

Top Secret

**YUGOSLAVIA: Republics Still at Odds**

*Republic leaders' talks on Yugoslavia's future appear to be in a holding pattern while the Serbs and Croats focus on protecting their equities.*

The republic presidents will turn drafting of referendums on the future of the country over to the republic legislatures, [redacted]. They agreed that the referendums are each to present a choice between a loose alliance of sovereign states and a strong federal state and that the result must not force groups such as the Serb minority in Croatia out of Yugoslavia against their will. [redacted]

The Croatian government continues to edge toward declaring independence. The republic legislature Thursday created a Croatian national guard. President Tudjman and Croatian defense officials arrived in Budapest yesterday for talks with Prime Minister Antall and President Goncz. [redacted]

Serbian authorities announced yesterday that nationalist opposition leader Vuk Draskovic will go on trial next week for fomenting violence during demonstrations last month in Belgrade. Union leaders were barely able to keep the rank and file from joining those demonstrations, [redacted] and the trial will occur amid signs that worker discontent is rising. The bankrupt Serbian government this week gave in to all demands of striking metal and textile workers, but it probably will fail to come up with funds promised to them. [redacted]

[redacted] The increasing invisibility of federal leaders in the negotiations suggests real power is already in the hands of republic leaders. Their apparent failure to narrow their differences in four summits shows the gulf between the Serbs and Croats; any consensus requires agreement between Tudjman and Serbian leader Milosevic. The two have discussed possible land and population transfers in a breakup of Yugoslavia but have made little progress. Even if they can agree, territorial divisions will be hard to implement peacefully. [redacted]

Tudjman's visit to Budapest will raise suspicions in Belgrade because of Hungary's past involvement in weapons sales to Croatia. Milosevic may try to use the visit to distract attention from his growing economic troubles. [redacted]

[redacted]  
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