

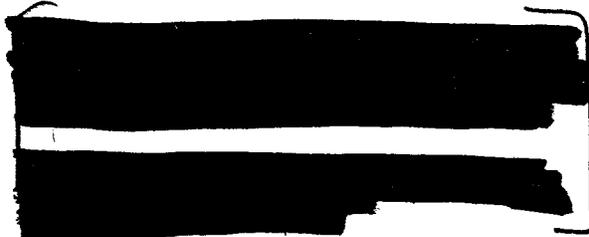


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Yugoslavia: The Federal Leadership in Crisis [REDACTED]

A Research Paper



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~~NOFORN~~**Yugoslavia: The Federal
Leadership in Crisis****Summary***Information available
as of 1 October 1990
was used in this report.*

Yugoslav federal institutions—struggling to govern since Tito's death in 1980—are near collapse. Insoluble ethnic and regional rivalries, a seriously deteriorating economy, and tensions caused by the demise of Communism elsewhere have combined to put an unbearable weight on federal institutions and leaders. Moreover, many federal leaders actually play a less important role than do their regional counterparts, who wield significant power in the Yugoslav system.

The eight-member collective State Presidency, in our judgment, has proved unable to halt Yugoslavia's political drift and deal with rising ethnic tensions. Members of the Presidency are politically beholden to their home regions and generally make decisions on the basis of parochial interests. Political rivalries and personal and ethnic animosities among the officials cause tensions and often prevent agreement on key issues. Moreover, the members have few memories of the anti-Nazi struggle—the most important unifying tie for leaders of the Partisan generation.

The Federal Executive Council, which is headed by Premier Ante Markovic, has become the leading federal-level policymaking institution, but it must operate within the context of Yugoslavia's highly decentralized system. Many regional and federal leaders—especially those from Croatia and Slovenia—oppose giving the FEC more authority and staunchly defend local interests against elements of Markovic's reform program.

Finally, the breakup of the party congress in January 1990 confirmed the demise of the League of Communists of Yugoslavia (LCY) as a federal institution. Local party leaders still control significant political activity in regions other than Slovenia and Croatia, but the federal party has ceased to function in a meaningful way.

We doubt that any federal institution—or leader—will be able to restore the power that has slipped away from the center. The Presidency will continue to be in a stalemate over important issues. The LCY, having lost its leading position, will become simply one of many parties competing for power and popular support. It may end up as a Serb-dominated "rump" or it could take on the character of a loose grouping of left-leaning regional parties that favor a federal Yugoslavia.

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Although the Federal Assembly has expanded its role over the last few years, it has little chance of emerging from the current morass with enhanced power. At the moment, amendments proposed by the Federal Executive Council that would lay the groundwork for a functioning multiparty parliament are bogged down in regional discussion. As the transition toward a multiparty system continues, the authority of the Assembly could further diminish—within the context of a highly decentralized Yugoslavia. [REDACTED]

Yugoslav economic reform and stability hinge on the success of Premier Markovic and his government. The breakup of the League of Communists' congress had the effect of increasing his prestige, and he has announced the formation of a new federal party. Translating his own prestige into increased institutional power for his government will be an uphill battle, however, as the various regions assert their autonomy from the center. If he fails, or if conservatives succeed in blocking progress toward democratic institutions, the setback for reform would accelerate the devolution of authority to the regions, escalate social tensions, and increase human rights abuses in some regions. [REDACTED]

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Yugoslavia: The Federal Leadership in Crisis

The Precarious Federal System

The federal system is the living legacy of Yugoslavia's founder, Marshal Josip Broz Tito, and the trials of the system are not new. A relatively young country, Yugoslavia is inhabited by a variety of peoples—some mutually hostile—with different languages, religions, and cultures. The country's creation in 1919 was something of a force fit, with Croats, Slovenes, and others chafing under the rule of the Serb royal family and Serb-dominated governing institutions. Tito's solution to the problems inherent in such an explosive ethnic mosaic was to create a federal system in which nations and national minorities were represented within constituent republics and provinces. These regions, in turn, staffed the leadership on the federal level, under guidelines that guaranteed each a share of power and perquisites.

Originally, this framework was little more than a facade for oligarchical rule by Tito and his trusted lieutenants—who themselves were drawn from Yugoslavia's major ethnic groups. They were bound together within a united Communist Party in the hope that ideology and the memory of the liberation struggle would be sufficient integrative forces to unite postwar Yugoslavia. As pressure for greater local autonomy grew, the regime responded with measured decentralization that gave greater authority to regional leaders. These concessions merely whetted the appetites of local officials, who pressed for a truly decentralized framework, which was eventually enshrined in the revised Constitution of 1974.

Despite the regime's rhetoric and lore, Tito was the real unifying force in the federal system; when he died in 1980, the system began to unravel. Ironically, the disintegration was inadvertently exacerbated by Tito in one of his last acts: the 1979 decrees on collective rule and regional rotation were designed to prevent anyone from succeeding him and becoming a "new Tito." No one could amass sufficient authority to

keep the lid on ethnic rivalries and problems stemming from economic disparities between the relatively prosperous north and the poorer south. The period from 1980 until 1989 was one of generally weak federal leadership, economic deterioration, and gradual disintegration, which accelerated in 1989 and 1990 under the combined impact of economic crisis, an explosion of ethnic nationalism, and far-reaching change in Eastern Europe.

Structure of the Federal Leadership

According to the Constitution, responsibility for governing is divided among several institutions: the State Presidency (chief of state), the Federal Executive Council (executive), the Assembly (legislature), and—until January 1990—the League of Communists of Yugoslavia (as ruling party):

- The State Presidency is the highest federal institution in the country. It is a collective decisionmaking body of eight members, who represent the six republics and two provinces. The Presidency has constitutional authority over security, defense, and foreign policy. In economic and domestic affairs, on the other hand, it serves primarily to advise the Federal Executive Council.
- The primary architect and executor of domestic affairs is the Federal Executive Council (FEC—cabinet), headed by the FEC president (premier), who is named by the State Presidency. Technically the executive organ of the Federal Assembly, the FEC is relatively autonomous from the legislature; its members are chosen by the premier in conjunction with the Presidency and regional leaders. It designs and initiates federal legislation, which is then submitted to the Federal Assembly. The FEC must submit to a vote of confidence two years after convening.

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- The Federal Assembly is weak, even in relationship to the other federal institutions (not to mention legislatures in Western democratic systems). Made up of delegations from each of the republics and provinces, it currently has no authority to initiate legislation or to oversee federal activity. According to most sources, however, the Assembly is becoming more important as Yugoslavia makes the transition to a multiparty system.
- The League of Communists of Yugoslavia (LCY)—once the most important federal institution—suffered a dramatic collapse this year. The party is disintegrating under the weight of the country's problems and as a result of the dissolution of Communist power throughout Eastern Europe.

Principles and Weaknesses

The very principles that have succeeded in keeping any republic from dominating the government have also caused the gradual decline in effectiveness of federal decisionmaking. These principles—collective leadership, rotation of office, consensus decisionmaking, and decentralization of implementation—have resulted in inefficiency, paralysis, and political stalemate:

- *Collective leadership.* The federal organs are composed of representatives from all the republics and provinces; rules prevent any one member from amassing decisive authority. Although this arrangement guarantees each region an equal voice in decisionmaking, it has led to a lack of accountability and responsibility.
- *Rotation.* The highest-level positions usually rotate according to a set schedule—changing every one or two years and thus permitting little continuity in leadership. The incumbent in any position usually has little real authority, acting merely as a *primus inter pares*.
- *Consensus decisionmaking.* Important decisions require the consent of all republics, allowing each republic and province an effective veto over many decisions. (However, when initial consensus fails, some decisions can be passed by majority vote if the Presidency approves use of temporary measures.)

- *Decentralization.* Once a decision has been made, the regions are responsible for implementing it. However, they often block laws and enact substitute policies, despite opposition from federal leaders.

The Stalemate of the Presidency

The Presidency ostensibly oversees almost every area of Yugoslav life, but in fact it can wield its authority only in cooperation with other federal institutions and regional leaders. It has been unable to stem the devolution of power to the regions, and its most important—and perhaps most difficult—function is to serve as a forum for negotiating compromises among the quarreling republics and provinces. To hammer out important policy decisions, the Presidency sometimes meets jointly with other federal and regional bodies to make decisions and attempt to ensure that directives are carried out.

The offices of Yugoslav president and vice president rotate annually among the members of the collective State Presidency. The current Presidency began its five-year cycle on 15 May 1989. Borisav Jovic (Serbia) will serve until May 1991 as President of the Presidency, the formal head of state. Croatia's Stipe Mesic has been chosen as Vice President and will succeed Jovic in 1991. Montenegro's Nenad Bucin will then take over as vice president.

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| Term | Republic or Province (Current Incumbent) | Republic or Province |
|---------|---|-------------------------|
| 1990-91 | Serbia (Borislav Jovic) | Croatia |
| 1991-92 | Croatia (Stipe Mesic) | Montenegro |
| 1992-93 | Montenegro (Nenad Bucin) | Vojvodina |
| 1993-94 | Vojvodina (Dragutin Zelenovic) | Kosovo |
| 1994-95 | Kosovo (Riza Sapundziju) | Macedonia |
| 1995-96 | Macedonia (Vasil Tupurkovskij) | Bosnia- Hercegovina |
| 1996-97 | Bosnia-Hercegovina (Bogic Bogicevic) | Slovenia |
| 1997-98 | Slovenia (Janez Drnovsek) | Serbia |

entirely democratic. All candidates were first nominated by regional officials, not the populace, and all were members of the LCY. [REDACTED]

Partial democratization, however, has served only to weaken the Presidency; newly elected officials from Slovenia, in particular, have contemptuously dismissed the Presidency as irrelevant to a future system in which individual republics would hold democratic elections and wield increasing power. These officials have declared their unwillingness to deal with a "representative of the old one-party system" and have called for democratic elections to be held in all republics and an entirely new presidency to be subsequently appointed. [REDACTED]

Moreover, political maneuvering and scandals during the early part of the current term marred the electoral process and further damaged the public's perception of the Presidency. Macedonians and Bosnians missed the 15 May 1989 deadline and chose their Presidency members only after two months of further political bickering; during that time they were represented in Belgrade by their republic presidents. Nenad Bucin (Montenegro) has also faced problems. The Montenegrin youth organization had demanded his recall because of alleged involvement in declaring a state of emergency to break up mass protests during October 1988. (The demand was subsequently rejected by the republic central committee.) Meanwhile, Kosovo's original slate of candidates was scrapped altogether, presumably because the candidates were not acceptable to the Serbian leadership. [REDACTED]

The process by which the current Presidency was formed provides a striking example of Yugoslavia's increasing liberalization, which in turn is undermining support for a strong central government. For the first time, four republics (Bosnia-Hercegovina, Macedonia, Montenegro, and Slovenia) have held public, competitive referendums to choose their representatives. Janez Drnovsek from Slovenia was elected a member of the Presidency in April 1989; the election was the first by direct secret ballot to be held for a federal-level position since World War II. (To fulfill the technical requirement of the law, each regional assembly had to confirm the election, but all four abided by the public will.) Still, the process is not yet

Facing the Future Deeply Split

Despite ostensible agreement on democratization and economic reform, the new Presidency members reflect first and foremost the entrenched parochial interests of their home constituencies. The Presidency, therefore, like the society it represents, is as divided as it is weak. [REDACTED]

¹On 25 August 1990 Stipe Mesic, who is not a member of the LCY, was chosen to replace Stipe Suvar as Croatia's representative. [REDACTED]

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Constitutional Reform. The Presidency is stalemated over the issue of what Yugoslavia should look like in the future, and the members cannot agree on the appropriate division of power between the federal government and the republics. Consequently, the constitutional working group—led by Vasil Tupurkovski and former Presidency member Stipe Suvar—was able only to propose several alternatives for consideration by the Federal Assembly in the spring of 1990. Since mid-June, the Presidency has begun a series of meetings with republic presidents to resolve the future constitutional status of the country; however, we doubt that President Jovic, a vitriolic Serb nationalist, is capable of leading an objective dialogue. In particular, his recent proposal for a countrywide referendum on the question appears to be a nonstarter.

Democratization. Nenad Bucin, Janez Drnovsek, and Vasil Tupurkovski are the members of the Presidency who most prominently advocate greater political pluralism. Drnovsek especially has voiced his sympathy with those who are pushing the limits of political reform: he was among the first to state publicly that direct, secret elections are absolutely necessary to democratization. These members will almost certainly be joined by Croatia's Mesic, who reflects the liberal positions popular at home. Other members of the Presidency—although they have probably accepted that political pluralism is inevitable—would probably be more comfortable with many elements of the old order.

Economic Reform. The Presidency supports—at least in principle—Premier Ante Markovic's economic reform program.

The Presidency, however, lacks the authority (and perhaps the willingness) to ask its constituents to accept the short-term costs of reform—bankruptcy, unemployment, and higher prices. Some Presidency

members have backtracked rather than face the wrath of local leaders. In particular, Jovic and Dragutin Zelenovic seem to change their positions whenever necessary to follow Serbian leader Slobodan Milosevic's current line: they usually join him in attacking Markovic and the FEC for allegedly discriminating against Serbia in pursuing economic reform.

Human Rights Reform. The Presidency has been unwilling to alleviate the major blight on Yugoslavia's human rights record—discrimination against ethnic Albanians.² A majority either are hardliners on ethnic Albanian issues (Bucin, Jovic, and Tupurkovski) or obediently follow Serbia's lead (Riza Sapundziju and Zelenovic). On 11 July the Presidency—by majority vote—adopted a resolution condemning Kosovo's declaration of independence from Serbia, in essence acquiescing to Serbian repression of Albanian human rights.

When Drnovsek was President during the period 1989-90, he took an early and active role in the human rights arena, meeting with leaders of the Yugoslav human rights committee and with foreign officials. In July 1989 he announced—on behalf of the Presidency—that Yugoslavia would join the Council of Europe and that federal legislation would be brought into line with its rules, including observance of the European Convention on Human Rights. Jovic, however, has not continued Drnovsek's active role in human rights issues. Recent human rights violations by the republic of Serbia probably will preclude Council membership in the near future. Drnovsek has publicly expressed his disgust at recent Presidency decisions on Kosovo; in September he stated that he would no longer participate in such sessions.

² Ethnic Albanians make up 90 percent of Kosovo—a province of Serbia—and substantial local populations exist in Macedonia and Montenegro. Serbs deny to ethnic Albanians the right of assembly and freedom of speech, and their opposition parties are harassed. In July, Serbia abolished the local governing institutions in Kosovo, substituting rule from Belgrade.

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Figure 1. Pro-Milosevic demonstration, September 1988.



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Serbian Nationalism. Milosevic's use of ethnic nationalism to advance his personal agenda is another issue confronting the Presidency. He has been unable to dominate presidential politics, but we expect him to continue to exploit Presidency disagreements whenever doing so will advance his interests. He has only three constant supporters—Jovic, Zelenovic, and Sandziju; the balance of the Presidency does not favor his broader aim of creating a centralized, Serbian-dominated political system.

The Federal Executive Council: Favoring Unity and Reform

The FEC is the official executive organ of the Federal Assembly, but the latter traditionally has had no power to select or remove members of the FEC. In early 1989, Ante Markovic was nominated by the State Presidency to complete the term of FEC President Branko Mikulic, who had been forced to resign because of mismanagement of the Yugoslav economy. Markovic then consulted with other federal leaders and regional officials and selected a cabinet; the entire slate was approved by the Federal Assembly in March 1989. As Yugoslavia prepares for the transition to a multiparty system, the FEC's term (which

should have ended in May 1990) has been extended through the end of the year until parties can be organized and elections can be held.

The Office of FEC President

Its Strengths. As head of the FEC, Markovic holds probably the most important federal position in the post-Tito political system; he, more than anyone else, shapes the government's domestic policies and determines the pace of political and economic reform. According to Vice Premier Zivko Pregl, Markovic and the FEC take pains to discuss issues with republic leaders and shape a consensus before making policy declarations. Markovic has some influence over foreign and security policies because he shares with the collective State Presidency supervisory authority over the Defense, Foreign, and Interior secretariats. Moreover, the premier has a four-year term, subject to a mandatory vote of confidence after the second year, while the head of state rotates each year and merely presides over a collective decisionmaking body.

Its Weaknesses. Despite the lack of a powerful rival, however, the premier in post-Tito Yugoslavia has less authority than do other European premiers, and Markovic suffers from the chronic problems affecting all

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Figure 2. FEC President Ante Markovic with US Secretary of Defense Richard Cheney, October 1989.



ATP ©

Yugoslav leaders. He must deal with other federal-level institutions—such as the State Presidency, the Federal Assembly, and (historically, at least) the League of Communists—which have varying degrees of input into his policies. More important, his government depends on the cooperation of regional leaders to implement policy. Markovic has few tools other than persuasion to reduce regional budgets (the bulk of government spending) and eliminate inefficient enterprises. The premier is also unable to install reform-minded officials in regional governments.

Markovic has proposed constitutional amendments that would increase the authority of his office to enforce his policies on recalcitrant regional politicians—a basic power for most federal governments; in our view, however, he has little chance of succeeding. The northern republics, on the contrary, have called for increased local autonomy, independent regional economic policies, and the primacy of republic over

federal laws. Even the basic legislation for implementing the economic reform program last December was passed (with the help of the Presidency) only by the use of temporary measures.

The FEC Team at a Glance

One of Markovic's conditions for taking the job of premier was explicit support of the regions in naming a competent cabinet. Markovic adhered less strictly to traditional proportional regional representation than did his predecessor, although he did have to bargain with local power brokers. In the end, he was able to nominate a capable and reformist cabinet in which the liberal northern republics are heavily represented. Except for Dzevad Mujezinovic, a former FEC member without portfolio, who is now Ambassador to the United States, all of Markovic's appointees are still in office.

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Premier Markovic has implemented an economic program that has reduced the country's hyperinflation (70 percent for the first half of 1990 versus 2,800 percent for 1989) in the short term and has been designed to adjust the structure of the economy by introducing market-oriented reforms in the long term. The first stage of the stabilization program (implemented in January) was a currency reform and wage freeze that:

- Replaced 10,000 old dinars with 1 new dinar.
- Made the new dinar convertible into hard currency (the first currency in Eastern Europe to become convertible).
- Pegged the new dinar to the deutsche mark (DM) at the rate of 7 dinars per DM.
- Froze wages for six months.

The long-term structural adjustment program is designed to make the economy work efficiently, but it could double the current 15-percent unemployment rate, if strictly enforced. It is intended to streamline or close firms by making them operate without subsidies, reorganize the banking system, create stock markets, promote joint ventures, and privatize companies. The magnitude of the restructuring effort is illustrated by IMF data from 1987 and 1988 that show total losses of money-losing enterprises exceeded total profits of money-making firms, and by statements from Yugoslav officials that put the cost of bailing out these firms at 10 percent of the national output. Moreover, most banks in Macedonia, Kosovo, and Montenegro are reportedly beyond rehabilitation.

Despite significant gains against inflation, the increasingly unsettled political situation impairs Markovic's efforts to restore the country's economic health. His program is coming under increasing attack from labor over the wage freeze, parts of which were lifted on 1 July, and the federation is experiencing a growing number of strikes. In June, 250,000 Serbian textile workers staged a one-day warning strike—the largest labor action in Yugoslav history.

Key legislation needed to implement the next phase of the reform program is being blocked by Slovenia and Croatia, the federation's most prosperous republics, because they want to restrict federal power over the economy. Serbia, reeling from the impact of tight monetary policy on its unprofitable industries, has openly broken with the Markovic program in recent months. As exports become less competitive, firms verge on financial collapse, and labor unrest increases, Markovic may face a no-confidence vote over economic austerity. If he caves in to popular pressure, the economy probably will drift back toward hyperinflation, and the economic crisis will drag on through the 1990s.

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Yugoslav Life ©

Figure 3. Premier Markovic, weary after prolonged negotiations to form a government, is so weak politically that he has been described by US officials as making "the president of confederal Switzerland look like Louis XIV."

Markovic has streamlined the FEC—presumably also increasing its efficiency. He has reduced the cabinet from 29 to 19 members and has abolished two-thirds of the member-without-portfolio slots, which were traditionally filled with less qualified nominees to ensure ethnic and regional balances. Compared with its predecessors, the Markovic FEC is weighted in favor of the more liberal, Western-oriented, and pro-market northern republics. Croatia and Slovenia retain the same number of seats on the smaller FEC as before (five and three, respectively), while Serbia has been reduced by one position to four members. The representation of the smaller southern republics was slashed even further. Economically important portfolios such as Finance, Foreign Economic Relations, and Economic Development are held by officials from the north.

Taking Advantage of Recent Events

By all accounts, Markovic and the FEC were the main beneficiaries of this year's precipitous decline of the LCY. Even though he had been distancing himself from the LCY for some time, Markovic attended the 14th party congress in January and, according to many observers, projected a statesmanlike image that was in marked contrast to the spectacle of petty squabbles put on by party leaders. Support among congressional delegates for his reform plans clearly enhanced his prestige. They endorsed his economic reform program and agreed to eliminate the party's monopoly of power and to improve protection of human rights. Markovic was the first major Yugoslav politician to publicly propose a multiparty system—a

concept that was unthinkable little more than a year ago but one that was apparently supported by the vast majority of party delegates. (Croatia and Slovenia have already held republic-level multiparty elections; most other republics will hold elections this fall.)

Markovic almost certainly welcomes the prospect of diminished interference from the LCY in FEC decisions; after the LCY congress debacle, he said that his government was accountable only to the Federal Assembly, not to the LCY. In April Markovic announced that the party organizations in the federal administration would be eliminated, removing residual LCY authority in the government—an essential precondition to establishing a functioning federal multiparty system.

Markovic has moved to take advantage of the party's disarray to direct political reform much as he has dominated economic policy making. In addition to further economic amendments, he has proposed amendments to the Yugoslav Constitution that would give the force of law to the political measures endorsed by the congress, such as legalizing a multiparty system, regulating the formation of political parties, and providing the legal basis for a broad array of civil and human rights.

However, the opposition of several republics to portions of Markovic's proposals makes adoption of the entire reform package unlikely in the near term. Although most republics have accepted the political proposals in principle, Croatia and Slovenia almost certainly will not approve the actual amendments. Serbia has insisted on adopting political and economic proposals as a package, a ploy that may prevent the adoption of any amendments.

The League of Communists in Decline

The League of Communists of Yugoslavia, now in its death throes, has traditionally been the country's ruling political institution. Party leaders made all

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Figure 4. An example of the contempt in which the party is held: party symbol is "dragging down" man reaching for the sun.

Miroslav Poljaka ©

important decisions, which were then communicated to government officials—all of whom were party members—for implementation. However, without Tito's personal authority to buttress it, the power of the federal party has gradually declined, first in comparison with the growing importance of regional parties and then in comparison with the Presidency and—especially—the FEC. The LCY has become irrelevant and powerless to organize itself, much less to slow the breakup of the Yugoslav structure.

The Rise in Regionalism

Since the mid-1970s, and especially since the death of Tito in 1980, power within the party has devolved from the federal level to the regions. Although party leaders in Belgrade have been important participants in policy debates, they have relied for their influence on their regional—not federal—power bases. The primary duty of these officials has been to protect the interests of their home constituencies; of the few who have attempted to reject the dictates of the regional party bosses, most have suffered severe consequences, including the loss of their party positions.

Authority for personnel policy—perhaps the most important tool of control for a ruling Communist party—passed to the regions during the 1970s. As late

as the early 1970s, Tito had been able to purge a nationalist-oriented Croatian party leadership and install more malleable successors. Today, however, regional parties name federal party officials (from the central committee on up), not vice versa.

The Extraordinary 14th Congress of the LCY in January 1990—designed to preserve party unity—fell apart over the issue of regional party power. The Slovenes proposed to transform the LCY officially into a league of fully autonomous regional parties that could veto federal party decisions. When that concept was vetoed, the Slovene delegation left the congress and voted a few days later to break with the federal party, as did the Croat regional party. Federal party leaders, having failed to prevent the debacle, appeared incompetent and powerless.

Milosevic's Attempt To Dominate the Party

Hardline Serbian leader Slobodan Milosevic has been trying—so far without much success—to preserve some measure of Communist authority at the federal level. He was behind the original call in early 1989 for the extraordinary congress, and he was the major loser when it fell apart. After the Slovene walkout, Milosevic was unable to persuade remaining delegates to permit him to dominate the proceedings and expand his influence beyond Serbia. The delegations for Croatia, Bosnia, Macedonia, and the Yugoslav Army opposed his call to continue deliberations, which he would probably have used to press for control of the party.

The Croatian and Slovene parties have since refused Milosevic's efforts to convene new deliberations, and the Macedonian and Bosnian parties are unlikely to cooperate in his larger goal. Recently, Milosevic formed a Socialist Party of Serbia to succeed the Serbian Communist party. He appears to see this allegedly new party as a constituent part of a new LCY and will continue his efforts—along with other party conservatives—to revitalize a rump Communist party under Serbian control.

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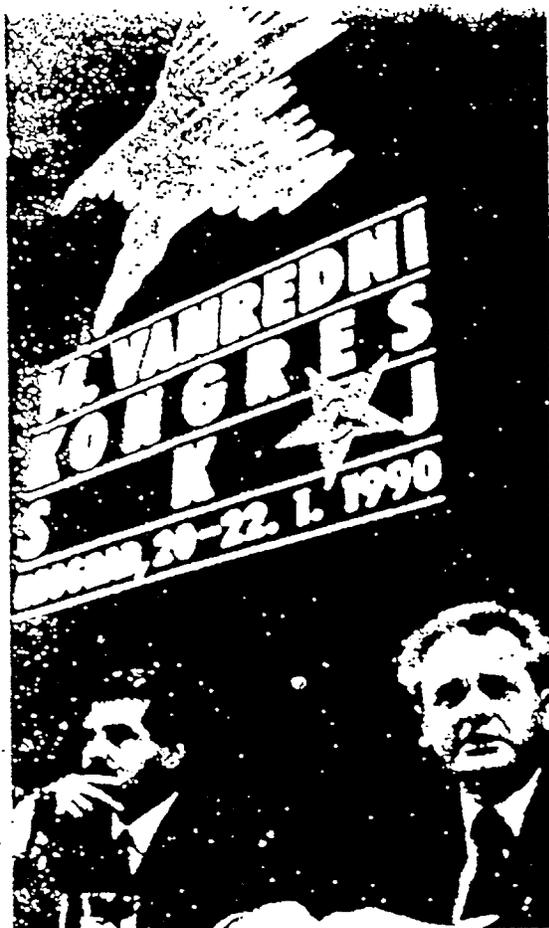
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Figure 5. Serbian leader Slobodan Milosevic at the party congress, January, 1990.

The Federal Assembly: A Parliament in the Wings?

The role of the Yugoslav Federal Assembly is becoming more important as Yugoslavia enters the transition to a multiparty system. The Yugoslav Federal Assembly has traditionally acted as a rubberstamp—as in most Communist systems—and has had little

choice except to affirm or (less often) reject decisions already made at the executive level or by regional power barons. In December 1988, however, the Assembly rejected the FEC's proposed budget, subsequently forcing then Premier Branko Mikulic to resign. This action—a first in Communist Yugoslavia—was a sign of greater legislative assertiveness and of the increased accountability of the FEC to the Assembly.

The Assembly is made up of two chambers with partially overlapping responsibilities; both bodies are composed along regional lines rather than proportionally according to population. In practice, both chambers usually vote by regional bloc—according to directions from home. The president and members of the FEC are nominated by the Presidency; although the Assembly presently has no authority to make those nominations, they do formally elect the officials. The Assembly does, however, have the authority to pass a vote of no-confidence on the government; such action has been threatened but never taken. (Mikulic had technically resigned his post first.)

The composition of the Assembly often makes agreement on legislation difficult, if not impossible. In some instances, there are provisions for passing a law as a temporary measure through the mediation of the FEC and the Presidency, a device that has often been necessary to prevent absolute stalemate of the legislative process.

There is a new activist spirit in the Assembly committees; in the past, committee meetings were "about as interesting as the average LCY meeting." FEC secretaries formerly could bluff their way through meetings and hearings. Now, however—

—uninformative presentations are considered unacceptable (except from the Defense and Interior Secretariats, who answer directly to the Presidency), and FEC members must be prepared to deal with informed questioning.

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The Military's Political Role

The Yugoslav People's Army (JNA), in our judgment, is the only significant integrating force left on the federal level. The JNA is a unified, ethnically integrated military service composed of ground, air, and naval forces with a current overall peacetime strength of approximately 180,000 men. Serbs constitute approximately 60 percent of the officer corps, but the top ranks are distributed proportionally among the regions.

The military—which has always served a political as well as military function—grew out of the wartime Partisan movement and has its own party organization, the Army League of Communists. Over 90 percent of the officer corps are League of Communists of Yugoslavia (LCY) members. Military leaders are accustomed to filling such important political jobs as secretary of internal affairs and defense secretary. Even retired senior officers have had political influence because of their high-ranking party positions.

However, the military's political influence may diminish if a multiparty system develops on the federal level. Several of Yugoslavia's highest ranking military leaders—who object to a multiparty system—have claimed that the Army League of Communists will continue to propagandize and organize political activity. Nevertheless, we believe that they will not act to preserve a leading role for the LCY. They have already moderated their position during the past year and, over time, they will probably come to accept some depoliticization of the military as well, including abolishing the Army party organization.

In our judgment, the overriding concern of military leaders is to preserve the stability and integrity of the country. Nevertheless, we do not believe the military will act to prevent secession by one or more republics unless expressly ordered to do so by the collective Yugoslav Presidency—the constitutional commander in chief. Even then, the military may be hesitant to intervene, as the consequences could tear the military—as well as the country—apart.

Despite the growing importance of the Assembly as a political institution, the quality of delegates has remained generally low, according to Assembly officials, in part because of a system that allocates jobs numerically among the regions. Moreover, service at the federal level has traditionally been unattractive; officials were afraid of losing their influence at home. Now, however, some delegates are opening the equivalent of constituency offices in their districts, a move that will make it easier to bypass the regional level—at least on routine matters—and improve direct transmission of information, requests, and influence.

Outlook

We doubt that any Yugoslav federal institution—or leader—can restore the power that has been slipping away from the center since Tito's death. Such a development would require a major shift in regional attitudes—an unlikely eventuality given the suspicion of many Yugoslavs that they would suffer if power reverted to Belgrade. Chronic ethnic problems, in particular, appear to be immune to mediation by the Presidency, Markovic, the FEC, or any other combination of federal-level Yugoslav politicians.

In the coming year, we expect the Federal Assembly to take on more characteristics of a legislature in a parliamentary system; nevertheless, the Assembly will probably be unable to stem the transfer of power to the regions. Many of the FEC's proposed constitutional amendments, which would lay the groundwork for a multiparty system, will remain bogged down in regional discussion. Debate on how such a system would work has barely begun, and deliberations will certainly be a subject of much contention. According to Embassy officials, if federal elections do not take place by the end of 1990, the term of the federal chamber will expire, leaving the Assembly virtually powerless.

Neither the Presidency nor the federal party are in any shape to withstand the rise in regional power:

- The Presidency has little chance of playing a useful role because the parochial interests and petty feuds that have brought it to a standstill show no signs of abating.

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- In the past year the party has been relegated to the political sidelines; it will probably continue to decline, retaining its base of support only in its traditional southern strongholds. Milosevic will probably succeed only in galvanizing other regional party leaders to work together to contain his ambitions.

We believe that, if Premier Markovic survives, he will attempt to take advantage of the political vacuum to increase the FEC's authority relative to that of other federal institutions. He will also promote democratization and a multiparty system as necessary to establish public support for enhanced central authority. However, he will face strong resistance to centralization and to portions of his economic program. Slovenia and Croatia, in particular, will continue to oppose laws that give the federal government more power over republic economic decision making and internal security. Milosevic and Serbia will lead the opposition to real economic and political reform. All of the republics will hesitate to accept the potentially destabilizing bankruptcies and unemployment that would result from full implementation of Markovic's economic program.

Markovic has stated publicly that his government intends to run in multiparty federal elections by the end of 1990 on the platform of his economic reform program. He announced in late July the formation of an Alliance of Yugoslav Reform Forces—which appears to be both a federal-level political party in its own right and an umbrella organization that incorporates already existing parties that support his program. According to numerous opinion polls, Markovic

is the most popular politician across all regions and, in our judgment, is the one most likely to succeed in a countrywide election. However, how he intends the electoral process to work is not yet clear; nor has he explained how he would manage to convince regional politicians to accept a uniform method of choosing a federal government. Embassy reports indicate that federal elections are unlikely to be held this year; if they do not take place, Markovic may well become Yugoslavia's last federal premier.

Markovic will quite likely fail to translate his prestige into increased institutional power for his government; the probable setback for reform would complicate relations with the United States. Increased regional power would slow economic and political reform, especially in the southern republics; further human rights abuses would be very likely, especially in Serbia and eastern Macedonia.

Moreover, the policy confusion that would result from a power vacuum at the center would be difficult for the United States and other countries to deal with. Regional leaders would be the only ones in a position to take on such issues as Kosovo, the pace of democratic reform, and creating a new constitutional system for the country. But they would have little basis for agreement and no effective forum within which to hammer out compromises. Moreover, some of them—particularly Milosevic and his Croatian counterpart, Franjo Tudjman—would see an advantage in fanning ethnic and regional tensions, thus making agreement on basic issues even more difficult to obtain.

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Exemptions: (b)(1), (b)(3)