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#1a memo	Grant Hilliker to McGeorge Bundy re NSAM 212 Secret	8/20/64	A
	<p style="text-align: center;"><i>1 p open 7-11-91 NLS 91-145</i></p>		
#1b memo	re U.S. policy toward Yugoslavia " Secret	n.d.	A
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FILE LOCATION

NATIONAL SECURITY FILE, National Security Action Memorandums
 NSAM 212 U.S. Policy Toward Yugoslavia

RESTRICTION CODES

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Further reports cancelled as requested.

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DEPARTMENT OF STATE
WASHINGTON



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August 20, 1964

Klein
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S/S 11872

MEMORANDUM FOR MR. McGEORGE BUNDY
THE WHITE HOUSE

Subject: NSAM 212: US Policy Toward Yugoslavia

Enclosed is a report on the execution of NSAM 212 of December 14, 1962.

Paragraph three of this NSAM directed that the Departments of State, Defense and AID study proposals made by Ambassador Kennan in Belgrade's airgram A-543 and prepare for the President's consideration possible courses of action. The enclosed memorandum outlines developments which have occurred subsequent to the 1962 Kennan proposals. With your concurrence, no formal report on these proposals will be prepared for the President's consideration.

Fuchs
revised
Conrad
revised

In view of the foregoing, I propose to cease reporting in the monthly Follow-up Report under paragraph three of this NSAM.

for *Hilliker*
Grant G. Hilliker
Acting Executive Secretary

Enclosures:

1. Report on Execution of NSAM 212
2. NSAM 212
3. Belgrade's A-543, November 28, 1962

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-145
By isp, NARA, Date 7-8-91

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Group 4
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DEPARTMENT OF STATE
 WASHINGTON

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MEMORANDUM

Subject: US Policy Toward Yugoslavia - Report on
 Execution of NSAM 212 of December 14, 1962

NSAM 212 on US policy toward Yugoslavia dealt with three points: (1) most-favored-nation treatment for Yugoslav goods; (2) the sale of spare parts to Yugoslavia to maintain US military equipment already delivered to Yugoslavia; and (3) proposals to obtain greater public and legislative support for US policy toward Yugoslavia.

In regard to point (1), MFN treatment for Yugoslav goods was sought by introducing an amendment to the Trade Expansion Act of 1962 in the foreign aid measure. The amendment, as finally included by the Congress in the Foreign Assistance Act of 1963 (Section 402) amends Section 231 of the Trade Expansion Act by adding Subsection (b) to provide that the President may extend the benefits of trade agreement concessions to a country or area within the provision of Subsection (a) when he determines that such treatment would be important to the national interest. This determination was made by the President on March 2, 1964.

In regard to point (2), the US intention to permit the sale of spare parts and supplies to Yugoslavia was communicated to appropriate Members of Congress under the authority contained in NSAM 236 of April 29, 1963. Under Presidential Determination No. 63-20 of May 14, 1963, a finding was made under Section 620(f) of the Foreign Assistance Act of 1961, as amended, that sales of defense articles to Yugoslavia were vital to the security of the United States. It was also determined and authorized that, pursuant to Section 614(a) of the Act, \$2 million of funds be made available for military assistance under the Act for sales of defense articles and services to Yugoslavia. However, this authorization was superseded by the provisions of a new subparagraph (3) to Section 620(a) of the Foreign Assistance Act of 1961, which was added in December 1963. These provisions state that "no funds authorized to be made available under this Act shall be used to furnish assistance

to any

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DECLASSIFIED
 E.O. 12356, Sec. 3.4
 NJ 91-145
 By isg, NARA, Date 7-8-91

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to any country which has failed to take appropriate steps...to prevent ships...under its registry from transporting" to or from Cuba "any equipment, materials or commodities".

On January 31, 1964 the US drew the attention of the Yugoslav Government to the legal provisions calling for "appropriate steps". In the absence of such "appropriate steps", the US on February 14 cancelled the remaining unobligated balance of \$5,000 of the \$2 million authorized and informed the Yugoslav Government that no additional funds could be made available. The Department has since kept the spare parts problem under close review.

In regard to point (3), it cannot be said that a precise program has been elaborated to win over public and Congressional support for US policy toward Yugoslavia. Nevertheless, much has happened which has had the desired effect of improving the climate in US-Yugoslav relations. The following developments or approaches have been useful in this respect:

1. President Tito's visit to Washington in October 1963 made it possible for the US Government to show that it was determined to carry out its long-established policy toward Yugoslavia despite the hostility toward that policy exhibited by some American citizens and residents of Yugoslav descent.

2. Visits to Yugoslavia by Secretaries Rusk, Hodges and Freeman and by AEC Chairman Dr. Seaborg. Visits such as these generate favorable publicity both in the US and in Yugoslavia for a policy of developing mutually beneficial relations.

3. Visits to Yugoslavia by a party of Senators and Congressmen to attend the Interparliamentary Union meetings in Belgrade. Visits to Yugoslavia by some Congressional members of the Joint Atomic Energy Committee. Virtually all Members of Congress were favorably impressed by Yugoslavia during these brief visits.

4. AID - Defense Department emergency relief operations after the Skopje earthquake in July 1963. These included the airlifting of an army field hospital, medicine and supplies, the erection of 253 Butler pre-fab buildings, and the provision of "US-owned" PL 480 local currency in the equivalent of \$50 million, half as a loan and half as a grant. The gratitude and appreciation expressed by the Yugoslav people and officials for this assistance received favorable publicity in the US.

5. Encouragement

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5. Encouragement to Department officers dealing with Eastern Europe or with experience in the area to take on speaking engagements wherever possible.

6. An increase in the number of favorable newspaper and periodical articles on our Yugoslav policy this past winter and spring.

7. Secretary Rusk's major policy speech of February 25, 1964, "Why We Treat Different Communist Countries Differently", including a passage on Yugoslavia setting forth its relation to our policy and stating "Yugoslavia is an independent state. Its success in defending its independence made other peoples in Eastern Europe wonder why they could not do likewise."

8. Widely publicized statement of Under Secretary Harriman to the House Subcommittee on Europe on March 10, 1964 setting forth the reasons for our policy toward Yugoslavia and other Eastern European countries.

9. Secretary Rusk's statement on East-West trade to the Senate Foreign Relations Committee, March 13, 1964, including a strong enunciation of our trade policy toward Yugoslavia.

10. Assistant Secretary Tyler's address on "The United States and a Changing Europe" before the Hibernian Society of Baltimore, March 17, 1964, including references to the place of Yugoslavia in our policy toward the Communist countries.

11. The President's May 23 speech at Virginia Military Institute vigorously setting forth the rationale of our policy toward Eastern Europe since the time of the Marshall Plan.

The question of public and Congressional support for our policy toward Yugoslavia is not one that can be discussed, resolved and put aside. A long-term effort is needed to increase understanding among Americans of what is going on in Yugoslavia and what this means to the US. However, the restoration of most-favored-nation tariff treatment appears to have solved the major fundamental issue in US-Yugoslav relations. Nevertheless, it is realized that a continual educational effort is required to seek and maintain effective Congressional as well as public support for US policy toward Yugoslavia.

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THE WHITE HOUSE
WASHINGTON

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December 14, 1962

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NATIONAL SECURITY ACTION MEMORANDUM NO. 212

TO: The Secretary of State
The Secretary of Defense
The Administrator, Agency for International Development

SUBJECT: U. S. Policy toward Yugoslavia

Following a discussion of U. S. policy toward Yugoslavia, the President:

1. Indicated that he was prepared to seek an amendment to the Trade Expansion Act to restore most-favored-nation treatment for Yugoslav goods. The Department of State will prepare a memorandum justifying this course of action. This memorandum should be designed to indicate the advantages of securing most-favored-nation treatment as against the possible alternative course of extending additional aid to Yugoslavia.

2. Authorized the Departments of Defense and State to arrange for the sale of spare parts to Yugoslavia to maintain U. S. military equipment already delivered to the Yugoslav Government. The timing of an announcement of such sales should be coordinated with the White House in connection with the effort to restore most-favored-nation treatment.

3. Directed the Departments of State, Defense and AID to study the proposals and recommendations made by Ambassador Kennan in Belgrade's airgram A-543 and prepare for the President's consideration possible courses of action.

McGeorge Bundy
McGeorge Bundy

cc: The Director of Central Intelligence

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Authority NSC memo 5/23/8
By rs/mie, NARA, Date 3-22-91

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ORIGIN/ACTION

DEPARTMENT OF STATE

AIRGRAM

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RM/R	REP	AF
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ARMY	CIA	NAVY
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A-543
NO.

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PRIORITY

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TO : DEPARTMENT OF STATE 1962 DEC 4 PM 12 07

INFO: SARAJEVO, ZAGREB

FORTRAN
ANALYSIS & DISTRIBUTION
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RCM
EUR INDEX

FROM Embassy BELGRADE

DATE: 28 November 1962

SUBJECT: Current Situation with Respect to U.S. Policy Toward Yugoslavia

BUREAU OF EUROPEAN AFFAIRS
RECEIVED
DEC 5 1962
DEPARTMENT OF STATE

REF

PASS WHITE HOUSE, AID, USIA, DEPARTMENT OF DEFENSE

The following is an attempt to summarize the situation that now prevails with respect to U.S. policy towards Yugoslavia and to note certain of its more important implications. It is written in the hope that it may serve as a basis for a thoroughgoing review of this policy.

1. What U.S. policy has been since 1948.

Since Tito's break with Moscow in 1948, the Executive Branch of the United States Government has pursued a policy designed

(a) to encourage the maintenance and strengthening of the independence of Yugoslavia, particularly with relation to Moscow; and

(b) to encourage evolution of the institutions and practices of the present Yugoslav regime away from the Soviet pattern on the basis of which they were originally founded and in the direction of greater liberality and greater affinity to those of the West.

The original rationale for such a policy was clear and persuasive. Up to 1948, a monolithic unity had existed in the Communist movement. The thesis had been well-established in communist circles and beyond that without this unity there could be no successful adherence to Marxist-Leninist principles. This thesis was useful to Stalin and his followers. It contributed importantly to the discipline of their movement. It left millions of sincere Marxists with the feeling that there was no real alternative between the total abandonment of their cause or complete submission to Moscow. By 1948, this impression, closely connected as it was with the

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AMB:GFK/mst:dmh:efm 11/26/62

Remarks:

RM/R File

28 Nov 1962

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myth of the Kremlin's infallibility, had come in fact to constitute an essential part of the magic of the appeal of the communist movement to millions of people.

The Yugoslav defection shattered this magic. For this reason, it was obviously important to the West that Tito should succeed in his effort to establish an independent position. Whether he could do this would of course depend largely on whether Yugoslavia proved capable of surviving and flourishing economically outside the Soviet system. The achievement of a reasonable degree of economic prosperity was almost essential to the establishment and maintenance of independence.

But more than this was at stake in Yugoslavia's economic future. If Yugoslavia, as a nominally Marxist-socialist state operating outside the framework of the Soviet system, were to show better results in the way of economic development than did those of the Eastern European satellites which remained within the system, this would be bound to excite jealousy and a demand for greater independence of policy vis-a-vis Moscow among the peoples and regimes of the remainder of the erstwhile satellite area. To the extent this economic success could be associated with, and supported by, western practices, or at least ones differing from those of Moscow, Yugoslavia would provide an example which could only serve, in the long run, to shake confidence, throughout the communist orbit and among the non-committed peoples, in the infallibility of the Kremlin and the correctness of its ideas and approaches.

There was, therefore, every reason for the U.S. to adopt, as it did, a policy aimed at the strengthening of Yugoslavia's independence, at the support of her economic advance, and at the evolution of her institutions and practices away from the Moscow patterns.

2. What U.S. policy has not been.

At the time this policy was devised, American policymakers knew well that Tito was himself an old-school Marxist-Leninist communist, and that as such he was not, and was not likely to become, our friend. Nevertheless, the policy then adopted ruled out any effort to overthrow him. For this, there were good reasons.

First, even had it been feasible for us to promote Tito's overthrow, it would have been a dreadful political mistake. It would have served as clear evidence to other satellite leaders that survival was possible for them only in complete submission to Moscow -- that any attempt to follow Tito's example would only leave them vulnerable to destruction at the hands of embittered and implacable capitalists. It would, in this way, have sacrificed at the outset

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one of the main advantages the western world might hope to derive from the Soviet-Yugoslav break, namely: the introduction into the minds of the satellite communist leaders of the element of doubt as to whether slavish adherence to Moscow discipline and example was the only feasible political course open to them.

Secondly, to overthrow Tito was unnecessary. It was clear that a Yugoslav socialist regime which had sacrificed the tie with Moscow and had struck out on the perilous and difficult path of trying to find a satisfactory independent existence somewhere between the two worlds would have no stomach for further efforts at subversion in the U.S. and other western countries. To pursue such efforts in association with Moscow was now no longer possible; to pursue them alone would have been quixotic. The U.S. had nothing to fear then, and has had nothing to fear since, from the standpoint of its internal security, from an independent socialist Yugoslavia.

Finally, to overthrow the Yugoslav regime was simply not politically feasible. There was no visible alternative to it that would have been preferable. The "partisan" movement, with Tito at its head, represented the only serious unifying force in the country. Without it, at any time in the postwar period, the country would have fallen to pieces. The major non-socialist political parties which had opposed the communists in the wartime period were ones expressing the political will, in each case, of only one of the national components of the Yugoslav state -- primarily the Croats or the Serbs. The most active political force among the Croats was outspokenly fascist in inspiration and was wholly aligned with the Nazi cause during the war. The Serbian monarchists had deeply estranged the other nationalities in the prewar period; it is out of the question that they should have constituted the basis for a restoration of the Yugoslav state after the war, even had Mihailovic retained Allied support and won out over the partisans.

The painful fact is that in the postwar period the Tito regime was Yugoslavia, and it still is. There have been varying phases and forms of popular discontent with it -- some quite widespread. But there has been no serious national-Yugoslav opposition, as opposed to separatist opposition or opposition expressing the aspirations only of one or the other of the national components of the present state. Whoever talks about overthrowing the present regime talks in reality about breaking up the Yugoslav state. The appalling instability this would at once introduce into Balkan affairs is obvious. Nothing could be less realistic than to suppose that a number of fragment-entities, none of them prepared for independence and some of them not even potentially qualified for it, could provide a more effective resistance to Soviet communism in the Balkan area than the extraordinarily firm and experienced national regime that now governs twenty million people in this area and controls one of the two largest ground force establishments in the non-Soviet part of Europe.

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For these reasons, the Department of State, with the approval of the respective administrations, rejected throughout the period from 1948 to 1961 the idea of making the overthrow of the Tito regime an objective of U.S. policy.

3. Means used to implement the policy adopted.

The means by which U.S. policy towards Yugoslavia was pursued in the period from 1948 to 1961 are well-known, and need only the briefest capitulation. They included:

(a) encouragement of close economic relationships between Yugoslavia and the West, based on the extension to Yugoslavia of favorable trading and credit facilities;

(b) extensive shipments of surplus food, to make up the deficit in Yugoslav grain production;

(c) the extension of long-term credit and technical support for new industrial development;

(d) a broad program of technical assistance, designed particularly to promote travel and contact by Yugoslavs in the West;

(e) a highly developed informational program, including operation of libraries and reading rooms in leading Yugoslav cities;

(f) intensive promotion of cultural exchanges between Yugoslavia and the West;

(g) operation of governmental programs of exchange of persons, and encouragement to private ones; and

(h) encouragement to the Yugoslavs -- up to 1957 through a military aid program, thereafter through extension of facilities for normal military purchasing in the U.S. -- to orient their military establishment towards ourselves and to render it independent of Soviet sources of supply.

4. Results of this policy, to 1961.

The results of this policy, as of the beginning of 1961, were generally favorable and encouraging. Extensive changes, all in western interests, had by that time taken place in Yugoslav institutions and practices. Economic life had been extensively reoriented towards the West. Foreign trade now ran predominantly to western countries. With respect to contacts with foreigners, travel by Yugoslavs abroad, access to foreign media of information, and

cultural and intellectual exchanges with western countries, a regime was being applied which was far more lenient than that of any of the countries remaining within the bloc. Extensive changes in the direction of greater liberalization had occurred in both the social and the political system. Tastes and interests of the people were now running overwhelmingly to the West. It is not an exaggeration to say that by 1961 Yugoslavia had come more than half the distance from Soviet outlooks, institutions and practices to ones which, while not identical with those of the West, were such as to permit a generally normal, profitable, and cordial relationship with western countries. And the trend was continuing. Not all of this was the effect of our effort alone; but without our effort it would assuredly not have occurred.

The success was not uniform or complete. We were not successful in changing the political personality of the Yugoslav President himself. Nothing that we did served to produce any great change in Tito's view of himself as a communist; in his concern for the opinions of other communist leaders; in his determination -- as a supreme political goal -- to win respect and acceptance from the communist world by which he had been rejected. His views on world problems continued to be colored by ideological prejudice. He could be brought to like individual Americans, but not America as such. He persisted in viewing American aid cynically and without gratitude, as something extended for selfish imperialistic reasons which placed no claim on his appreciation. He avoided, where he could, being put in the position of asking for our aid or expressing public appreciation for it; he did his best to avoid bringing to public attention its nature and its extent. Under his personal influence, Yugoslav attitudes towards the broader cold war issues continued to show a partiality to the communist side (though in their own bilateral relationships with the U.S. and the U.S.S.R. the Yugoslavs remained correct and impartial). Similarly, the intensive relations which Tito cultivated with the new African and Asian countries, particularly in the period 1959-1961, were pursued in a spirit which was distinctly anti-Western.

All of this was irritating. It was not a situation we could ignore. It called (as did, by that time, other developments as well) for certain adjustments in our treatment of Yugoslavia, including certain curtailments and changes in the aid programs. But it did not invalidate -- and this is the vital point -- the basic concepts of policy on which we had been operating since 1948. Movement in the direction we desired was no doubt slower than it would otherwise have been, as a result of Tito's personal attitude; but it was never wholly halted, nor was its pace so slow as to constitute grounds for serious discouragement. Only in one field -- that of official Yugoslav attitudes towards world problems -- did all progress appear to have stopped by 1961. But even here there was no ground for despair. The root of the problem lay in the aspirations and attitudes of the Yugoslav President himself. But Tito was

no longer young; he was increasingly inactive; the little group of senior officials who supported him in these anti-Western policies was becoming narrower and more isolated; counter-pressures were building up; awareness that Yugoslavia stood to gain from a further development of relations with the West, even at some sacrifice of the old ideological stance, had penetrated into Tito's immediate entourage and had affected persons whose authority could reasonably be expected to become greater, and possibly decisive, as his powers declined. There was an excellent prospect that if our cards were played with reasonable dexterity, the pressures for a more forthcoming policy towards us would soon begin to show real effect.

All that was required of us, in these circumstances, was a bit more patience, coupled with a somewhat greater effort than had been made in the past to bring the Yugoslavs to realize that the price of our aid and collaboration, over the long run, was a reasonable degree of fairness and objectivity in the approach to ourselves and our problems. There was no reason for despairing of the efficacy of the basic concepts on which our policy had been founded. There was no reason to jettison at this point a long-term approach into which much substance and effort had already been invested, and which had yielded, and was continuing to yield, favorable and promising results. On the contrary, with the growing seriousness of the Russian-Chinese conflict, with the increasing importance of Yugoslavia as a factor in that conflict, and with the sharpness of the financial and economic pressures now coming to bear on the Yugoslav Government, there was, as of 1961, less reason than ever to relax the sort of effort to which we had been committed throughout the previous thirteen years.

5. The collapse of established policy.

The above represented, in rough outline, the situation which prevailed in 1961, as the present Administration took over in Washington. Yet in the brief intervening period of less than two years, events have occurred in American policy which have not only largely shattered this background of concept and destroyed its present effectiveness but have even begun to jeopardize the important results achieved in the past.

With the exception of surplus food (where the Yugoslavs are well aware that internal considerations play a prominent role in our willingness to continue the shipments), existing programs of economic assistance have now either come to an end or are approaching their termination; and the Executive Branch has been deprived of almost all discretion and flexibility with respect to the negotiation of new ones. No further developmental financing has been extended to the Yugoslavs since March 1961. They have been ^{virtually} cut off from purchasing of new items of military equipment in the U.S., even in instances where the items in question are obsolescent to our own use and unclassified, and even when they are willing to pay cash. They have been abruptly faced with legislation calling for denial to them of most-favored-nation customs treatment

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for Yugoslav goods, which they had enjoyed for more than seventy years. In this way they have been threatened with curtailment of their possibilities for earning their own way in economic relations with our country.

By consequence of, and in connection with, these events, Yugoslav trade and credit have already been materially damaged. The Yugoslavs find themselves faced with a whole series of spontaneous harassments at the hands of private circles in our country: boycotts and withdrawals of existing orders for their goods; public burning of Yugoslav products at American supermarkets; impairment of their facilities for obtaining commercial credit; refusal to their vessels of facilities for loading and unloading at American ports. Even the intellectual exchange program of the University of Texas had to be abandoned at that university and transferred to another region of the country, in deference to the prevailing mood of anti-Yugoslavism. A further blow, directly connected with the MFN decision, is the inclusion of Yugoslavia among the countries affected by the Cunningham Amendment in PL 87-793.

For all of this drastic deterioration in their treatment at our hands, going in many instances beyond anything they suffered when they were a Soviet satellite, no official reason has to my knowledge yet been tendered to the Yugoslavs by any responsible quarter in our country. No one has troubled himself to inform them what the Congressional grievance against them is, for what they are being punished, and just what they could be expected by us to do if they wished to avoid these manifestations of our disfavor. People have told them that the Executive Branch disapproves of certain of the legislative measures that have been taken; but no one has told them what it is, specifically, that Congress has taken exception to in their behavior, or what sort of concessions on their part would again entitle them even to the normal trade treatment accorded to other non-aligned countries.

The Yugoslavs can of course deduce, from the terms of the legislation as well as from the nature of the domestic discussion in our country, that they are being penalized because they are nominally "communist." This is a point at which they themselves, as will be seen below, contribute to their own difficulties by insisting on retaining this term in the name of the ruling party. They are well aware, as are all foreign observers who have seen anything of Yugoslavia, that neither in point of domestic institutions nor of foreign policy does their position correspond to that of the real "communist" countries. Their entire effort, furthermore, over 13 years, has been to prove by the tenor of their behavior in relations with western countries that cordial and mutually profitable relations can exist between a country which calls itself "socialist" -- or even "communist," if you will -- and non-communist countries, provided there is good will on both sides. To be told in effect (and this is the clear inference of the Congressional action) that we do not accept this principle, that they must suffer at our hands simply because they call themselves "socialist" or "communist," and that their actual behavior

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towards us in bilateral relations is neither here nor there: this is one of the most devastating blows they could receive, for it shatters the entire basis on which they have tried to construct their relationship with western countries over recent years. It means that the price of a good relationship with our country is the one thing they cannot possibly do without denying their own political past and placing in question the legitimacy of their own regime: namely to renounce publicly and completely their belief in the principles of socialism.

This situation is not greatly ameliorated by the fact that the most serious and conspicuous of these various anti-Yugoslav measures have been taken over the stated disapproval of the Executive Branch of our government. The Yugoslavs are obliged, after all, to deal with the end-product of our governmental action. They must look at our government as a whole. They are not greatly comforted by the fact that initiatives of which they are the victims were ineffectively opposed here and there within our own governmental counsels. They are aware that the Executive Branch of the Government has on occasions stated its opposition to these measures. They are also aware that it has not done this very emphatically, nor has it made a serious effort to correct the moods and misunderstandings of public opinion out of which these measures arose. They are further aware that in certain instances the Executive Branch has even deferred to these same moods and misunderstandings in the shaping of measures which lay within its own discretion -- particularly in the field of military affairs and of matters lying within the purview of departments and agencies other than the Department of State.

It is not possible to estimate how much damage has already been done, by this state of affairs. The Yugoslavs have repeatedly stated that U.S.-Yugoslav relations have already been adversely affected. They have warned us that this effect will be much more adverse still, and will probably affect our "positions" in this country (primarily, we must assume, the USIS establishment) if the MFN provision is not soon reversed by the new Congress. It is certain, in any case, that much bitterness has been created on the Yugoslav side. People who were once inclined to argue for a closer relationship with us, and with the West generally, no longer feel that they have grounds for doing so; those who have never liked the western orientation are triumphing; calculations are being arrived at, plans made, positions and steps taken in foreign policy, all under the impression that American policy has turned decisively, for the moment, at least, against good relations with Yugoslavia:-- that important, and thus far decisive, forces in American society are determined that the doors of economic collaboration and even normal trade shall remain closed to Yugoslavia -- and that the Executive Branch, while not sharing this view, is not prepared to undertake vigorous public opposition to it. By the same token, those of us who have tried in recent years to persuade the Yugoslavs that a close and fruitful association with our country lay open to them any time they wished to take advantage of it, are now effectively silenced.

All of this, let us note, is occurring at a time of greatest delicacy and cruciality in world events, when relationships within the communist bloc are shaken and unstable as never before; when the Yugoslavs are in particular need of outside economic and financial support; when Soviet policy has changed in such a way as to offer to Yugoslavia much more inviting prospects for fruitful collaboration than at any time in recent years.

Looked at in its entirety, this all spells, as I see it, the virtual collapse, at a singularly unfortunate moment, of a policy which has been pursued over a long series of years, which had yielded good results and promised to continue to yield them, and which there was no objective reason to abandon.

6. What has produced this collapse?

While this is a question parts of which could be better answered in Washington than here, the following observations may not be wholly irrelevant.

We must recognize first that the policy pursued towards Yugoslavia throughout the 1950s never commanded full public understanding or support at home. There was always opposition to it -- not wide popular opposition, but an opposition composed, as I see it, primarily of two very vigorous and vocal special interests.

The first of these was made up of the Yugoslav refugee elements, supported by allies among various other groups of refugees from Eastern Europe, and by such members of Congress and other participants in political life as were either sincerely moved to sympathy or anxious to cultivate their favor and to appear as their spokesmen. These refugee elements in question were, and continue to be, powerful groups. They have enjoyed important support in American religious circles. Their aims and calculations seem often to have little to do with U.S. interests. In many instances, their main concern appears to have been to produce as rapidly as possible a state of war between the U.S. and the Soviet Union, in the hope, presumably, that this will facilitate their own return to residence and power in their homelands. To these people, any suggestion that the U.S. should recognize distinctions between one "communist" government and another is of course anathema. To admit that a "communist" or "socialist" regime could be worthy of toleration at our hands just because it broke its ties to Moscow, ceased efforts at the subversion of our country, and permitted its internal institutions to develop along western patterns, would be to accept the frustration of their own political ambitions. To admit even the possibility of a gradual evolution of communist countries in the direction of greater liberality would weaken the credibility of their view that war is the only answer. The fact that this is so, and that the aims of these people are often unconnected with American interests, has unfortunately not prevented many prominent American figures from espousing their interpretations of world events and repeating their propagandistic slogans.

The second of the two elements to whom I refer is made up of those extreme right-wing American groups who feel themselves under the necessity of demonstrating that all elements in American political life except themselves are the agents, conscious or unconscious, of a communist conspiracy in our midst. To these people, a policy of friendly collaboration and assistance addressed to "communist" Yugoslavia has naturally provided an attractive target for criticism. The less U.S. policy towards the Soviet Union and the bloc countries has shown itself vulnerable to attack on point of "softness," the more Yugoslavia has loomed as the last example on which an American policy inspired by direct communist influences or by fatuous naivete towards "communism" in the Department of State could be plausibly argued. These elements, like the refugees, not only have no desire to take account of the peculiarities that distinguish Yugoslavia from the remaining bloc countries but react with particular violence, for obvious reasons, to any suggestion that these peculiarities exist or deserve consideration.

The influence of these two groups over broader sections of the public has been strengthened in recent years by the growing general impatience with the cold war and by the prevailing popular mood of exasperation towards those nations which call themselves neutral. To the extent one persuades one's self that whoever is not with us is against us, the rationale of a policy towards Yugoslavia different from policy towards the communist bloc in general becomes unsubstantial.

Both refugees and right-wingers have of course been happy to exploit the semantic confusion presented by the term "communist." In this respect, they are only taking advantage of a tool obligingly placed at their disposal by the Yugoslav leaders themselves. It is characteristic of Tito's psychology that although his regime no longer corresponds to general western concept of the term "communist" any more than it corresponds to the general eastern concept of the term "capitalist," he prefers it to be called "communist," hoping this will render it more respectable in eastern eyes, than to abandon this inaccurate term with a view to making it more respectable in western ones. He wants, in truth, to have his cake and eat it, too: to see his regime respected and well-treated in the East because it calls itself "communist," and to see it respected and well-treated in the West because it is not really so. In this sense, Yugoslavs have an appreciable share of the blame for the misunderstanding of their position which has become so widespread in our country and elsewhere in the West.

I am increasingly impressed with the difficulty of the problem this presents. Any effort on our part to clear away this semantic confusion not only involves us at once in the tangled question of "what is communism?" but creates difficulties with the Yugoslavs themselves. To tell the world that

Yugoslavia is not really communist is to deprive Tito of his fondest pretense, to proclaim his ideological nakedness, and to do him what he conceives to be a great political disservice. He insists, in effect, on the right of making it semantically difficult for us to help him. His defense would be that we should not be misled by semantic symbols -- that there is no reason why we should not be prepared to have a normal relationship with a "communist" country, if it is prepared to be correct and collaborative in its approach to us. All of this, again, is irritating. But I do not see that it absolves us of the obligation to try to see things as they are and to teach our people to do likewise. There is nothing in our book that says we have to be permanently the victims of other people's deliberately-perpetrated semantic confusion.

These reflections lead directly to another important cause of the situation we have before us. This is the shocking failure of the American press to give the American public in recent years anything like an adequate picture of the situation in Yugoslavia and of the basis on which American policy has rested. It is clear that wide and influential sections of the American public have only the dimmest idea, if any, of the distinctions between Yugoslavia and the countries of the Soviet bloc, of the stake the West has in the preservation of Yugoslavia's independence, and of the real nature of our policy and approaches. At the present moment, there is no full-fledged American, or indeed western, correspondent in Belgrade. The news agencies are represented only by local stringers who are not in a position to give any frank interpretive picture of conditions here. It is characteristic that even the sophisticated American reading public has to this day been given no idea of the gravity of the effect of recent Congressional actions on Yugoslav-American relations.

For this state of affairs, too, responsibility is widely divided. The Yugoslav Government bears a considerable share of the blame by virtue of the negativism and neglect it has shown towards Western press representatives in recent years. The American press, in its turn, has lent itself extensively to pressures brought to bear by the refugee and right-wing groups. Its own professional distortions, involving a love for generalizing concepts under single catchy adjectives ("communist Yugoslavia," "red Yugoslavia," "Yugoslavia's communist dictator," etc.) have caused it to collaborate in multiplying the semantic confusion caused by the use of the term "communist." Added to this has been the failure of the Executive Branch of the Government to convey in any adequate way to the public its own ideas and approaches with regard to Yugoslavia.

This last has been the reflection, again, of a situation within our Government which I have no choice but to mention. I trust the Department will not take umbrage if I treat this subject frankly, for it lies at the heart of many of our difficulties. The fact is that in recent years the conceptual

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impulses and the enthusiasm for the policies we have ostensibly followed toward Yugoslavia have come primarily from a very narrow group of persons in the Department of State who have had the stimulus of daily confrontation with the realities of U.S.-Yugoslav relations at the working level, and have labored with great patience and devotion to try to get sound concepts of policy established and implemented. These people have often been permitted to initiate action of one sort or another; but due to the present far-flung quality of our governmental apparatus, to the lack of intimacy among its various sections, and to the ulterior preoccupations of senior officials, they have had only inadequate facilities for gaining understanding elsewhere for what they were doing. The policies they have recommended have usually been formally approved; but approval has come too often from harried, overworked, and distracted superiors, whose own initiative and personal interest was not greatly engaged, who were willing to let the ideas in question ride as far as they could on their own steam along the road of governmental implementation, but who felt no great sense of personal commitment or conviction, and were not prepared to support these policies very vigorously if they ran into serious opposition either in Congress or in other agencies of the Executive Branch. The result was that few people, even in the Executive Branch, understood fully what it was that we were trying to do, and there were fewer still who could explain it to people outside. The people who knew something about U.S.-Yugoslav relations and understood fully the rationale of policy were not the people who had the facilities for talking to the public, and vice versa.

All this has led not only to a serious failure of communication between Department and the public, but to an equally serious failure within the Executive family itself. It is clear that what was recorded on paper as policy towards Yugoslavia has never commanded complete confidence or understanding even in important echelons of the Executive Branch, particularly those that enjoy a special intimacy with Congressional committees. We have seen repeated examples of ignorance or disbelief, sometimes even within the Department of State itself, for the proposition that Yugoslavia is not a member of the Soviet bloc. I have yet to see evidence that this proposition has been fully accepted by the F.B.I., by the security authorities of the Department of State, or by those internal authorities which deal with such matters as visas, re-entry permits, and export controls, not to mention wide echelons of the military establishment. In all of these places we encounter not only persistent disbelief for State Department concepts and interpretations with relation to Yugoslavia but often direct resistance to the logical implementation of established policy in fields of action under their control. It is clear that even if public misunderstanding could be corrected, there would still have to be a greater discipline and coordination of policy within the Executive Branch itself if a constructive policy towards Yugoslavia were to be consistently pursued.

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As a result of this, it is not surprising that our present position with relation to Yugoslavia is contradictory, unproductive, and unsatisfactory. It consists, for the most part, of a series of heroic struggles with ourselves. We try, with the one hand, to strengthen the Yugoslav economy; with the other, we move to damage it. With one hand, we lend them money; with the other, we make it difficult for them to earn the money with which to repay us. We maintain in Belgrade a high-powered team of talented and experienced people whose task it is to try to make Yugoslavs think well of us and have confidence in us; at the same time, we commit, or allow to be privately committed, act after act designed to give offense to the feelings of all Yugoslavs, communist or non-communist, private or official. After spending years encouraging the Yugoslavs to render themselves militarily independent of Moscow, we then take measures which oblige them, after an interruption of more than a decade, to turn once more to Moscow for new purchases of military equipment. We claim that we wish to encourage greater independence from Moscow on the part of communist countries; yet when one of them genuinely establishes its independence, we treat it in some respects worse than we did before its independence was achieved. We spend years trying to persuade Yugoslav leaders and others that there is no reason why a socialist country should not have a mutually profitable relationship with the West; yet we take restrictive action against them for which we are unwilling to assign any specific reason and which they must assume to have been taken precisely and only because they are socialist.

I could continue with the list. I am sure I do not need to do so. It is amply clear that no really effective policy can be conducted against such a background.

7. What is to be done?

The present situation confronts us with two requirements. The first is to recover sufficient freedom of action on the part of the Executive Branch to enable it once again to formulate policy toward Yugoslavia with reasonable hope of being able to implement it in a sustained and persuasive manner. This means, of course, the repeal of the legislative provisions requiring denial of MFN treatment to Yugoslavia and restricting the ability of the Executive Branch to include Yugoslavia among the normal recipients of American aid. If and when these objectives have been accomplished, we will still be confronted with the task of reconstructing an effective policy toward Yugoslavia on the basis of the experience we have gathered in the past and in the face of what will, certainly, be a somewhat altered international situation.

For both of these tasks -- the negative one of removing existing restrictions and the positive one of charting a new and sound policy -- we will require a climate of public opinion, and a background of understanding throughout our own official establishment, wholly different from that with which we are now confronted. Without a far-reaching change for the better in this respect, it is unlikely that we will get very far with the correction of the present situation.

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All this seems to me to bespeak the necessity of a major educational effort, designed to gain understanding among the public, among members of Congress and their various staffs, and among the far-flung echelons of the Executive Branch, for a number of fairly basic and simple propositions concerning conditions in Yugoslavia and the bases of our policy. I cannot undertake here to give an exhaustive listing of these propositions; but the following would be examples of what I have in mind. An understanding of these alone would go very far towards putting us in the clear:

- (a) Yugoslavia is not a member of the Soviet bloc.
- (b) The term "communist" when applied to Yugoslavia, is inadequate, misleading and not conducive to clarity of discussion. It would be better not to generalize, and not to approach problems of policy towards Yugoslavia by attempting to relate this country to categories of countries.
- (c) Yugoslav internal institutions, and Yugoslav practices in relations with western countries, differ drastically and -- from our standpoint -- favorably from those which are still to be found in the countries of the bloc.
- (d) In their bilateral relations with us, the Yugoslavs have shown themselves generally correct and restrained. We have few complaints against their conduct in this respect.
- (e) We have no evidence or reason to believe that the Yugoslavs are engaged, either alone or in association with anyone else, in efforts at subversion within our country; they are not, accordingly, part of the "communist conspiracy."
- (f) It is true that there are serious differences of outlook, as between ourselves and the Yugoslavs, on important world problems. We cannot ignore these differences; they constitute an important part of our problem. They do not mean, however, that Yugoslavia is necessarily against us even when she is not for us; nor do they mean that her independence is not useful to us on balance.
- (g) What happens to Yugoslavia is important to us, both for its effect on the Soviet and Chinese blocs and for its effect on other non-aligned nations.
- (h) Yugoslavia, despite the socialist principles of her leaders and their sympathy for many Soviet positions, is an independent state.
- (i) There is a great difference between Yugoslavia's present independent position and what we would be faced with if she would return to full membership within the bloc. This last would mean a deterioration of the gravest sort of the entire strategic situation of the NATO alliance.

(j) What our government most requires in dealing with a complicated "grey area" as Yugoslavia is first and foremost great flexibility of action. It is the possibility of extending or denying favors, as the situation may require, which is vital to any successful policy.

(k) The task, with respect to Yugoslavia, is not to try to "buy" friendship by fatuous and unrequited gestures of good will, nor to punish people blindly just because they call themselves "socialist," but rather to exert the type of discipline on the Yugoslav government which will encourage it to move in a useful direction and discourage it from serving forces hostile to world peace and stability.

The above will serve as examples of the sort of thing that has to be gotten across in all three of the directions I have mentioned: the public, Congress, and the various echelons of the Executive Branch most immediately concerned. This requires, as I see it, a concerted effort, laid out on a large scale and given the impetus of vigorous high-level support. I would not attempt to suggest what all the elements of such a campaign would be; but I might offer the following comments.

A. The Public.

The approach to the public must, as I see it, involve at some point a Presidential statement of more than casual nature. It should involve several public statements or speeches by other high officials. An effort should be made to find qualified younger men who can go around the country, to foreign affairs study groups, universities, etc., with a view to explaining both the objective facts and the bases of our policy. In addition to this, there will have to be high-level approaches to key figures in the press: and not just to two or three of them, but to all who are important in this connection. Particular importance should be attached to publishers of the weekly news magazines. Governmental specialists will know best what use should be made of radio and television. I would emphasize, however, that what is involved here is not just a one-time statement but a persistent, prolonged effort, in which full advantage is taken of the factor of repetition. The moods and misunderstandings we are trying to counter were not created in a day, and they will not be destroyed by one-time impacts. The Washington columnists would be of great help in this, if they would; and I can see no reason why any of them should not be talked to.

B. Congress.

A successful approach to the press would itself be probably the most important single factor in gaining Congressional understanding for what we are trying to do. The misunderstandings I personally encountered just during

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my own peregrinations around Capitol Hill last summer were appalling. But there is also need for thorough and leisurely consultation with Congressional leaders -- something in the way of seminars, designed not to wheedle them into supporting a policy they do not understand but rather to enlisting their responsibility as co-architects of a policy that will hold water. It ought, as I see it, to be borne in upon them that they cannot remain without responsibility in this respect, and that if they insist on confining themselves to purely negative and destructive strictures on the freedom of the Executive, with a view to preventing it from pursuing any policy at all, the whole case will have to be taken before the public and there will have to be something in the nature of an executive disclaimer of responsibility for the consequences.

I believe that consultations with Congressional leaders could well be supplemented by similar consultations with the leaders of religious groups which have supported negative approaches to the problem of policy toward Yugoslavia.

C. The Executive Branch.

I am not sufficiently familiar with current procedures for devising and implementing policy to make recommendations as to how we should proceed to assure a better coordination of concept and policy within the Executive Branch of the Government. I should think that a new White House-level paper, summing up the bases and nature of our policy towards Yugoslavia, and designed to have validity with all departments and agencies, would be very useful. I would hope there would be some procedure by which we could bring into the preparation of such a paper the representatives of those sections of the Executive Branch of the Government which have shown to date the greatest skepticism about the soundness of established policy and the least willingness to collaborate in its implementation.

I think it particularly important that an effort be made to straighten out our armed services on the subject of policy toward Yugoslavia, and not just the staff of the Department of Defense in Washington but also the various staff colleges and above all the commanders in the field. There have been indications that understanding for the situation in Yugoslavia and for our policy toward this country in many outlying headquarters and commands is substantially nil.

This, as I see it, is what the situation calls for. I have refrained here from going into the specifics of what our future policy towards Yugoslavia ought to be. The course I have suggested is designed merely to enable us to

regain the flexibility of action, on the part of the Executive Branch, without which any attempt to chart out policy is an empty exercise. Obviously, to be effective, the sort of campaign I have suggested will take high-level interest and authority; and it will mean that a great many people will have to trouble themselves seriously, and in a coordinated way, about this problem. I see no satisfactory alternative. In the absence of a major effort of this sort, the tendency will unquestionably be to continue to do as we have done in the past: to hatch out what we would like to see as policy in the form of papers written in one narrow compartment of the State Department; to try by various private pleas and tactical devices to gain the collaboration, in the implementation of this policy, of a host of people who have no understanding for its conceptual basis and rationale; and finally, when confronted not only with frustration but with injunctions to proceed along contrary lines in certain fields, then to go ahead with this contradictory conduct, being careful at no point to draw any difficult public issues. It is, of course, this procedure of attempting to solve the problem by tactical devices while avoiding the great issues of intellectual understanding underlying it, which has brought us to our present embarrassments. I have no hesitation in saying that if we can see nothing better than this to do in the future, we would do just as well to confess ourselves subjectively incapable of coping with a foreign affairs problem such as that presented to us by Yugoslavia, and then to fold up our tents, before the Yugoslavs fold them up for us, and figuratively to steal away. Such a confession of inadequacy would, however, be so far from our tradition, and its implications would be so devastating for the future of our diplomacy vis-a-vis not just Yugoslavia but many other areas as well, that one simply cannot contemplate it. There is no reason at all to despair of the progress that could yet be made through the consistent pursuit of liberal and flexible policies toward Yugoslavia. If the price of the privilege of conducting such a policy is a major effort to straighten out American opinion and to obtain better understanding for what is admittedly a baffling and complicated problem of international affairs, I am sure this price is still small compared to the implications of an inability or unwillingness to pay it.

KENNAN

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Addendum:

After completion of the above, it has been called to my attention that in the description in the initial passages of the paper of U.S. policy from 1948 to 1961, no mention was made of the effort to assure Yugoslavia's military defense against attack from the East in the early years after the break with Moscow, nor was mention made later on of the fact that the absence of such an attack could be listed among the achievements of U.S. policy. How great the danger of military attack really was, and to what extent our military aid served as an effective deterrent, will never be fully known. Certainly this was one of the purposes which our military aid was originally conceived as serving, and to the extent the danger was real this aid must be considered to have been useful and effective.

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THE WHITE HOUSE
WASHINGTON

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December 14, 1962

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NATIONAL SECURITY ACTION MEMORANDUM NO. 212

TO: The Secretary of State
The Secretary of Defense
The Administrator, Agency for International Development

SUBJECT: U. S. Policy toward Yugoslavia

Following a discussion of U. S. policy toward Yugoslavia, the President:

1. Indicated that he was prepared to seek an amendment to the Trade Expansion Act to restore most-favored-nation treatment for Yugoslav goods. The Department of State will prepare a memorandum justifying this course of action. This memorandum should be designed to indicate the advantages of securing most-favored-nation treatment as against the possible alternative course of extending additional aid to Yugoslavia.

2. Authorized the Departments of Defense and State to arrange for the sale of spare parts to Yugoslavia to maintain U. S. military equipment already delivered to the Yugoslav Government. The timing of an announcement of such sales should be coordinated with the White House in connection with the effort to restore most-favored-nation treatment.

3. Directed the Departments of State, Defense and AID to study the proposals and recommendations made by Ambassador Kennan in Belgrade's airgram A-543 and prepare for the President's consideration possible courses of action.

McGeorge Bundy
McGeorge Bundy

cc: The Director of Central Intelligence

cc:

Mrs. Lincoln
Mr. Bundy
Mr. Johnson
Mr. Klein
NSC Files

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Authority NSC memo 5/23/78

By MJE, NARS, Date 6/6/78