country Files—Europe, Yugoslavia, Vol. II Aug 70–Aug 71.

³⁹ FRUS, Nixon-Ford Administration, Volume XXIX, Eastern Europe; Eastern Mediterranean, 1969-1972, Yugoslavia Memorandum From the President’s Assistant for National Security Affairs (Kissinger) to President Nixon, Washington, May 3, 1971, Financial Assistance for Yugoslavia, <http://www.state.gov/documents/organization/97933.pdf>, Source: National Archives, Nixon Presidential Materials, NSC Files, Box 733, Country Files—Europe, Yugoslavia, Vol. II Aug 70–Aug 71. Confidential.

Soviet equipment was more easily accessible to Yugoslavia. This was confirmed in a conversation between the American ambassador in Yugoslavia William Leonhart and Yugoslav Chief of Staff general Viktor Bubanj. Bubanj confirmed that high costs, stiff terms in the West and availability of clearing account mechanism in the East had dictated sourcing. Despite this, Yugoslavia had contacted Sweden, Italy, Switzerland, France and Britain with clear wish to diversify its military sources.⁴⁰

The situation in Croatia attracted a lot of attention in the West, with particular interest in Yugoslav internal stability and the consequences to its international position. The US embassy in Vienna reported concerns among Austrian official circles related to the current situation in Croatia. “Responsible Austrians have begun to worry about the continued existence of friendly government to the South, and some have even begun to fear lest Austria became involved in some sort of Soviet military intervention. Certainly there are those who are persuaded that the Soviets are busily fishing in troubled water and only waiting for the right moment to invoke the Brezhnev doctrine against the present leadership of Yugoslavia. And – given the geographical position of Austria – all Austrians believe that any Soviet interference in Yugoslavia cannot but have unpleasant and dangerous consequences for Austria.” Particularly worried was Walter Wodak, the Secretary General at the Foreign Ministry who served as an Austrian ambassador in Yugoslavia and the Soviet Union. In his opinion a serious internal strife could bring back Soviet orthodoxy in Yugoslavia.⁴¹

Political developments in Yugoslavia were the subject of a conversation between Austrian and Italian foreign ministers Rudolf Kirschläger and Aldo Moro in July 1971. Kirschläger told Moro that developments in Yugoslavia could lead to Soviet intervention and a new Czechoslovakia. The Italians tried to offer the Yugoslavs some kind of security assurance by increasing contacts and cooperation in the military field.⁴² In the spring 1971 Yugoslavs proposed a formal agreement to Italy in joint defence planning, which was clearly aimed against the Soviets and in August 1971, the Yugoslav Defence Minister and Military Attaché in Rome proposed a cooperation between Yugoslavia and Italy in technical cooperation, and even reciprocal use of Yugoslav and Italian air bases.⁴³

⁴⁰ FRUS, Nixon-Ford Administration, Volume XXIX, Eastern Europe; Eastern Mediterranean, 1969-1972, Yugoslavia, Telegram From the Embassy in Yugoslavia to the Department of State, US-Yugoslav Military Relations, Belgrade, March 13, 1970, 1540Z, p. 532, <http://www.state.gov/documents/organization/97933.pdf>, Source: National Archives, Nixon Presidential Materials, NSC Files, Box 733, Country Files—Europe, Yugoslavia, Vol. I through Jul 70. Secret; Exdis.

⁴¹ NARA, General Records of the Department of State, Subject Numerical Files, 1970-73, Box 2835, Political and Defense, Austrian Concern over Yugoslavia.

⁴² NARA, General Records of the Department of State, Subject Numerical Files, 1970-73, Box 2835, Political and Defense, From Embassy Rome to Secretary of State, July 1971.

⁴³ FRUS, Nixon-Ford Administration, Volume XXIX, Eastern Europe; Eastern Mediterranean, 1969-1972, Yugoslavia, “Statement of US Interest in Yugoslavia,” September 13, 1971, <http://www.state.gov/documents/organization/97933.pdf>, Source: National Archives, Nixon Presidential Materials, NSC Files, NSC Institutional Files (H-Files), Box H-185, National Security Study Memoranda, NSSM 129).

NATO started to monitor the political situation in Yugoslavia in the spring of 1971, and especially since the meeting of the LCY Presidium in April. The main reason was a rapid worsening of the intra-Republic relations. The reason why it only happened now was the Italian resistance to the US delegation proposal of a NATO study. Namely, the Italian delegation in the NATO was afraid that the study might be leaked to the Yugoslavs who would assume, in the light of recent strains in the Italian-Yugoslav relations, that the Italians were behind it.⁴⁴

Yugoslavs were indeed asking the State Department whether NATO had some interests related to the current situation in Yugoslavia. The first question was related to NATO's Ministerial communiqué which mentioned "the need for attention to situation on NATO's flanks", and the second was "whether there had been discussion of Trieste, which became an active issue in Yugoslav-Italian relations when Italian foreign minister Moro made statement on it in parliament a few days later after the Ministerial." The State Department replied that the discussion was related to the increased Soviet presence in the Mediterranean and "thus Yugoslavia itself was not discussed, an area of obvious mutual policy interest was the subject of focus".⁴⁵

In spite of initial hesitance, the US NATO delegation continued to raise its concerns about the situation in Yugoslavia. Special attention was devoted to the Yugoslav armed forces. The general impression of the American embassy in Belgrade was that the Yugoslav government used the period since the Czechoslovakia events to remove possible pro-Soviet senior army officers and to reorient defence dispositions against a threat from the Warsaw pact. In addition, the Ambassador Leonhard wrote: "It will be important for all of us to find ways soon to increase NATO contacts with Yugoslav military seniors and to assist their effort to diminish exclusive supply position Soviets have enjoyed since 1965."⁴⁶

In the winter of 1971, the situation in Yugoslavia started to heat up. The Croatian crisis was brought up at the NATO Political advisors (POLADS) meeting on 21st December 1971. German, French and US representatives raised concerns over the implications of the Croatian crisis on the stability of Yugoslavia. The German representative cited a statement of "a prominent Yugoslav (identified as a convinced communist and a well-known historian)" to a member of the West German Embassy in Belgrade that "Yugoslavia was experiencing a general political, organizational and economic crisis concurrent with a profound moral crisis." The French representative hinted that "current events are causing re-evaluation of the possibility of subversive attempts against Yugoslavia, and we all know where these subversive attempts come" clearly insinuating Soviet

⁴⁴ NARA, General Records of the Department of State, Subject Numerical Files, 1970-73, Box 2835, Political and Defense, Proposed POLADS Study on Yugoslavia, From Embassy Rome to Secretary of State, January 1971.

⁴⁵ NARA, General Records of the Department of State, Subject Numerical Files, 1970-73, Box 2835, Political and Defense, NATO and Yugoslavia, 20 January 1971.

⁴⁶ NARA, General Records of the Department of State, Subject Numerical Files, 1970-73, Box 2835, Political and Defense, From Embassy Belgrade to US Mission NATO, February 1971.

involvement. The French representative also forced the French authorities to take another look towards the established fact that Yugoslav unity is a certainty able to surpass any succession crisis. Similar thoughts came from the Italian representative, who stated that “the Italian authorities believe that recent developments heightened threat of intervention.”⁴⁷

It appears that Tito was afraid of some kind of Soviet interference. He mentioned it in his speeches on the 1st and 18th of December 1971, when he accused the Croatian Party leadership “of vigilance and failure to stem Croatian nationalistic and chauvinistic excesses and organisations that aimed to supplant the LCY, possible leading Yugoslavia into civil war and foreign (presumable Soviet) intervention.”⁴⁸

The two most important foreign policy events in Yugoslavia at the time were Brezhnev’s visit to Yugoslavia in September, and Tito’s trip to the US in October 1971. Although both events were planned months ahead, they need to be observed in the context of the 1971 situation in Yugoslavia and Croatia. Brezhnev used his visit to Yugoslavia to criticize its Self-management system, and particularly the liberal reforms that lessened the Party’s control over the press and revived national confrontations. He also complained to the Yugoslavia’s unwillingness to establish Yugoslav-Soviet friendship societies.⁴⁹

The final communiqué produced by two delegations described visit as successful and cordial which Tito repeated in his conversation with Nixon in Washington a month later. However, a conversation between the US Secretary Rogers and Nixon proved that Tito was wary of the Soviet reaction to the situation in Yugoslavia. Rogers informed Nixon that Yugoslav Foreign Minister Mirko Tepavac wanted to speak to him. Tepavac’s words were: “I want you to know, for your own ears, and your ears only, the meeting with Brezhnev did not go well. You should know that. You are the only one I have told it to. President Tito told me to tell you so you could tell President Nixon.”

Nixon had a similar account with the Foreign Minister the evening before. Tepavac told to him: “I want to tell you that we in Yugoslavia may face some very great problems. President Tito is a very old man and when he dies or retires Yugoslavia may be confronted with the attempts of some of our neighbours to capitalize that.” Nixon replied: “You can be sure that our hands will always be off Yugoslavia, and we will use our influence to see that others keep their hands off.”

Nixon and Rogers were under the impression that Tito and Tepavac were afraid of the Russians, and that they discreetly asked for assurances from the American side. Afterwards Tito told Rogers:

⁴⁷ NARA, General Records of the Department of State, Subject Numerical Files, 1970-73, Box 2835, Political and Defense, POLADS Considerations of Yugoslav Developments, From US Mission NATO to Secretary of State, December 1971.

⁴⁸ NARA, General Records of the Department of State, Subject Numerical Files, 1970-73, Box 2835, Political and Defense, Situation in Yugoslavia, Department of State to US Mission NATO, 20 December 1971.

⁴⁹ Mićunović, 1984, p. 141-155.

“The Foreign Minister told me about his conversation with you and we feel very much better.”⁵⁰ Clearly Tito was very concerned with the situation in Yugoslavia and with relations with the Soviets. Nixon and Rogers concluded that Tito was afraid of saying what he thought of the Russians, for both internal and external reasons. It is possible that Tito included American assurances into his plans to crush the liberal tendencies in Croatia.

It could be assumed that the events in Croatia had a similar effect on Tito's subsequent rapprochement with the Soviet Union after 1971, as the events in Prague had on Brezhnev decision to back the Detente process after 1968. Both events actually removed the threats to the security of both Yugoslav and Soviet regime. After Prague 1968 Moscow regained its control over Eastern Europe, and after Croatia 1971, Tito re-established the regime authority over the country and therefore strengthened Yugoslavia's international position, primarily in respect to the Soviet Union.

We know for certain that the economic relations with Eastern Block improved in the period after 1971. In 1972, Tito visited Moscow and obtained a 1.3 billion US dollar credit for Yugoslavia from Soviet Union. Exports to COMECON countries grew from 32,5% of total Yugoslav export in 1973 to 46% in 1980. The situation was similar with imports. The trade with Western countries was simultaneously decreasing in that period.⁵¹ But the relations between two countries remained, as a senior Soviet diplomat in Belgrade characterised them, *cordial and insincere*.⁵²

Soviet interests in Yugoslavia

It is fair to say that Moscow applied a moderate approach towards achieving its goals in Yugoslavia. Such a policy included certain elements of pressure, by publicly criticizing the Total National Defence doctrine, nationality problems, self-management and massive immigrations of Yugoslav workers to Western countries. There were claims in the Western and Yugoslav press that Moscow was trying to reactivate its ties with the Yugoslav Cominformists and to pursue economic help to the underdeveloped regions of Yugoslavia. There was also the ever-present problem of the Bulgarian territorial claims on Macedonia and the already mentioned alleged Soviet connection with the anti-communist émigrés.⁵³

The Yugoslav authorities claimed that Soviets were involved in Kosovo riots and student protests of 1968. Although such claims were probably exaggerated, there was evidence of Soviet attempts to spread their influence in Yugoslavia. In January 1970, Tito accused the Soviet embassy

⁵⁰ FRUS, Nixon-Ford Administration, Volume XXIX, Eastern Europe; Eastern Mediterranean, 1969-1972, Yugoslavia, National Archives, Nixon Presidential Materials, White House Tapes, Recording of conversation between Nixon and Rogers, October 29, 1971, 10:36 a.m., Conversation No. 13-25), <http://www.state.gov/documents/organization/97933.pdf>

⁵¹ Dubey, 1975, p. 268; Singleton et al., p. 235.

⁵² Berryman, 1988, p. 204.

⁵³ Johnson, 1973, p. 33-34.

representatives of offering financial and technical assistance to Yugoslav enterprises with financial difficulties. It seemed they approached many enterprises, especially in more remote areas of the country. Even after the Yugoslav protest, Soviets continued their “informational activities” by spreading the propaganda in every part of the country. Particularly damaging was the comparison the Soviets made between the developments in Yugoslavia and pre-invasion Czechoslovakia, aimed to tar the Titoist system. Even Henry Kissinger confirms in one of his talks with President Nixon and Chinese Prime Minister Zhou Enlai in 1972 that the Soviets are very actively involved in subversions in Yugoslavia.⁵⁴

What were the main points around the Yugoslav and Western theories that Yugoslavia is under Soviet threat? There were two very obvious reasons, ideological and geostrategic. Although Yugoslavia was an independent, nonaligned country, it was still a socialist country. The Soviet Union would not jeopardize its international position and the “fruits” of Détente with an intervention into a politically stable Yugoslavia, especially since Yugoslavs publicly declared that they would defend against the aggression. But if the conversation between Brezhnev and Tito held in April of 1971 was true, there was a possibility of a Soviet intervention in case of Yugoslav socialism being in danger. Would this not have been just another case of implementation of Brezhnev doctrine?

The Geostrategic reasons behind a possible Soviet intervention were obvious: Russia’s centuries-long policy of reaching the warm seas. In the given circumstances, when the Mediterranean was overwhelmingly under Western military control, and the Soviet bases in Egypt and Syria were unsustainable without a direct link with the Soviet Union, the Adriatic would be a good substitution. Soviet presence in the Adriatic would completely change the geostrategic picture of the Mediterranean. Dean Rusk, the US Secretary of State emphasized the importance of the Adriatic in 1968 with the words: “The Soviet presence in the Adriatic is a question of importance for the entire Western world.”⁵⁵

The Soviet military build up in the Mediterranean coincided with Brezhnev’s ascendancy to power in 1964. Although Moscow had had interests in the Mediterranean, and in particular the Middle East since the Suez war in 1956, Soviet naval presence in the Mediterranean started to pose a serious threat to the Western interests in the area only after 1964.⁵⁶ What was the role and position of Yugoslavia in that process? Apart from the importance of Yugoslav Adriatic ports, Yugoslav air

⁵⁴ The National Security Archive, Memorandum of Conversation between Richard Nixon, Henry Kissinger and Zhou Enlai, 23 February 1972, p. 31, <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB106/NZ-2.pdf>, Location of original: National Archives, Nixon Presidential Materials Project, White House Special Files, President's Office Files, box 87, Memoranda for the President Beginning February 20, 1972; Burr, 1998, p. 308.

⁵⁵ PRO, FCO 28/560, Yugoslavia, Defence, Security Against External Aggression, Patrick Dean to Denis Greenhill, 27. September 1968.

⁵⁶ In 1964 Soviets established their Fifth Eskadra, as a counterbalance to the American Sixth Fleet, Berryman, 1988, p. 205.

space was also of major importance for a Soviet ability to deliver fast support for their allies in the Middle East. This became especially important in the 1967 and 1973 Arab-Israeli Wars, when Yugoslavia allowed the Soviets to establish an efficient airlift by using Yugoslav airspace and the port of Rijeka as an embarkation point. But Soviet proposals for a more extensive use of Yugoslav ports beyond the limited rights guaranteed by Yugoslavia's legislation were sharply rejected by Yugoslav authorities. This had to have been particularly damaging for Soviet naval presence in the Mediterranean after the loss of Egyptian facilities in mid 1970s.⁵⁷

Yugoslav shift towards the West

The Arab-Israeli 1967 June War had a profound influence on the shift of the Yugoslav foreign policy towards the West and Europe in particular. Ever since the beginning of the non-aligned movement in the mid 1950s, Yugoslavia tended to increase its influence and ties with the South, instead of the East or the West. The first conference of the Non-aligned movement held in Belgrade in 1961 represented a high point in this process. However Yugoslavia, as a European country, never had a real strategic or economic interest in the Third world. On the one hand, the purpose of non-aligned policy was to prove the independency of Yugoslav foreign policy especially in contrast to the Soviet one, and on the other it served to promote Tito's personal influence and prestige in the world.

However, post 1966 economic and political reforms changed the perception of the public and media on foreign policy. The Arab-Israeli conflict of 1967 is a good example: Tito's alignment with the Soviets in his unconditional support for the Arab cause was not received well among the general public and the media, not even in the Yugoslav Secretariat for Foreign Affairs. This was actually the first case of an open opposition to the official Yugoslav foreign policy. The British diplomats noticed this change very clearly, and Duncan Wilson, British ambassador in Belgrade sent a report to the Foreign Office on the feelings of the public toward Yugoslav foreign policy: "Public opinion has in the past two or three years become more articulate than before on foreign policy questions. Increasing contact with foreign visitors, increasing opportunities for travel outside Yugoslavia and increasingly more informative newspapers and radio or television have had their impact on the Yugoslav public."⁵⁸

The Arab defeat in the war represented a strong blow to Yugoslav foreign policy. By uncritically backing Nasser, Tito damaged the relations with Israel, and therefore spoiled a chance to act as a mediator. At the same time, he created an impression that Yugoslavia was on a track towards the Soviet Camp. The Second consequence was widening of the "credibility gap" between Yugoslav

⁵⁷ Berryman, 1988, p. 207.

⁵⁸ FCO 28/518, Yugoslav Foreign Policy, Sir Duncan Wilson to Mr. Brown, 25. 09. 1967.

leaders and the public. Wilson clearly states: “We have plenty of evidence in this Embassy that not only well-informed journalists and intellectuals, but party officials below the highest level and common men throughout the country were bitterly resentful of the total backing given by the party to the Arabs, and not least of the high-handed way in which President Tito had issued his declaration on *Israeli aggression* and flown off for talks in Moscow without proper consultation of the appropriate constitutional authorities.”⁵⁹ The report concludes that recent events in the Middle East, combined with economic pressures, had strengthened supporters of better relations with Western Europe.

A similar situation occurred after the Soviet intervention in Czechoslovakia in August 1968. Although the Yugoslavs overemphasized the possibility of a Soviet attack, the gloomy mood created by it undoubtedly influenced both the political leadership and the public. Apart from the fear of Russian intervention, there were other reasons why more progressive circles within communist leadership wanted better relations with the West. The economic reform that started in 1965 was a real boost for the relations with the West. The reform aimed at integrating the Yugoslav economy into the world market, to liberalize foreign trade, and to achieve convertibility of the Yugoslav currency - Dinar.

However, unlike the trade with the Eastern countries, the West was a primary source of imports of manufactured goods and technologies. Yugoslav imports from the OECD countries (EEC, EFTA, US) accounted for over 60% of total Yugoslav imports. This was particularly significant for EEC Member Countries where more than 60% of Yugoslav imports from the West came from. On the other hand, Third world countries were represented by only 13% of total Yugoslav trade between 1965 and 1971, comparing to 22% in the period between 1955 and 1961.

The important part of economic liberalization was The Foreign Investment Law, brought in 1967 in order to help with the influx of foreign investments. Yugoslavia was the first communist country to welcome and encourage foreign investment. In the period between 1967 and 1970, twenty contracts were concluded between Yugoslav and foreign companies. Only two of these were with companies from Eastern Europe, and the rest were mainly with companies from Western Europe and the USA.⁶⁰ By 1973, Yugoslav enterprises had concluded 79 agreements with western companies that invested 112 million US dollars in joint ventures.

In order to make investments in Yugoslavia more attractive to the Western capital, the Law on Foreign Investments was changed, and a section of this Law was even included in the Constitution. However, foreign investments and the Western influence in general was worrying for

⁵⁹ FCO 28/518, Yugoslav Foreign Policy, Sir Duncan Wilson to Mr. Brown, 25. 09. 1967.

⁶⁰ Foreign Investment in Yugoslavia, Radio Free Europe Research, 13 July 1970, Open Society Archives, <http://files.osa.ceu.hu/holdings/300/8/3/text/79-2-284.shtml>

the Yugoslav government. In a Radio Free Europe report, Slobodan Stanković, a correspondent, summarized those fears: “In Yugoslavia it is not foreign capital as such which is feared but rather the ideological influence which is – as it now seems – impossible to stop. This is also true in relation to Yugoslavia’s manpower export, since more than one million Yugoslav citizens live and work in Western “capitalist” countries, and thus fall under the influence of a “non-socialist” way of life.”⁶¹

Indeed, Western influences came with the opening of the Yugoslav borders in early 1960s. Before 1962, it was nor politically popular nor desirable to work abroad, and travelling abroad was mostly connected with political emigration. Working abroad was in contradiction to social-political norms in this period. However, since 1954 the regime tolerated such migrations, which were mainly a Croatian phenomenon at the time. The first estimated numbers on labour migration were available from 1954, and show a modest number of circa 3,000 workers, mainly Croatsians, in Europe; 2,000 of which were in Western Germany. By 1961, the number increased to 28,000 and 18,000 in Europe and Western Germany respectively.

The number of Yugoslav workers in Western Europe increased to 830,000 in 1973, the year that marked the high point in the process. The main reason for such a surge was the opening of Yugoslavia’s borders, both for its citizens to go abroad and for foreigners to come into the country. The 1965 economic reform made unemployment worse, and the devaluation of dinar made foreign currency earnings even more attractive for Yugoslav workers. The most significant Consequence of this transformation from an autarchic, self-sustained and full-employment economy from the 1950s into a more liberal and world-dependant economy of the 1960s was unemployment, especially in the less-developed areas of the country. Both factors influenced the sudden exodus of working force into the Western Europe, and the regime supported it in order to ease the pressure of unemployment. Yugoslav workers abroad were actually an important source of foreign currency for the country’s weak economy.⁶²

Open borders meant not only an unrestricted flow of people, but also of the trade and of the Western consumerist culture. “By the late 1960-ies the Yugoslavs had raised the notion of open borders to the level of state policy. Rather than a stance of tolerance or resignation, the open borders policy had come to be identified in official utterances as one of the key defining features, along with market socialism and self-management, of what was distinct and positive in the Yugoslav socialist variant and element that set off Yugoslavia from the Soviet model.”⁶³

⁶¹ Foreign Investments in Yugoslavia Discussed, Radio Free Europe Research, 23 March 1973, Open Society Archives, <http://files.osa.ceu.hu/holdings/300/8/3/text/79-2-284.shtml>

⁶² Zimmerman, 1977, 74-78.

⁶³ Zimmerman, 1977, p. 76.

Open borders also boosted the development of tourism that soon became a very important part of country's economy. In 1950, 41,000 Western tourists visited Yugoslavia, and by 1961 the number increased to 1,755,000. By 1973, approximately six million tourists were visiting Yugoslavia regularly. By comparing the number of foreigners that entered the country and Yugoslav citizens who travelled abroad in the period between 1960 and 1971, it is possible to follow the development of political changes in the country more closely. Between 1960 and 1965, the number of foreigners who were entering the country increased from 1,157,000 to 8,316,000, and in 1966 the number rose significantly to almost 17 million. Similarly, the number of foreigners fell to 21 million in 1971, from almost 30 million in 1970.

However, the numbers of Yugoslav citizens travelling abroad are slightly different. In 1960, only 200,000 Yugoslavs travelled abroad. The number sharply increased in 1965 to 1,284,000, almost certainly as a consequence of the Economic reform initiated that year. A similar trend continued until early 1970s when more than 14 million people travelled abroad. The data therefore clearly mirror the political and economic situation of the period.⁶⁴

The impact that these economic and liberal reforms had on Yugoslav society can best be seen in the impressions of foreign diplomats and visitors to Yugoslavia in this period. Terence Garvey, the British Ambassador compared his visits to Yugoslavia in 1958 and 1971.

*In 1958 Yugoslavia used to be a static rural society. It is now in a condition of constant motion. The new town-dweller retains, for the most part, a root in the countryside to which he returns when he can but his children are increasingly exposed to the culture of the telly, the football match and the pop record. He wears quite good ready-made suits. His daughters follow the vagaries of Western fashion, mini, maxi and midi, and he and his wife are bewildered by their long-haired, blue jeaned sons. He reads tabloid evening newspapers and the stodgy morning Press is feeling the draught. Western films and the output of the Western avant-garde dramatists fill the theatres of Belgrade and Zagreb. "Hair has been playing to full houses for 18 months. I am told that "Oh Calcutta!" is coming. Most of the attributes of the permissive society have infiltrated here against the weakening resistance of the Party. I was first alerted to this development through one of the Belgrade weeklies before coming here in 1968; I came upon an illustrated section entitled "Seksi Humor." But things have moved far and fast since then. Today no holds are barred.*⁶⁵

⁶⁴ Zimmerman, 1977, p. 79-80.

⁶⁵ PRO, FCO 28/1628, Internal Situation of Yugoslavia, Tomas Garvey to Secretary of State, 2 April 1971.

Conclusion

Political and economic reforms of the 1960s had a significant impact on all aspects of Yugoslav society and politics. The reforms completely transformed the country from a rural economy to an industrialized one, and introduced many features of free-market economy. Inevitable consequences of Party's deliberate attempts to experiment with new types of social and economic mechanisms did not always have the desired results. Tito and the political leadership hoped that the loosening of Party's control over the society, as well as increased autonomy within the federal units, would strengthen the economic and political cohesion. On the contrary, this brought to light old national animosities, and further emphasized the cultural and economic differences between the different parts of the country.

International consequences of these reforms were equally profound and visible in several aspects: firstly, the shift of Yugoslav foreign policy from the South and the East to the West, particularly in Europe, which occurred for both political and economic reasons. The Arab defeat in the 1967 June war shook the foundations of Tito's Non-aligned policy, and a possible Soviet intervention in 1968 raised the fears of an attack from the East. Open borders, liberalized economy, and a mass emigration of workers to Western Europe increasingly exposed Yugoslavia to Western influences, and as a result the mixture of these influences, as well as increased political freedoms, greatly influenced all aspects of Yugoslav society.

It is important to remember that Yugoslav economic reform, and with it the whole concept of the Self-management system, would have failed had it not been for the continual economic help from the West. The West had a clear political goal to "keep Tito afloat" in terms of Yugoslavia's geostrategic importance, independence and political stability.

The gap between the efforts of political leadership's to preserve the socialist foundations of the Country and the society's hunger for political freedom, pluralism and the ability to express national identity, thus became impossible to overcome. In 1971, the conflict culminated with a crisis in Croatia that threatened to break the fragile Yugoslav Federation apart. The possibility of a Soviet interference therefore became the greatest threat, especially since Soviet attempts to destabilize Tito's regime were quite obvious. A direct military intervention would certainly damage Russia's international reputation and cause strong reactions from the West. Still, it appeared that the Soviets cautiously tried to take advantage of Yugoslavia's internal economic and political problems.

The most obvious reasons for Russia to be interested in Yugoslavia were the following: its strategic position, fears of further Yugoslav affiliation to the West, unfavourable situation created after the Russian intervention in Czechoslovakia, and the rapprochement between the USA and

China. The extent and the means of a possible intervention remain unclear without an insight into the Soviet Archives.

Although the Communist regime did transform the one-time peasant country into a modern society, it failed to fulfil its most proclaimed goals - to solve the national problem and to create a unique, albeit contradictory, Yugoslav one party-democratic system that would limit direct Party interference in the decision making process, without jeopardising its leadership. Tito's decisive action in December 1971 and October 1972 proved that loosening the Party's discipline and control was not possible without serious consequences to Yugoslav stability and integrity.

Decentralization and processes of economic reform continued after 1971, but the Party was not able to solve any of Yugoslavia's economic or national problems. Instead, it continued to use repressive suppression mechanisms. The collapse of the Communist Block in 1989 changed the geopolitical picture of Europe, and it undermined Yugoslavia's position as a buffer zone between the Cold War blocks, finally bringing all of Yugoslavia's unresolved issues to light in the most brutal way.