Withheld under statutory authority of the Central Intelligence Agency Act of 1949 (50 U.S.C., section 403g)
YUGOSLAVIA: Anti-Western Sentiment

Some members of the leadership reportedly are blaming Washington and the West for the country's domestic problems.

25X1, E.O.13526

says Foreign Minister Mojsov privately told at the Conference on Disarmament in Stockholm that the US, in league with Israel, is encouraging "separatist" movements in Yugoslavia, Iraq, Lebanon, and Cyprus. He says Yugoslavia is planning to take "certain unpopular and undemocratic" measures to protect its unity. Other Yugoslav officials have charged that the US "Democracy Initiative" is an attack on their system as well as on all Communist states.

Vice Premier Dragan, before leaving for the US with Mojsij and President Spiljak, told Belgrade Radio that he remained optimistic that Yugoslavia and the IMF would reach agreement on new standby credits. Nevertheless, he warned that Yugoslavia might proclaim a unilateral debt moratorium if this proves impossible. Defense Minister Mamula also has publicly warned that foreign financial assistance might not be forthcoming this year.

Comment: The leadership, while generally grateful for US help, is receiving increasing criticism—especially from the military—because of its political indecision and economic mismanagement. Mojsij—a leading candidate to become Macedonia's next representative on the collective presidency—has criticized US foreign policy before and may support other Macedonian leaders who advocate greater control by Belgrade.

Dragan has been the leading proponent of cooperation with the IMF and Western creditors. He may be trying to persuade the IMF to relax its conditions for agreement. At the same time, he may consider it necessary to show critics that he will not knuckle under to IMF conditions that are believed to violate Yugoslavia's sovereignty.