

May 27, 1953
**About the Situation in Yugoslavia and its Foreign
Policy**

Citation:

"About the Situation in Yugoslavia and its Foreign Policy", May 27, 1953, Wilson Center Digital Archive, AVPRF, fond 06, opis 12a, portfel 74, papka 617, listy 7-12; translation for CWIHP by Daniel Rozas <https://digitalarchive.umd.edu/document/117107>

Summary:

M. Zimianin reports to Molotov on the internal and foreign policy of Yugoslavia after breaking with the USSR.

Credits:

This document was made possible with support from Leon Levy Foundation

Original Language:

Russian

Contents:

Translation - English

Top secret.

□ To com. V. M. MOLOTOV

Regarding the situation in Yugoslavia and its foreign policy.

The internal policy of the Tito clique, following the break with the USSR and the people's democratic countries, is directed at restoring the capitalist order in Yugoslavia, at liquidating all democratic achievements of the Yugoslav people, and turning the state apparatus and the army into fascist entities.

In the area of foreign policy, the efforts of the ruling circles of Yugoslavia are directed toward expanding economic and political ties with capitalist countries, above all with the USA and England, which have brought Yugoslavia into direct dependence on them and its inclusion in aggressive blocs shackled by Anglo-American imperialists.

□ I.

Yugoslavia's move to the imperialist camp and the shift of the country's economic focus to the military have had a disastrous influence on the country's industry. The production volume of civilian economic sectors is decreasing. Most of the attention is being focused toward the development of the military industrial sectors, as well as the mining industry's production of strategic raw materials (lead, copper, zinc and chromium). In 1952, the volume of military industry production has increased 7.5-fold compared to 1947. Whereas in 1951 Yugoslavia had 37 specialized military enterprises, in 1952 these numbered 58. In addition, during the period 1947-1952, 834 different military installations were created in Yugoslavia (from the 1952 political report of the USSR embassy in Yugoslavia).

In 1952, Yugoslavia adopted the so-called "new economic system," directed toward a rapid reestablishment of capitalist relations in the country.

The Yugoslavian government enterprises have been placed under the conditions of capitalist competition. Government regulation of raw materials, semifinished and finished products has been repealed. The distribution of wages has been made conditional on the profitability of the company, which has led to difficult financial situations and bankruptcies for many companies on the one hand, and to the formation of trusts and cartels on the other. The Yugoslav government encourages the creation of privately-owned companies, thus helping the growth of a new bourgeoisie.

As a result of closures in the civilian industrial sector, the number of unemployed is increasing. According to official Yugoslavian figures, which are obviously reduced, there are over 92,000 unemployed in the country.

Foreign capital, above all from America, England and West Germany, is penetrating into Yugoslavia at ever increasing levels. Thus, in the mining sector, a number of American and English concessions have been created for the extraction of zinc, lead and tin. A number of firms from capitalist countries--primarily American, English and West German--are sinking roots into the Yugoslav economy both directly and via existing industrial and trade enterprises in Yugoslavia that have been granted the right to venture into foreign markets on their own.

As of 1 January 1953, 203 foreign companies had their own representative offices in Yugoslavia, of which 85 were English, 47--West German, 18--Austrian, 14--American,

10--Italian, 8--Belgian, 6--French, 5--Swiss, and others. Among the large capitalist companies represented in Yugoslavia, one ought to note Ford, General Motors, Dupont, Westinghouse (USA), Büssing (West Germany), Alpine Montana (Austria), and Fiat (Italy).

The USA, England and France, which, in accordance to the 15.VI.1951 agreement, are providing so-called "tri-partite economic assistance" to Yugoslavia (USA--65%, England--23%, France--12%), are not interested in developing its civilian industry, while Yugoslavia's own resources are extremely limited. Yugoslavia is compelled to export raw materials, especially those of strategic importance. Yugoslavia is increasingly turning into an agrarian-raw material appendage of the leading imperialist powers.

The chairman of the Economic Committee under the Executive Veche [council] of the Yugoslavian Federation, Vukmanovich, stated on 15 November 1951: "Obviously, we could not immediately liquidate the semi-colonial situation in our country... We are still compelled to export metal, as well as raw material, and buy finished metal products from abroad... In the same way we are forced to export lumber and at the same time import paper, cellulose and other finished products" (The Struggle, 15 November 1951).

Yugoslav agriculture has been put in an even more difficult situation. In recent years, it has not only failed to increase agricultural production, but has in fact decreased it.

This country, where up to 40% of its exports were made up by agricultural products, presently cannot even meet its internal needs for agricultural products and is compelled to import significant quantities of grain, fats and other agricultural products from the USA and other countries. The difficult situation in Yugoslavian agriculture deteriorated during the drought in 1952.

After having grossly distorted the principles of agricultural development during the initial years of collectivization in the Yugoslavian agricultural industry, the Tito clique then proceeded to take the course of eliminating agricultural cooperation and supporting capitalist elements in the countryside.

During 1951-1953, open buying and selling of land was instituted in Yugoslavia, deliveries of grain and other agricultural products to the state were abolished, and conditions were created for the development of agriculture on a capitalist basis.

On 30 March 1953, the Executive Veche of the Federal Skupshchina [parliament] issued the directive "On property relations and the reorganization of agricultural workers' cooperatives," designed to eliminate cooperatives.

Following the issuance of the directive, class struggle in the countryside intensified. The kulaks, following the abolition of required deliveries of agricultural products (June 1952), were no longer interested in hiding at the zadruga [collective farms] from taxes and required deliveries, and, following the 30 March 1953 directive, began to leave the zadrugas, taking, in accordance with the directive, everything that they brought in (land, livestock, inventories, buildings). The landless and small-plot peasants have, on the other hand, begun to protest openly against the dissolution of zadrugas, stating that they do not wish to become again the farm hands of the kulaks. The Yugoslav Skupshchina began to receive a large number of collective petitions from small-plot peasants and members of cooperatives demanding that their interests be defended from infringement by the kulaks, who are not only themselves leaving the cooperatives and thus destroying them, but are also urging the poorest peasants to leave the cooperatives and go work for them as farm hands.

The "effect" of the March 30 directive was so unexpected to the ruling circles of Yugoslavia that they were forced to make numerous and, as it happens, very confused and contradictory explanations of the directive and take such a demagogic step as the promulgation of a new directive by the Executive Veche on 18 May 1953, limiting individual land use to 10 hectares. However, this was only a maneuver with the goal of somewhat calming the countryside and masking the real goal of the directive, which is to bring about the restoration of capitalism in agriculture. Essentially, the directive to limit land use in the countryside boils down to an even greater number of different provisos and exceptions designed to defend the interests of the kulaks.

The economic policy of the Yugoslav government in the areas of industry and agriculture has brought about serious disorganization in the country's economy and finances, as well as further decrease in the standard of living among the working masses in Yugoslavia.

Already in 1950, Kardelj acknowledged the fact that the country is experiencing inflation, which still continues to this day, despite the devaluation of the dinar carried out in 1952 (the value of the dinar was lowered 6-fold: from 50 to 300 dinars for \$1 US). In actuality, the exchange rate for the dinar is several times lower than the official rate (over 1000 dinars for \$1 US).

As a result of the increase in inflation there is a growing gap between the level of salaries and incomes of workers and peasants on the one hand, and the level of prices of essential goods on the other. Thus, the cost of living in Yugoslavia over the past 2-3 years has grown approximately 16-fold, while salaries increased only 5- to 6-fold. The Yugoslav government has in recent years increased the payment rates for communal services and transportation, has introduced paid medical care and decreased pensions. In 1953, direct taxes on workers and employees were increased by 20%. Taxes on peasants were also increased.

Despite the systematic increases in the tax burden, the Yugoslav government is not in the position to balance the state budget. In the budget for 1953, expenditures exceed revenues by 50 billion dinars, which is to be covered by way of financial assistance from abroad.

The Yugoslav budget reflects the shift of the country's economy to military tracks. 78.6% of the 1953 budget is earmarked for military expenditures. Expenditures for education, medical care and social welfare have been cut to such a minimum that the Yugoslav government has decided to not even publish it.

Since the break with the USSR and people's democratic countries, Yugoslavia has, by the calculations of several bourgeois economists, already received about 500 mln. dollars in notorious "assistance" and nevertheless finds itself in a pitiful economic situation. Basically, the economic "assistance" Yugoslavia receives from the imperialist countries is directed toward the establishment of military enterprises. For this "assistance," Yugoslavia repays with its independence, increasing its enslavement with debt, and one-sided, distorted economic development designed to turn the country into a military base.

At the 6th CPY [Communist Party of Yugoslavia] Congress, Popovich stated that Yugoslavia has in recent years trained over 1 mln. soldiers, prepared 12 thou. officers in military academies, and given continuing military training to 240 thou. soldiers and over 50 thou. officers. At the present time, there are about 1 million soldiers under arms in Yugoslavia.

During an interview with American journalists, Tito stated that the "Yugoslav

government has exerted and exerts enormous effort in order to maintain the readiness of an army as large as ours. We continue to divert more to preparing the army than other countries in Europe... Our investment is large not just in relative but in overall terms as well" (newspaper "The Struggle," 12.III.52).

During the period 1952-53, the Tito clique enacted a number of measures designed to strengthen its political supremacy. It is well known that following the break with the USSR and the people's democratic countries, massive repressive measures were carried out in Yugoslavia, during which supporters of unity with democratic camp countries were physically eliminated, and many tens of thousands of communists and workers and peasants not affiliated with the party who had condemned the treachery of the Tito clique were jailed or placed in concentration camps. A large scale purge of the government and party apparatus and the army was undertaken and continues to this day. Tito loyalists, old bourgeois officials and royal army officers have been appointed to leading posts in all branches of the government and the army. Persons who had compromised themselves with betrayal of the Yugoslav people through cooperation with the Fascist-German occupying forces have been granted amnesty and given wide access to the country.

In 1952, the agricultural and village people's committees (odbory) were liquidated, with only communal committees (odbory) left remaining on the district and city level. This allows the Yugoslav government to fill the communal committees with compliant people.

In January 1953, a new constitutional law was adopted in Yugoslavia that formally modifies, though in essence nullifies, the previous constitution of 1946. This law gives Tito and his clique exclusive power in the country. The leading organ of the Skupshchina--the Presidium--has been abolished, and its functions transferred to the President of Yugoslavia. A so-called Federal Executive Veche has been established, with the president as its chairman. Furthermore, he is the commander-in-chief and chairman of the people's defense council. Thus, the top legislative, executive and military power in the country is concentrated in the hands of a single person, namely Tito. The president is given the power of a "veto" over the decisions of the Federal Executive Veche, which is only a consultative body under the president. The president's accountability to the Federal Skupshchina, to which he swears an oath, is entirely nominal.

The constitutional law of Yugoslavia has brought to naught the democratic achievements of the Yugoslav people that found their place in the constitution of 1946.

Overall, the principles of governmental organization in Yugoslavia have been recast in the example of the American model, which is particularly clearly demonstrated by the establishment of 5 government departments (foreign affairs, national defense, internal affairs, national economy, budget and management) headed by government secretaries directly accountable to the president.

The Communist Party of Yugoslavia has been eliminated as the party of the working class. During the 6th Congress of the "CPY" in November 1952, the "CPY" was renamed the "League of Communists of Yugoslavia [SKYu]," a new charter was adopted for the "SKYu," which eliminated many of the fundamental articles that had brought together the previous CPY charter with the VKP(b) Charter. The new charter contains rejections of the fundamental ideological and organizational principles of the communist party: the principle of individual selection for inclusion in the party is renounced, candidate service has been abolished, the organization of party organs according to economic sector distribution has been reorganized according to territorial distribution, and broad intra-party discussion of fundamental questions of party policy has been abolished. The role of the "SKYu" boils down to so-called

"educational work," which must be carried out within the framework of the "National Front" that in 1953 was renamed the "Socialist Union of the Working People of Yugoslavia." The "SKYu" is being inundated with counter-revolutionary elements and its ranks are under the shadow of police observation. The sole purpose in the establishment of the "SKYu" is to support the regime of Tito, who is concurrently the "SKYu" General Secretary and the Chairman of the "Socialist Alliance of Working People of Yugoslavia."

In connection with the reorganization of the "CPY," the Titoists have begun to develop and strengthen in every possible way relations with the social-democratic parties of the West (England, France) and Asia (India and Pakistan). In recent times, Yugoslavia was visited by Guy Mollé, Spaak, Morrison, Biven, Zilliakus and others. Although the "SKYu" is not formally a part of the so-called "Socialist International," Tito and his circle emphasize the unity of views between the "SKYu" and the "Socialist International." It is known that the Yugoslavs were given a serious role in the attempt to unite the Social Democrats of Europe and Asia, which was reflected in the Yugoslavian delegation's appearance at the conference of Asian Social Democratic parties in Rangoon.

As far as the "Socialist Union of the Working People of Yugoslavia" is concerned, it unites the "SKYu" with its adjunct military and semi-military, youth, labor and women's organizations and bourgeois parties of Yugoslavia that have in recent times significantly energized their activities. All this is evidence of the attempts by the Tito clique to broaden its social foundations and ensure further consolidation of forces supporting the current regime in Yugoslavia. However, judging from a number of sources, the Titoist "Socialist Union of the Working People" does not possess any kind of solid unity not only due to its deeply harmful stance toward the interests of the working masses of Yugoslavia, but also because a number of bourgeois parties, including those affiliated with the "Union," are either in open or concealed opposition to Tito, with the Americans supporting the activities of a number of these parties, particularly the bourgeois-nationalist parties of Serbia and Croatia.

In this manner, the internal-political and economic situation in Yugoslavia is at the present time difficult and contentious. The Tito clique has suffered a serious defeat on extremely important questions of Yugoslav economic development. At the same time, the Tito clique has been able to create a large army and a broadly ramified police apparatus, which have been placed in privileged positions and used for suppressing the country's revolutionary movement. We do not possess the necessary information regarding the Yugoslav people's struggle against the country's current regime, although according to a number of sources, including the Yugoslavian press, one can conclude that there exists serious opposition among workers to the regime of the Tito clique. There are reports of strikes at several factories, economic sabotage of working peasants, and activities by illegal organizations and groups that are carrying out political and diversionary work. At the 6th Congress of the "CPY," Rankovic stated that 13 thousand members of the "CPY" have been repressed for supporting Cominform. The dissolution of the Central Party College and the Diplomatic College at Belgrade University, which itself was purged, the firing of the editorial board of the "Struggle," as well as the incident with Neskovic and Djuric at the 6th Congress of the "CPY" demonstrate the presence of serious dissension within the ruling ranks of the "CPY."

□II.

In its current policy the Tito clique is orienting itself primarily toward the USA and England.

Following Yugoslavia's break with the USSR and the countries of people's democracy, Truman stated that in the instance that Yugoslavia undergoes an attack, the USA will lend its assistance. As a follow-up, the USA government gave financial and economic assistance to Yugoslavia. The USA used this assistance with the aim of subjogating

Yugoslavia both economically and politically. Later, the USA concluded with Yugoslavia an agreement on USA military assistance to Yugoslavia (signed on 14 November 1951) and an agreement on economic cooperation (signed on 8 January 1952).

With the 14 November 1951 agreement, the Yugoslav government committed itself, in exchange for weapons and other military materiel provided by the USA, to render reciprocal assistance to the latter by "continuing to provide preferences to the USA in the production and shipment of... raw materials and semi-finished products that are needed in the USA." The Yugoslav government committed itself "to provide dinars to the USA government for the latter's use in covering administrative and operational expenses, incurred in connection with the implementation of this agreement," and to guarantee the "removal of tariffs and duties on the import and export of goods, property, materials and equipment brought into its territory or taken out from its territory in connection with this agreement...." The Yugoslav government has committed to "assist in the development and maintenance of its own defense capability and the defense forces of the free world, to the extent allowed by its labor force, and promised to adopt all reasonable measures necessary to develop its defense capabilities," as well as to take "appropriate steps to provide for an effective implementation of economic and military assistance provided by the USA government." The 8 January 1952 agreement between the USA and Yugoslavia even more fundamentally brings the entire Yugoslav economy under the military designs of the USA.

A vital element of this "aid" is the presence of numerous American observers, advisors and instructors to whom the Yugoslav leaders give full responsibility in the implementation of American "aid" and complete freedom of movement in the country.

The aggressive essence of these agreements stems from the fact that they were concluded within the parameters of the notorious American "law on mutual provision of security," as stated in the text of the agreements themselves.

These agreements, officially including Yugoslavia in the Anglo-American aggressive bloc, completed the final subjugation of the Yugoslav armed forces under the control of the American military clique, handed over the Yugoslav economy to the Americans' disposal, and subordinated the Yugoslav government to serve the political objectives of American imperialism.

The USA has adopted a number of measures directed toward the quickest possible restoration of capitalism in Yugoslavia. It is well known, for example, that during his visit to Yugoslavia in 1951, Harriman presented Tito with demands for extending privileges to American capital in Yugoslavia, as well as extending complete freedom to the capitalist elements in Yugoslavia.

In addition to the USA, Yugoslavia also maintains very close relations with England. With the arrival of a conservative administration in England, Yugoslavia's relations with England have become more active. In September 1952, Eden visited Yugoslavia. As a result of the talks between Eden and Tito, the Anglo-Yugoslav communiqué stated that "various questions of the international situation were examined and a commonality of opinions was established with regard to the main questions faced by the two countries. In particular, the situation in Europe was discussed." Later, Eden stated that his trip to Austria and Yugoslavia had the goal of "eliminating a breach in the line of defense."

In March 1953, Tito departed for England for talks with Churchill. Upon arriving in London, Tito announced that Yugoslavia is England's "truest ally." In addition to diplomats, the talks also included military specialists of both sides. The official

communiqué of the negotiations emphasized the unity of views shared by the two sides with respect to the international situation and the countries' obligations to establish closer cooperation between themselves. The communiqué stated that "the English government welcomes the recent establishment of close ties between Yugoslavia, Greece and Turkey." Succeeding statements by both Tito and Churchill testify to the strengthening of mutual relations between the English and Yugoslav governments. Churchill, speaking at the House of Commons, stated: "We arrived at complete agreement on all important international questions. We also came to agreement that there cannot even be any talk of the possibility of a local war."

The complete dependence of Yugoslav foreign policy on Anglo-American imperialism was clearly demonstrated by the creation of the Yugoslav-Greek-Turkey bloc that was established by the Agreement of friendship and cooperation, signed on 28 February 1953. Despite the presence of a number of disagreements between the members of this bloc, the tri-party agreement became fact exactly because it was what the Anglo-Americans were striving for in their desire to create and strengthen the aggressive anti-Soviet base in the Balkans. At the present time, active talks are being held by the General Staff of the three countries, along with exchanges of military delegations and measures for economic rapprochement between these countries.

A different path was followed in the development of Yugoslavian relations with Italy. The nature of these relations following the second world war was defined primarily by the problem of Trieste, which up until now has not yet been resolved.

Following the announcement by the USA, England and France regarding Trieste on 20 March 1943, which provided for the transfer of STT to Italy, the situation changed sharply vis-à-vis Yugoslavia's shift to the imperialist camp. In trying to preserve Trieste as an important strategic base, the USA and England have reexamined their previous position and are seeking to partition STT between Italy and Yugoslavia. However, such a position, although it satisfies Yugoslavia, does not satisfy Italy, which continues to insist on enacting the aforementioned declaration of the three powers.

Despite all attempts by the Americans and the English to bring closer the positions of Yugoslavia and Italy and achieve the partition of STT between them, Trieste remains a problem that causes serious friction between Italy and Yugoslavia and has become particularly aggravated in recent times. This is demonstrated by the increased polemic in the press, as well as by the speeches of the representatives of both countries, including the speeches of Tito and de Gasperi in April-May of this year.

The Yugoslav government has recently adopted measures to step up political and economic relations with West Germany and Austria. By now West Germany has taken first place in Yugoslav foreign trade. The Yugoslav government is also taking measures to step up relations with countries in the Near and Middle East and in Southeast Asia.

Following the break with the USSR and countries of people's democracy, Yugoslav foreign policy has taken on a sharply anti-Soviet character. While maintaining formal diplomatic ties with the USSR and countries of people's democracy, the Yugoslav government is doing everything possible to deteriorate relations with countries of the democratic camp and has unleashed a raging anti-Soviet propaganda campaign, casting the USSR in the role of an aggressive imperialist country that is trying, as it were, to "swallow" Yugoslavia. This was also reflected in the latest major political events in Yugoslavia--at the 6th Convention of the CPY, the [illegible] session of the People's Front, in the international policy speeches of Tito, Kardelj, Djilas, and Pjade, and in the speeches of Yugoslav representatives at the UN and other international organizations. In its mutual relations with countries of people's democracy, the Yugoslav government continuously resorts to provocations and blackmail, in addition

to the numerous attempts to create a ramified spy network in these countries and employ counter-revolutionary elements of every ilk to fight against the people's democratic order.

It should be noted that, while essentially maintaining its anti-Soviet course, the Yugoslav government has somewhat moderated its fervor in recent months. The speeches of the leading Yugoslav officials, including Tito himself, have taken on a more restrained tone.

This, certainly, is tied to the fact that the foreign policy measures of the Soviet government, which are focused on improving international relations, have found broad appeal among the Yugoslav masses, as a result of which it is becoming increasingly difficult for the Yugoslav government to take up such an aggressive anti-Soviet policy as it had before. At the same time, certain realistic preconditions have been created for normalizing USSR relations with Yugoslavia as a bourgeois country. In this regard, certain prospects are taking shape for some kind of a normalization of relations between countries of people's democracy and Yugoslavia.

As evidence of this, one can take the Rumanian-Yugoslav conference regarding shipping questions in the Iron Gate region, during which there emerged the Yugoslavs' wish to reach an agreement with the Rumanian side.

One of the most important tasks in our foreign policy regarding Yugoslavia, in our opinion, is the careful observation of internal changes taking place in Yugoslavia and in its foreign policy relations, the utilization of all possibilities for penetrating Yugoslavia with truthful information about the USSR, and the implementation of measures that can weaken the American-English influence in Yugoslavia and prevent the creation of an anti-Soviet strategic base in the Balkans.

[signature]
M. ZIMYANIN.

27 May 1953
to 0314/4so

vl-5
27.V.53.
#3876
to com. Molotov, V. M.,
com. Gromyko, A. A.,
com. Zorin, V. A.,
to file 4EO,
to file 4 EO.