ABSTRACT

MEHTA, COLEMAN ARMSTRONG, “A Rat Hole to be Watched”? CIA Analyses of the Tito-Stalin Split, 1948-1950. (Under the direction of Dr. Nancy Mitchell.)

This thesis studies Central Intelligence Agency analyses of the June 28, 1948, Tito-Stalin split. It discusses the many issues that the CIA confronted after the first public breach of a heretofore united Communist monolith. This thesis also places these analyses in context, examining the problems faced by the newly created CIA as it struggled to find a place in the national security bureaucracy.

After the Agency was established in 1947, its very existence was consistently challenged by the Departments of State and Defense, organizations which were unwilling to cede any bureaucratic control away from their own intelligence operations. The Secretaries of State and Defense used their superior status on the National Security Council to bolster their positions, while the Agency’s ad hoc organizational structure and uncertain mandate provided a weak case for more authority. Along with its administrative struggles, the early CIA was also marked by a series of high-profile intelligence failures, among them the Tito-Stalin split.

Despite its ongoing bureaucratic struggles, the CIA quickly recovered from the shock of the split. It provided remarkably prescient analyses of the rift’s consequences. Using a collection of newly declassified CIA files, as well as a series of interviews with the CIA Station Chief in Belgrade from 1948 until 1951, this thesis analyzes those reports. It follows a year-by-year progression between 1948 and 1950. The first chapter, covering 1948, discusses the CIA’s initial post-split analyses, in which the possibility was broached of provoking more “Tito” defections throughout Eastern Europe. It also
discusses the initial likelihood of a Soviet or Satellite invasion of Yugoslavia in order to depose Tito, Stalin’s initiation of “Titoist” purges in the Satellite states, and the initial repercussions of Yugoslavia’s aid to Greek Communist rebels and disputed claim to Trieste. Concomitant with the deteriorating relations of the United States and Yugoslavia before the split, the CIA during 1948 considered Yugoslavia “a rat hole to be watched.” By 1949, that perception was beginning to change. The second chapter discusses CIA analyses of Tito’s staying power, as well as the harm this entrenchment caused to the Soviet-led International Communist Movement. CIA analyses of Stalin’s options for interference in Yugoslavia are again considered, with the addition of reports discussing possible Soviet-led insurrection in Yugoslav Macedonia. American economic and military aid, needed to offset a Soviet-Satellite blockade of Yugoslav trade, also receives consideration. In 1950, the outbreak of the Korean War caused a reassessment within the CIA of Stalin’s willingness to go to war in the Balkans. Chapter Three discusses these analyses, as well as the process by which the United States used a severe drought in Yugoslavia to offer military assistance. The beginning of each chapter offers context, noting major Cold War events and significant occurrences within the CIA. The thesis ends in early 1951, with the establishment of a joint Yugoslav-American intelligence sharing agreement.
“A RAT HOLE TO BE WATCHED”?
CIA ANALYSES OF THE TITO-STALIN SPLIT, 1948-1950

by
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A thesis submitted to the Graduate Faculty of
North Carolina State University
in partial fulfillment of the
requirements for the Degree of
Master of Arts

History

Raleigh

2005

APPROVED BY:

_________________________________________________________

Chair of Advisory Committee
DEDICATION

To my Mother and Father,
For teaching me more than you’ll ever know;

To John and Emily,
For putting up with me for the last twenty-three years;

And to Tamara,
For inspiring me every day.
BIOGRAPHY

Coleman Mehta will receive his MA in European History from North Carolina State University in August 2005. He served as President of NCSU's History Graduate Student Association, helping plan the Triangle (NC) region's first graduate student history conference. He was also a Teaching Assistant and Department Fellowship recipient. Coleman received his BA from the University of Virginia in 2003, and has accepted a Presidential Management Fellowship appointment in Washington, DC, following the completion of this thesis.
ACKNOWLEDGEMENTS

I am unsure of the exact point at which Dr. Nancy Mitchell became not just an adviser but a mentor, but I can surely say that it happened, and for that I am extremely fortunate. Dr. Mitchell consistently went above and beyond the call of duty, always ready to offer constructive advice and feedback. She never allowed me to be satisfied with easy answers, and remained an enthusiastic guide throughout the process. I firmly believe that I constituted for her a full-time job, and I owe her much gratitude and thanks.

I am also grateful for Dr. Alex DeGrand’s careful readings of this and other works, and for Dr. Charles Carlton’s open door and ever-ready advice. Dr. DeGrand and Dr. Carlton each possess sharp intellects and even sharper wits; I enjoyed working with both immensely.

The librarians and archivists at NC State’s D.H. Hill Library, the National Archives, the Harry S. Truman Library, Library of Congress, and Duke University’s Perkins Library were gracious and helpful to a neophyte researcher.

Dr. Alex Dragnich provided invaluable first-hand knowledge of the events chronicled in this thesis, as did the unnamed CIA officer referenced throughout this work. Their insights and anecdotes gave color to black and white documents.

Graduate study can be a lonely endeavor. I was extremely lucky to have a strong support network over the course of my tenure, and would especially like to thank Laura Farkas and Matthew Poteat.

Finally, I owe a deep debt of appreciation to Tamara Clark, who kept me grounded and focused throughout the process. I could not have completed this thesis without her support and encouragement.
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Introduction

In late November 1950, Frank Wisner, head of the Central Intelligence Agency’s covert operations arm, the Office of Policy Coordination, initiated discussions with Yugoslavia’s Deputy Minister of Foreign Trade, Vladimir Velebit, concerning a formal intelligence sharing agreement between the two countries’ intelligence services. For Wisner, the joint cooperation would help Yugoslavia’s Ministry of State Security (*Uprava Državne Bezbednosti*, UDB), “in the area of psychological warfare.”¹ The CIA could also assist Yugoslavia in establishing a rapid communications system in the event of Soviet or Satellite invasion. Wisner broached the topic through Velebit because of the Yugoslav’s reputation among American policymakers as “perhaps the outstanding exponent within the Yugoslav Government for a Western-oriented Yugoslavia.”

I came across this information while undertaking research at the Library of Congress in December 2004, buried in the W. Averell Harriman papers on the sixth page of a memorandum concerning economic and military assistance to Yugoslavia. The next month, January 2005, I confirmed the CIA-UDB cooperation in a series of interviews with the CIA Station Chief in Belgrade, who served in Yugoslavia from August 1948 until January 1951.² The Station Chief, who wishes to remain unnamed, served as the CIA point person for the negotiations under the guise of an interpreter. He explained that the cooperation entailed a formal agreement for sharing military intelligence, and even described the first manifestation of this cooperation: less than one week after the

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² [Name withheld], CIA Station Chief in Belgrade, 1948-1951, telephone interviews, January 21, 2005 and January 29, 2005, personal interview, March 6, 2005. The process by which I found the Station Chief is detailed later in this Introduction. The transcribed text of the phone interviews is attached as Appendix A.
agreement was negotiated, Yugoslavia offered to the United States a Soviet MiG-15 fighter jet.

The Yugoslavs had told the Soviet Union that the MiG crashed in Yugoslav territory and – refusing to allow Soviet intelligence inside its borders – that it was damaged beyond salvageable condition. The MiG was subsequently offered to the United States for inspection, on the condition that the CIA Station Chief facilitate the transfer (as far as the Station Chief knew, the Yugoslavs were unaware of his CIA connections; he was likely chosen due to his rapport with Yugoslav Ambassador Vlado Popović). Five Air Force Colonels went into Yugoslavia and retrieved the plane, at which point the Station Chief stepped out of the picture. Undoubtedly, this information helped the American military establishment in the prosecution of the ongoing Korean War.

The United States and Yugoslavia were not at this time formal allies, and each maintained a mutual distrust of the other’s political system. Their relations in previous years had sunk to extremely low depths. Yugoslavia shot down two American C-47 transport planes that on separate occasions in August 1946 had wandered into Yugoslav airspace. Poor treatment of American Embassy personnel in Belgrade further angered the United States. Yugoslavia, for its part, deeply resented that millions of dollars worth of Yugoslav assets had been frozen in the United States, due to Belgrade’s refusal to recompense American property nationalized after the post-war Communist takeover.3

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Why, then, the CIA-UDB agreement? A thaw in American-Yugoslav relations resulted from one transforming event: the June 28, 1948, Tito-Stalin split, whereby the Soviet-led Communist Information Bureau (Cominform) expelled the Yugoslav Communist Party from its ranks for its purported straying from the true tenets of Marxism-Leninism. This event subsequently developed a shared Yugoslav-American goal, preventing any Soviet military interference in Yugoslavia, from which the joint CIA-UDB cooperation was born.

The Tito-Stalin split marked the first exposure to the West of a break in Communist ranks. Heretofore regarded as a united and unassailable Communist monolith, the international Communist movement revealed for the first time cracks in the foundation. Hoping to further fragment the bloc, the United States moved to capitalize on the dispute over the next months, formally approving economic and military assistance to Yugoslavia in 1949. A joint treaty formalized the aid in November 1951.4

The CIA followed closely the repercussions of the Tito-Stalin split. It focused on a number of important consequences of the break, including the likelihood of a Soviet invasion to depose Tito, the possibility of other “Titos” emerging in Eastern Europe to challenge Soviet dominance, the effects on the Italian-Yugoslav territorial dispute over Trieste, and the possible cessation of Yugoslav aid to Greek Communists in that country’s ongoing civil war. The Agency also analyzed these consequences in light of transforming events beyond Yugoslavia, including the USSR’s successful atomic test in late 1949 and the outbreak of war in Korea in 1950. Surprisingly, few CIA analyses of

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the split brought up another transforming event: the commencement of the Berlin blockade, which began less than one week before the Cominform expelled Yugoslavia.

This thesis discusses CIA reporting on the repercussions of the Tito-Stalin split. Since the CIA was at this time sharply divided between its analysts and its covert operators (often with limited information sharing between them), it is necessary to distinguish between the two: this thesis focuses on the analysis side rather than on the covert operations, including lower-level Information Reports and official inter-agency analyses coordinated by the Office of Reports and Estimates. In certain instances, the cooperation or activities of the covert operations office is discussed.

In order to provide the most complete picture possible of Agency analyses, a number of sources for CIA print records are used. The most important of these is CREST, the CIA Records Search Tool. This is the Agency’s database of declassified documents available at NARA, Archives II. It includes files newly declassified, especially within the last few years. CREST is an invaluable source for Information Reports and other documents that conveyed regular, detailed information on foreign countries, persons, and events. These Information Reports generally reveal the views of CIA analysts before they were rolled into more official analyses of the Office of Reports and Estimates (ORE), which compiled reports based not only on information from Agency analysts, but also from various other governmental intelligence services.

The CIA’s Electronic Reading Room contains documents released under the Freedom of Information Act, with a special emphasis on ORE reports and their successors, National Intelligence Estimates. The Office of Reports and Estimates produced the Agency’s most official, authoritative reports on selected topics and
countries until 1950, when the new Office of National Estimates (ONE) assumed the task. CIA took the lead in drafting OREs, gathering input from intelligence offices in the Army, Navy, Air Force, and State Department. Since the Agency refused to compromise the core of its analyses in favor of intra-agency agreement, substantive disagreement by other agencies was footnoted, with the dissenting agency given space to make its case.

The Declassified Document Reference System (DDRS) and Digital National Security Archive (NSA) also contain large collections of declassified CIA, National Security Council, State, and Defense Department records. I supplemented these sources with a thorough review of the relevant *Foreign Relations of the United States* releases, as well as research at the Harry S. Truman Library, the Library of Congress, and Duke University’s Perkins Library, which holds the papers of George V. Allen, Ambassador to Yugoslavia from 1949 until 1953. The Truman Library’s holdings are particularly helpful for analyses coming in the wake of the June 25, 1950 outbreak of war in Korea.

Finally, I conducted interviews with two men serving in the Belgrade Embassy at the time of and just after the split: the CIA Station Chief in Belgrade from 1948 until 1951 (who wishes to remain unnamed), and Cultural Attaché Alex N. Dragnich, who served from 1947 until 1951. The Station Chief was the only Agency presence in Yugoslavia for three years following the split, as well as the point person in charge of setting up the CIA-UDB intelligence agreement. The process by which I came to interview both men deserves mention.

The CIA does not release the names of its current or past officers in the field. There are, however, methods that allow educated speculation of these officers’ identities. John D. Marks’s 1974 *Washington Monthly* article, “How to Spot a Spook,” details one
such method. A former State Department employee in the Bureau of Intelligence and Research, Marks explains how two Department publications can be used to make a good guess of intelligence officers under diplomatic cover.

Beginning at least by the early 1920’s, the State Department released lists of all personnel stationed in the Department and in embassies abroad. The *Foreign Service List*, as it was known, was produced quarterly, in January, April, July, and October of each year. Along with each officer’s name and title, the *Foreign Service List* also revealed the date officers were assigned to their present post, their category and class, and later their salary. For the purposes of discerning intelligence officers working under embassy cover, the “category and class” listing is most important. This listing distinguishes between Foreign Service Officers (FSO), Foreign Service Staff (FSS), and Foreign Service Reserve (FSR).

Although the State Department allowed the CIA to place its intelligence officers under diplomatic cover in its embassies abroad, the Department balked at allowing those officers to be given FSO status. Such status, the Department felt, would undermine its diplomatic efforts if foreign governments believed they could not trust the motives of American diplomats. Since Foreign Service Officers “remain pure,” as Marks notes, the CIA likely placed its agents in the field under FSS or FSR cover.

This notation alone does not provide enough evidence for discerning the identities of CIA officers abroad. For that, FSS and FSR names must be cross-referenced with the

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7 Marks, “How to Spot a Spook,” 6.
State Department’s *Biographic Register*. Produced annually, the *Biographic Register* provides background information on every FSO, FSS, and FSR officer employed by the Department during that year. This information usually includes place and date of birth, university attended, and in chronological order any previous government experience. Notable private sector or academic service is also listed.

Although the *Biographic Register* will not list “CIA” as a government posting abroad, there are several good indicators of intelligence work that may be listed. Some biographies note service for the Office of Strategic Services (OSS) during World War II, which was a precursor to the CIA. Others may list stints as an armed forces “analyst.” Time spent in academia, especially with Ivy League, eastern establishment universities, may also point to Agency connections. These postings do not automatically mean that an FSS or FSR is actually working for the CIA. In general, however, a series of such postings may make an embassy employee a likely candidate for CIA employment. Indeed, Marks’s method hit close enough to home that after 1974 the *Biographic Register* was no longer publicly distributed.

I used this method to track down both Dragnich and the CIA Station Chief. Both were listed as non-FSO’s, and both of their biographies strongly suggested intelligence work. Only one, however, turned out to be an intelligence officer.

I interviewed Alex Dragnich at his home outside Washington, D.C., in December 2004. During the Second World War, Dragnich worked first for the Justice Department in the Special War Policies Unit before moving to OSS in the Foreign Nationalities

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9 Alex Dragnich, attaché in the American Embassy in Belgrade, 1947-1950, personal interview, December 16, 2004. The transcribed text of the interview is attached as Appendix B.
Branch. Dragnich left government service for academia after the war, only to return to Belgrade as an FSR from 1947 until 1950, where he served as Cultural Attaché and head of the US Information Agency office. He seemed a perfect example of the “How to Spot a Spook” method. When asked if he was CIA, however, Dragnich merely chuckled before replying in the negative. He did express surprise that, considering his professional background, only a few people had even thought he may have been an intelligence officer. I learned later that there were three professional areas where the CIA did not tread, including one of Dragnich’s posts, the US Information Agency. The others were journalism and missionary work.¹⁰

The interview showcases a prime example of government personnel who seem likely candidates on paper but turn out to have no intelligence ties. In some cases, there are other perfectly reasonable explanations for an FSS or FSR classification. Dragnich explains:

> It was one of those situations that was used, I suppose, in various ways. It was one way of bringing in somebody for a limited period of time, four years or something. You're bringing in somebody who had not gone through the regular Foreign Service Officer testing. This was one way of simply utilizing somebody – in my case, the person who really recruited me was doing it basically because he knew I was fluent in the language.

In Dragnich’s case, he was brought in as an American of Serbian descent who would be able to foster cultural ties between the American and Yugoslav governments. Dragnich considered the post temporary throughout his tenure, noting that he always intended to return to academia after serving in Belgrade. He therefore saw no need to go through the FSO training process. Although offering little on CIA activities, Dragnich turned out to

¹⁰ [Name withheld], CIA Station Chief in Belgrade, 1948-1951, telephone interviews, January 21, 2005 and January 29, 2005, personal interview, March 6, 2005.
be a very good source of information on diplomatic relations between the United States and Yugoslavia.

The same “How to Spot a Spook” method led me to another non-FSO in January 2005, who turned out to have been the CIA Station Chief in Belgrade. In two phone interviews and a later personal interview, the Station Chief offered fascinating and extremely useful information about activities during his years in Yugoslavia, including information on the acquired MiG-15 and CIA-UDB intelligence sharing agreement that opened this thesis. Given enthusiastically and without hesitation, the Station Chief’s insights have been invaluable to this paper.

The CREST files and other analyses provide as comprehensive an account as possible of CIA reporting on the Tito-Stalin split’s repercussions, yet these sources have not been explored in any significant detail. No in-depth study of this topic has yet been written. Nevertheless, there are a few excellent books and articles on American-Yugoslav relations of the early Cold War and on the formative years of the CIA. These sources deserve review.

Very few book-length studies have analyzed American responses to Tito’s rift with the Cominform, and all of these focus on activities of the Department of State. Of these studies, several stand out. John Swissler’s Ph.D. dissertation, “The Transformation of American Cold War Policy toward Yugoslavia, 1948-1951,” provides an exceedingly thorough account of the State Department response to Tito’s rift with the Cominform. Swissler ends his account in 1951, a high point in US-Yugoslav relations.

that marked normalized American economic and military aid to the country. Thoroughly reviewing the relevant FRUS volumes and supporting decimal files, Swissler recounts in vivid detail the often-agonizing deliberations in Washington over whether the United States should provide economic or military aid to Yugoslavia, and how it could exploit the split to effect certain changes in Eastern Europe. Swissler presents supporting passages that describe Defense Department contributions, including a very good section on the likelihood of a Soviet attack on Yugoslavia, but otherwise concentrates almost exclusively on the State Department. The author provides just a few short analyses of CIA input, describing Yugoslavia’s economic situation and the prospects for American aid.13

Beatrice Heuser’s Western ‘Containment’ Policies in the Cold War – The Yugoslav Case, 1948-53 provides a more sweeping account of Western responses to the split than Swissler.14 Rather than focusing solely on American discussions, Heuser emphasizes policy cooperation between the United States, Great Britain, and France. Heuser continues her narrative until a 1953 crisis over Trieste, past the 1951 high point in US-Yugoslav relations where Swissler’s account ends. The author refers to CIA evaluations of post-split Yugoslavia more often than Swissler, but in a perfunctory manner. Like Swissler, Heuser focuses almost exclusively on diplomatic responses to the split.

In Western ‘Containment’ Policies and in a later book chapter, “Covert Action within British and American Concepts of Containment, 1948-1951,” Heuser provides a

brief account of possibly one of the first “rollback” missions possibly undertaken by the CIA: a disastrous Office of Policy Coordination mission designed to depose Tito by backing post-World War II, civil war rival Chetnik forces in early 1949. Though Heuser provides only sketchy details of the operation, the author’s archival work is significant in that she pieces her story together without any reference to CIA sources, which if in existence are still classified. Heuser constructs her account wholly on the basis of various American, British, and French diplomatic sources. This is a first-rate example of using foreign office sources to discern possible CIA activities.

Two other helpful resources give first-hand accounts of American responses to the split: John C. Campbell’s Tito’s Separate Road: America and Yugoslavia in World Politics and Charles G. Stefan’s “The Emergence of the Soviet-Yugoslav Break: A Personal View from the Belgrade Embassy.” Campbell served as officer in charge of Balkan affairs, Office of Eastern European Affairs in the State Department from 1949 until 1955. His book provides a concise account of American responses to the split, replete with keen insights into the State Department thought process. Stefan served as a Foreign Service Officer in the Belgrade Embassy from 1947 until 1948. “Emergence” gives a very good recollection of the events that marked the increasing acrimony in the months before the Cominform released its resolution. Like Swissler and Heuser, however, both of these works concentrate on diplomatic initiatives; CIA analyses are given short shrift.

Gregory Mitrovich’s *Undermining the Kremlin: America’s Strategy to Subvert the Soviet Bloc, 1947-1956* provides a very sharp, succinct analysis of the State Department’s attempts to exploit the split by encouraging other “Titos” in Eastern Europe. Vladislav Zubok and Constantine Pleshakov provide useful information on Soviet “inner circle” maneuverings in *Inside the Kremlin's Cold War: From Stalin to Khrushchev*. The memoirs of Dean Acheson and George Kennan, while presenting a fascinating picture of the State Department in this era, give only cursory analyses of the split. None of these works consider CIA analyses or activities.

On the other side of the coin, histories focusing on the CIA typically give scant attention to the Tito-Stalin split. Several articles discuss certain aspects of CIA responses, but none cover Agency reports in the depth attempted by this study. First, Trevor Barnes’s two-part article, “Secret Cold War: The C.I.A. and American Foreign Policy in Europe 1946-1956,” looks at the CIA’s rapid rise from bureaucratic outsider to influential player in American foreign policy decisions. Barnes examines monthly Reviews of the World Situation and analyses of the Office of Reports and Estimates, documents declassified in the mid-1970’s. His discussion of the Tito-Stalin split focuses on missed signs that pointed to a major breach before the Cominform resolution and provides a thin discussion of CIA analyses following the split. This is not surprising:

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many CIA reports have been declassified since Barnes’s articles were published in 1981 and 1982.

Jordan Baev’s “US Intelligence Community Estimates on Yugoslavia (1948-1991)” also examines CIA reporting on Yugoslavia. In the two paragraphs spent discussing the Tito-Stalin split, Baev produces very general conclusions about American military planning for a Soviet invasion. This article was written at a time when many of the documents used in this present study were available, but the CREST and other CIA files are too specialized for the author’s sweeping article.

The CIA’s own in-house study of how various agencies missed warning signs of the impending split is detailed in Robert M. Blum’s “Surprised by Tito: Anatomy of an Intelligence Failure.” Blum’s analysis appeared in the Summer 1985 edition of Studies in Intelligence, an internal CIA journal designed to provide intelligence professionals with a body of literature for their craft. A revised edition of the same work appeared in the Winter 1988 edition of Diplomatic History.

Using declassified documents from American and British sources, “Anatomy of an Intelligence Failure” focuses solely on the pre-split signs that American and British agencies could have pieced together in order to predict the break. It does not discuss any analyses of the post-split situation. While purporting to study State, Defense, White House, and CIA files, as well as the files of the British Foreign Office and American and

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British Embassies in Yugoslavia, the article is mainly a study of the State Department. The author writes just one sentence on pre-split analyses produced by the CIA.

Blum argues that a careful State Department analysis of the available evidence – both from within Yugoslavia and outside its borders – could have predicted the split in advance, maybe as early as April or May. More likely, with such an analysis, “the truth might have emerged 10 days before it was publicly evident.” Are these ten days significant? The CIA study, since it is merely a recounting of missed signs, does not attempt to answer such a question. Blum’s *Diplomatic History* version, however, does offer concluding thoughts on this issue. Blum decides that even though American policymakers were caught unaware when the split was made public, this did not matter as far as American policies were concerned. The United States could not have offered public support without seriously undermining Tito’s position; the Soviet Union would have capitalized on this support as evidence that Tito had become a Western puppet. Even a private demarche that pledged support could have been discovered, to Tito’s detriment. Eventual American policy sent aid to Yugoslavia, but because the United States initially decided to take a hands-off approach to the Cominform dispute, the missed signs did not have a detrimental, long-term effect on the policy process.

A number of other declassified *Studies in Intelligence* articles have been especially helpful for their information on the early CIA. Among these, the documents in Woodrow H. Kuhn’s *Assessing the Soviet Threat: The Early Cold War Years* stand out, as do the excellent articles of Thomas F. Troy on the origins of a central intelligence

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23 Blum, DDRS, 66; similar quote in Blum, *Diplomatic History*, 54
agency and Arthur B. Darling’s article based on his *The Central Intelligence Agency: An Instrument of Government, to 1950*.\(^{24}\)

Other works on the CIA note the Tito-Stalin split but do not consider Agency analyses. In, for example, *Operation Rollback: America's Secret War behind the Iron Curtain*, Peter Grose provides a few very good pages on covert activities in Yugoslavia during the Second World War and after the split.\(^{25}\) He does not discuss any CIA analyses. Grose details the same failed OPC mission first described by Beatrice Heuser in *Western ‘Containment’ Policies* and uses the same archival information based on diplomatic sources. The operation is described as part of a larger series of covert missions carried out by OPC during the Truman years. Indeed, Grose’s greatest contribution is his reminder that covert operations were a large part of an aggressive Truman-era policy aimed at eradicating Soviet influence in Eastern Europe.

Finally, several histories deserve mention for their thorough treatment of the CIA’s formation. John Ranelagh’s *The Agency: The Rise and Decline of the CIA* provides a very detailed account of the CIA’s origins and activities.\(^{26}\) The work is comprehensive, spanning Franklin D. Roosevelt’s initial creation of a Coordinator of Information in 1941 through Ronald Reagan’s appointment of William Webster as Director in 1987. Ranelagh is detailed in his discussion of the national intelligence establishment’s formation. The author also provides a nice balance in his discussion of


analytical and covert activities, including a good section on intra-Agency rivalries between the two. Opposition from the Departments of State and Defense is carefully examined.

The Agency’s drawback concerns sources. When a paper trail exists, Ranelagh is meticulous in his citation. Yet the author also relies on his own extensive interviews with former intelligence officers. When information in The Agency comes from these interviews, it is sometimes but not always cited. Checking uncited information is impossible.27

Evan Thomas, similarly, takes a fascinating look at the early CIA in The Very Best Men: Four Who Dared: The Early Years of the CIA.28 Thomas provides a unique angle on the Agency’s formative years, discussing the lives of four men whose careers influenced the CIA and gave it a dashing, “Oh So Social” character. Of the four men profiled, Frank Wisner was arguably the most significant. Wisner served as Director of the Office of Policy Coordination (OPC), the covert operations arm of the CIA, from its inception in 1948 until 1958. Wisner’s penchant for taking chances, as well as his amateurish mistakes, paralleled the OPC’s own flair and reckless abandon of this time period. Like Ranelagh, however, Thomas does not discuss the Tito-Stalin split in any significant detail. The works’ value to this thesis lies in their illumination of the CIA’s formative years, providing a useful background for an analysis of CIA reports on Yugoslavia.

27 As an example, Ranelagh writes on page 226: "By 1953, Frank Wisner's [Office of Policy Coordination] agents stationed in Europe had also achieved some notable successes. They had recruited a number of influential secret informants, including the mistress of a senior aide to Marshall Tito of Yugoslavia." This information has no source citation. A query to the H-Diplo listserv (October 13, 2004, www.h-net.org) unearthed no sources, nor is the information reported in any other work that I have studied.

Origins of an Intelligence Agency

In 1948 the Central Intelligence Agency was anything but central. A collection of buildings and “prefabricated huts” scattered haphazardly around Washington’s National Mall served as CIA office space. A single, central location operating as a “nerve center” for the Agency – what is now known as “Langley,” for the McLean, VA, neighborhood where CIA headquarters is currently located – would not be completed until 1961.

The chaotic nature of the early CIA’s office space mirrored in many ways its standing in the post-World War II bureaucracy. Although various departments within the government operated separate intelligence offices beginning in the 1880’s, an autonomous agency devoted specifically to intelligence gathering and analysis was a new phenomenon; the CIA did not receive formal or financial independence until 1947. This lack of established bureaucratic “territory” worked to the Agency’s disadvantage. The well-entrenched Washington bureaucracies, especially the Departments of State and Defense, worked to constrain any CIA efforts that took intelligence activities from their own offices. They did so largely by using their Secretaries’ status as members of the National Security Council; the Director of Central Intelligence attended NSC meetings, but was not a formal member. The origins of the CIA, which shed light on its strained relationship with the Departments of State and Defense, therefore deserve consideration.

American spy operations occurred as far back as the Revolutionary War, but no formal intelligence service existed until the late Nineteenth Century. The first such

29 Ranelagh, 17.
30 The most helpful sources on the early CIA include Ranelagh, The Agency, and Thomas, The Very Best Men, as well as the declassified articles of Studies in Intelligence, especially Troy, “Truman on CIA.”
service, founded in 1882, was the Office of Naval Intelligence (ONI). The military followed closely with its own operation, known during World War II as the Military Intelligence Service (G-2). “Small, underfinanced and lightly regarded in the Navy and War Departments,” these services focused on overt intelligence gathering activities. Offices in the State and Justice Departments, as well as various other agencies, began carrying out similarly independent intelligence activities in the following decades.

The first real efforts at coordination came in 1939 at the behest of Franklin D. Roosevelt. Unhappy with the fragmented state of the current services, the President ordered coordination between ONI, G-2, and Justice’s FBI, which together formed the Interdepartmental Intelligence Committee (IIC). Two years later, the IIC’s power was usurped – along with control of two new foreign clandestine services operated by the Navy and FBI – by General William J. “Wild Bill” Donovan, Roosevelt’s new Coordinator of Information (COI).

“Wild Bill,” the moniker given Donovan as quarterback of Columbia University’s football team, was a well-earned nickname. The General famously led successful military operations during World War I and remains the only American awarded the nation’s four highest honors: the Medal of Honor, the Distinguished Service Cross, the Distinguished Service Medal, and the National Security Medal. Donovan also found success in law with a Wall Street firm and became a prominent Republican. Even so, it was in his capacity as personal envoy of the Democratic President Roosevelt that Donovan fostered the ties vital to establishing a centralized intelligence agency.

Before he became COI, Donovan met extensively with the British Secret Intelligence Service (SIS) liaison in America, William S. Stephenson. These contacts

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fostered the ties that later served to form a strong partnership between the two countries’ intelligence services. At this time, however, Donovan simply used the relationship to discover the working intricacies of a more established intelligence service. The British method became the impetus for Donovan’s plan to coordinate the American intelligence services, which he proposed to Roosevelt in March 1941.32

With minimal Army, Navy, and FBI input, all of which argued against the idea, Roosevelt created the Coordinator of Information on July 11, 1941, and named Donovan as its head. Donovan was charged with one task: “to carry out, when requested by the President, such supplementary activities as may facilitate the securing of information important for national security.”33 Although the wording was vague, Donovan retained clear ideas about the nature of his position. Implicit in a statement authorizing “supplementary activities,” and tacitly accepted by Roosevelt, Donovan, and others, was the message’s authorization of espionage. For Donovan, this clearly meant foreign espionage; it was understood by all parties that domestic activities were off-limits. The COI position, however, would not be limited in its foreign activities, instead combining military and naval information with political and economic information heretofore not collected.

Nevertheless, Donovan never became a true Coordinator of Information, “simply because the military services never gave him the information to coordinate.”34 Indeed, without ONI or G-2 cooperation, Donovan’s position became ineffective, despite his best efforts to the contrary. Roosevelt thus reorganized COI into the Office of Strategic Services (OSS) under the Joint Chiefs of Staff in 1942. Although Donovan remained the

32 Ranelagh, 37-56.
34 Troy, “Truman on CIA,” 25.
organization’s head, the reorganization severed his direct link to the President and stymied his goal of establishing an independent intelligence agency.

Just as Donovan rightly earned his “Wild Bill” nickname, the OSS earned its own “Oh So Social” moniker. Such a nickname came from the officers who populated its ranks. These men hailed from Harvard, Yale, and other eastern establishment universities. They were dashing, bold, and prone to reckless adventure. Later, OSS-turned-CIA operatives clashed with the more rigorous and austere “professional” Agency employees, operatives and analysts who studied their tradecraft and performed it, they believed, more seriously than these “amateurs.”

Yet these “amateurs” succeeded during the war. With support now coming from the Joint Chiefs, the OSS collected valuable information and conducted various operations throughout the Second World War. Even with its successes, however, the organization could not ensure its post-war existence. As the war drew to a close, Donovan advocated forcefully for a peacetime intelligence service. In November 1944, the OSS Director submitted to Roosevelt a formal proposal for such a service. Similar to Donovan’s COI, this service would report directly to the President. It would be the central agency for collecting and analyzing information, as well as for performing espionage and other clandestine activities.

Roosevelt sent the plan to the Joint Chiefs for review, which subsequently tasked its Joint Intelligence Service (JIS) with preparing a response. At this level, the Donovan proposal sparked an intense inter-agency debate. It met stark resistance from the Secretaries of War and Navy, who believed Donovan was attempting to subvert the chain
of command by severing the Joint Chiefs link. Although neither ONI nor G-2 produced a viable post-war plan, fear of a Donovan takeover prompted immediate opposition.

Unable to come to a consensus, the Joint Chiefs were saved from reporting as such to the President by a leak of the plans to a right-wing newspaper in February 1945. Subsequent newspaper accounts decried the “super spy system” and “Gestapo” agency. The harsh accounts prompted the Joint Chiefs to advise Roosevelt against pursuing any peacetime intelligence service for the near future; the President shelved the plan.

Roosevelt picked up the plan again in April 1945. Unfortunately for Donovan, the President’s death that month struck a severe blow to his proposal. The OSS Director had enjoyed a close relationship with Roosevelt, but found new President Truman unsympathetic to his ideas. Truman was too concerned with ending the war in the Pacific to give Donovan much attention. As Vice-President, moreover, Truman had not been informed about the inter-agency debate on OSS’s future.

Consequently, Truman, acting on the advice of powerful Budget Director Harold D. Smith, disbanded the OSS in September 1945. The State Department received its research and analysis unit, while the War Department took control of its clandestine operations side, the Strategic Services Unit. Nevertheless, the idea of a central peacetime intelligence service continued, spurred by the specter of conflict with the Soviet Union. Smith initially tasked State with coordinating intelligence activities, an ill-conceived idea since State was the one Department that did not want any intelligence organization in its midst because it believed that mixing in intelligence activities compromised its ability to use diplomacy effectively.

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35 Troy, “Truman on CIA,” 27.
Inter-agency wrangling continued until January 1946, when Truman adopted a plan remarkably similar to Donovan’s original proposal. Backed by the Joint Chiefs, the plan called for a central intelligence agency overseen by a National Intelligence Authority (NIA), which gave the military establishment some degree of control over the nominally independent agency. At this point, Budget Director Smith intervened again; he redirected funding to such an extent that the proposed Central Intelligence Agency could not really be called an independent “Agency” at all; it therefore became the Central Intelligence Group (CIG).

It took until July 1947 to achieve financial independence. The National Security Act of that month created a National Military Establishment – rolling into one agency the Army, Navy, and Air Force – plus a National Security Council and officially independent Central Intelligence Agency. The Act gave the Central Intelligence Agency all responsibilities previously associated with the CIG, which was disbanded. This officially entailed performing “such services of common concern as the National Intelligence Authority determines can be more efficiently accomplished centrally.” The Act envisioned the CIA as an overseer of the entire intelligence establishment. It would combine its own intelligence with the military expertise of the services branches and the political expertise of the State Department to provide the President with the most accurate possible assessment of world developments.

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36 The National Military Establishment was renamed the Department of Defense in August 1949. Official Washington loves abbreviations, thus the National Military Establishment was initially referred to as NME, unfortunately pronounced “enemy.” Press ridicule certainly helped push the name change. For clarity’s sake, however, I will follow accepted usage and refer to the agency as “Department of Defense” for any post-National Security Act reference.

The Departments of State and Defense, however, remained reluctant to cede any control over their own intelligence organizations. State preferred the input of its research and analysis team, while the military believed in the superiority of its own intelligence, gathered through the Strategic Services Unit. This was a major obstacle for the CIA. Under the National Security Act, the CIA took its directives from the National Security Council, of which the Secretaries of State and Defense were members. The Director of Central Intelligence (DCI) attended NSC meetings, but was not an official member. The fact that military officers initially headed the CIG and CIA, moreover, contributed to a sense of deference toward the Defense Department. It was unclear that the DCI could actually coordinate all intelligence, which was prescribed by law but virulently opposed by the State Department and military.

The CIA also clashed with the State Department and military abroad. The State Department, wary of blurring the lines between intelligence gathering and diplomacy, initially objected to the CIA’s use of its embassies and communications devices; the department also clashed with the CIA over how much control ambassadors could exert over Agency employees. The tension was strong enough that it led to “name-calling” at certain embassies. The CIA and military argued over which intelligence operations should actually collect the information. Relations were better than those with the State Department, but were “not cordial.”

When Rear Admiral Roscoe Hillenkoetter became Director of Central Intelligence on May 1, 1947, the CIA was not centralized, but rather a collection of *ad hoc*

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intelligence offices serving as improvised solutions to immediate threats.\textsuperscript{39} The Agency was not in a strong enough position to take on the State Department and military establishment in 1948. A true centralization process would not begin until 1949.

On paper, the progression from Coordinator of Information to OSS to CIG to CIA appears convoluted and complicated. Indeed, there were many instances when a central intelligence service’s prospects for survival seemed quite dim. Yet it must be remembered that throughout the process many of the same people worked first for OSS, then CIG, and finally CIA. They performed the same tasks and wrote the same analyses regardless of their organization’s name and bureaucratic position. While not seamless, the transition was often steady. “And of course they claimed that there was no connection [to OSS],” noted the CIA Station Chief in Belgrade, an OSS veteran, “but we just sat at one desk on one day and turned our hats around and we were CIA.”\textsuperscript{40}

\textbf{Origins of the Tito-Stalin Split}

Only scant evidence of something out of the ordinary between Marshall Josip Broz Tito in Yugoslavia and Soviet leader Josef Stalin crossed American diplomats’ desks before June 28, 1948, and few if any of these analysts thought the fragmented pieces were somehow connected to a larger dispute. A February 12, 1948, item in the French newspaper \textit{Figaro} reported from Bucharest that Tito’s position within Communist circles “was not as secure as commonly believed,” yet this report apparently failed to reach the American Embassy in Belgrade. Some months later, the embassy did note a

\textsuperscript{39} Hillenkoetter was the first official Director of the Central Intelligence Agency. He was appointed the third Director of the Central Intelligence Group on May 1, 1947, succeeding General Hoyt Vandenburg. Hillenkoetter retained his position when the CIG became CIA, sworn in as DCI/CIA on August 29, 1947.

\textsuperscript{40} [Name withheld], CIA Station Chief in Belgrade, 1948-1951, telephone interviews, January 21, 2005 and January 29, 2005, personal interview, March 6, 2005.
striking omission in *Borba*, mouthpiece of the Yugoslav Communist Party. Unlike previous years, no congratulations from Stalin or other high level Soviet figures appeared on the occasion of Tito’s May 25 birthday. Still later, on June 12, the Soviet Union announced to the United States, Great Britain, and France that the upcoming conference on Danube River navigation would not be held in the Yugoslav capital; Belgrade had “difficulty in providing the necessary facilities.”

Only then did the Belgrade Embassy report any sense of an impending Soviet-Yugoslav crisis, which even then only came about after Yugoslavia denied any “difficulty” organizing the Danube Conference and made an effort to keep Belgrade as host city. The American diplomatic community was stunned, therefore, when on June 28 the Communist Information Bureau expelled Yugoslavia from its ranks.

“The leadership of the Communist Party of Yugoslavia has pursued an incorrect line on the main questions of home and foreign policy, a line which represents a departure from Marxism-Leninism,” declared the June 28 communiqué. The Yugoslav Communist Party “has placed itself… outside the family of the fraternal Communist Parties, outside the united Communist front and consequently outside the ranks of the Information Bureau.” The few available pieces of evidence in no way prepared American diplomats for an intra-Communist dispute of this magnitude. Yet what seemed like a sudden action had in reality long been gathering force behind closed Communist

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41 These incidents are related in Stefan, “The Emergence of the Soviet-Yugoslav Break;” 387-404.
doors. It is thus helpful to explore the split’s origins, as well as the initial American response, in more detail.43

Before the split, American diplomats perceived Yugoslavia as the “staunchest and most militant of all the Soviet satellite states,” a sentiment underscored by the 1947 choice of Belgrade to headquarter the Cominform.44 Tito himself spent substantial time undergoing training in Moscow, and even maintained “special links” with Soviet intelligence.45 This cooperation, however, belied areas of separation between the two leaders. Despite Tito’s Moscow ties, after World War II the Yugoslav leader came to power in Belgrade by his own efforts; he had liberated the country from Nazi rule and fought a bloody civil war against Draza Mihailovich’s nationalists. Unlike in other Eastern European countries, Stalin’s Red Army played only a minor role. Tito thus had good reason to believe that Yugoslavia would be more than nominally independent of Soviet influence. He found, however, that Stalin attempted to dominate Yugoslavia by exploiting its economy and controlling its foreign relations.

Tito intended Yugoslavia to be independent of any sphere of influence, stating as such (and invoking Stalin’s ire) in a May 1945 speech. His remark that Yugoslavia did not “wish to be used as small change in international bargaining” clearly referred as much to the Soviet Union as it did to the West.46 Yet Tito was unable to avoid becoming the

43 The best book-length sources on American and European responses to the split are Swissler, “Transformation,” Heuser, Western ‘Containment’ Policies, and Campbell, Tito’s Separate Road. The articles of Lees, “The American Decision to Assist Tito, 1948-1949,” and Stefan, “The Emergence of the Soviet-Yugoslav Break,” are also very helpful. The memoirs of Milovan Djilas and Edvard Kardelj provide fascinating accounts of the split’s origins from the Yugoslav perspective.


USSR’s “small change.” An April 1946 economic agreement, although based on equal terms, resulted in extreme disadvantage to Yugoslavia. Moscow managed and took profits from jointly held stock companies, but Yugoslavia provided primary financing. The Soviet Union also controlled pricing on traded goods, to its advantage, and sold Yugoslavia used military equipment at new equipment prices.47

While this economic exploitation clearly upset the Yugoslav leadership, the real economic dispute centered on Tito’s Five-Year Plan. This plan, set for implementation from 1947 through 1951, preceded any other Satellite plan by two years. Closely following the Soviet model of heavy industrial investment, it sought to dramatically increase industrial production by 1951 to levels five times those of 1939.48 Stalin deemed it too ambitious; he disliked the fact that the plan was not initiated on a Soviet timetable.

The Five-Year Plan dispute reached the upper levels of Tito’s government. Two Central Committee members, Sretan Žujović and Andrija Hebrang, sided with Stalin on the issue, arguing that the proposed plan was untenable. The two were dismissed from the Central Committee in May 1948 and arrested. The United States, interestingly, severely misjudged the reasons behind the pair’s dismissal. Both the CIA and the State Department believed that Žujović’s and Hebrang’s arrest for “economic sabotage” meant the two would be held accountable “for the impending failure of Tito’s five year plan,” rather than for their support of Stalin on the issue.49 The incident marked one of the rare

47 Djilas, Rise and Fall, 96-97.
48 Tomasevich, 95.
chances to foresee the split given American officials, but like the other disjointed pieces of evidence it was not connected to a larger picture of Soviet-Yugoslav dispute.

Differences between Tito and Stalin over the conduct of foreign affairs accompanied the economic dispute. The two disagreed about the proper handling of Yugoslavia’s claim to Trieste, aid to Greek Communists mired in civil war, and a proposed Yugoslav-Bulgarian Balkan Federation, which Stalin viewed as an unacceptable rival to his power.

In both Trieste and Greece, Tito invoked Stalin’s displeasure by pushing a hard line against the West. As part of an effort to gain control of Trieste, an Adriatic port also claimed by Italy, Tito put intense pressure on the Western governments. Western policymakers had no reason to believe that Tito’s pressure was anything less than an extension of Soviet strategy, and interpreted it as such. Yet Stalin actually wanted the Yugoslavs to temper their push. He feared inciting excessive hostility against the Soviet Union without clear gains for that country; gains solely for Yugoslavia would not suffice.50

Tensions over Greece followed the same trajectory. Tito persisted in aiding Greek Communist rebels in their ongoing civil war, hoping one day to acquire Greek Macedonian territory as part of his continuing efforts to create a greater south Slav state. Stalin felt it unwise to cross swords with the British and Americans. President Truman’s pledge of hundreds of millions of dollars to Greece and Turkey – the first manifestation of his Truman Doctrine aimed at combating communist regimes worldwide – virtually ensured American intervention there if the Greek Communists took the upper hand. Stalin, again working not to antagonize the Western powers, decided against any aid to

the Communists. When Yugoslavia continued its aid, Stalin gave Tito confidant Milovan Djilas a message for the Yugoslav leader, ordering him to cease any activities because there were “no prospects for success” in that arena. “What do you think,” Stalin thundered, “that Great Britain and the United States – the United States, the most powerful state in the world – will permit you to break their line of communication in the Mediterranean Sea! Nonsense. And we have no navy. The uprising in Greece must be stopped, and as quickly as possible.”

Yet it was Tito’s plan for a joint Yugoslav-Bulgarian Balkan Federation that really aroused Stalin’s ire, for this plan directly challenged his own authority in Eastern Europe. As a first step, the two counties signed an agreement in August 1947 calling for more Yugoslav-Bulgarian integration. Bulgarian Premier Georgi Dimitrov announced tentative plans for such a Federation on January 17, 1948, including in his statement Yugoslavia, Rumania, Bulgaria, Albania, Poland, Hungary, Czechoslovakia, and even Greece. By January 28, Soviet Communist mouthpiece Pravda had denounced the plan as “problematic and fantastic.” A humiliated Dimitrov retracted his statement.

An irate Stalin then called the high leadership in Bulgaria and Yugoslavia to a meeting in Moscow early the next month. Dimitrov attended, but Tito claimed illness and sent Djilas and others in his place. Berating his guests throughout the meeting, Stalin claimed Eastern Europe as his sphere of influence. No relations, and especially no Balkan Federation, would be permitted without his approval. Then, suddenly and inexplicably, Stalin gave approval for the Federation, demanding at the meeting unification between the two countries!

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52 Djilas, Conversations with Stalin, 171.
The Yugoslavs suspected a trap, fearing that Stalin wanted a “Trojan horse” to penetrate the Yugoslav Communist Party’s upper ranks with pro-Soviet Bulgarians.\textsuperscript{53} They stalled until a March 1 politburo meeting, at which time they rejected Stalin’s demand. Stalin responded by recalling Soviet military advisers stationed in Yugoslavia on March 18; on March 27, Stalin sent the first in a series of secret letters urging Tito to remember Trotsky’s heresy.\textsuperscript{54}

The letters, the first of which was signed only by Tito (addressed to Soviet Foreign Minister Vyacheslav Molotov) and later signed by the CPY leadership (addressed to both Molotov and Stalin), framed the dispute as one between two Communist parties rather than between states.\textsuperscript{55} While initially conciliatory, later CPY letters to the Soviet Communist Party showed a willingness to defy Stalin in favor of a more nationalistic road to socialism: “No matter how much each of us loves the land of Socialism, the Soviet Union,” Tito wrote, “he can in no case love less his country, which is also building Socialism.” As 1948 moved into the summer months and the intra-party letters continued, Žujović and Hebrang were arrested, and the Soviet Union announced Belgrade would not be hosting the Danube navigation conference.\textsuperscript{56} On June 28, the Cominform denounced Yugoslavia’s nationalist tendencies and declared its expulsion from that body. The Tito-Stalin split went public.

If the Cominform hoped to rein in Yugoslav nationalism, it picked the worst possible day to do so: June 28 was St. Vitus Day – \textit{Vidovdan} – a religious holiday of the

\textsuperscript{54} The letters are available in Bass and Marbury, Eds. \textit{The Soviet-Yugoslav Controversy, 1948-58: A Documentary Record}.
\textsuperscript{56} The Soviets lost that battle; Belgrade hosted the July 30-August 18 conference.
Serbian Orthodox Church, and a day laden with Yugoslav nationalist significance. On that date in 1389, Serbs were defeated by the Ottoman Turks in the Battle of Kosovo, opening the door to 500 years of Ottoman influence in Europe. In more modern times, June 28 marked the day in 1914 of Archduke Franz Ferdinand’s assassination at the hands of the Black Hand Serb nationalist group, providing the spark that lit the tinderbox of World War I. On June 28, 1921, King Aleksandar proclaimed Yugoslav unity in the new Constitution of the Kingdom of Serbs, Croats, and Slovenes.

Neither of the State Department the CIA, nor the Belgrade Embassy predicted a break between Yugoslavia and the Soviet Union on the magnitude of the Tito-Stalin split. Yet that is not to say that these analysts were unaware of any Soviet-Yugoslav discord before June 28, 1948. Indeed, analysts from both State and CIA noted instances of dissent between Yugoslavia and the Soviet Union prior to the Tito-Stalin split.

At least as far back as June 1947, an Embassy Belgrade telegram commented on Yugoslavia’s unwillingness to play the role of Soviet puppet.\(^\text{57}\) Although the State Department misread the Yugoslav Central Committee dismissal of Žujović and Hebrang, it clearly understood the significance of Yugoslavia’s adamant stance on hosting the Danube Conference. In a June 18, 1948 telegram, Embassy Belgrade called that event possibly the “most significant political event here since US recognition,” adding that it “presages possibility split in Soviet bloc if breach allowed to widen.”\(^\text{58}\)

The CIA’s analyses followed a similar path, noting differences between Tito and Stalin but not explicitly predicting such a break. Two years after the split, in response to

\(^{57}\) “The Chargé in Yugoslavia (Cabot) to the Secretary of State, June 7, 1947,” in FRUS, Eastern Europe, 1947, 806-808.

\(^{58}\) “The Chargé in Yugoslavia (Reams) to the Secretary of State, June 18, 1948,” in FRUS, Eastern Europe, 1948, 1073.
a *New York Herald Tribune* article castigating the Agency for a series of intelligence failures that included failing to foresee the Tito-Cominform rift, Director Roscoe H. Hillenkoetter defended the CIA’s reporting in a memo to President Truman. 59 “In May 1948,” he wrote,

CIA noted that Tito was taking energetic steps to purge the Yugoslav Communist Party of diversionists, and on June 10 reported that the Yugoslav government was groping for a policy that would make it “the Balkan spearhead of evangelical and expansionist Communism.” When Yugoslavia defied the USSR on June 20 by insisting that the Danube Conference be held at Belgrade, CIA estimated that the Kremlin faced a serious problem in reconciling within the Satellite states the conflict between national interests and international Communism.

Thus the CIA, like the State Department, had some idea of the discord between Yugoslavia and the Soviet Union, and was certainly aware that nationalist deviations from the Soviet Union’s brand of Communism could not be forever constrained. An assertion that the CIA “failed” to predict Yugoslavia’s expulsion from the Cominform is, therefore, misleading. It is true that the CIA did not specifically declare that Tito would be expelled from the Cominform, but that this is perceived as a failure is revealing, for it shows a subtle shift from the Agency’s original mandate. No longer was the CIA merely tasked with overseeing the collection and analysis of its information and that of other intelligence operations. The Agency was now a “world watcher,” expected to monitor and *precisely predict* developments that affected the security and policy of the U.S. government.

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59 The August 2, 1950, *New York Herald Tribune* article noted the CIA’s failure to predict the Tito-Stalin split as symptomatic of a number of intelligence failures, including the fall of Czechoslovakia in 1948, the fall of the Chinese Nationalists in 1949, the Israeli victory in Palestine in the 1948-1949 war, and the outbreak of the Korean War in 1950. DCI Hillenkoetter disputed the charges point by point in a memorandum to President Truman the next day: “Memorandum,” August 3, 1950. President’s Secretary’s Files (PSF), Intelligence File, Box 211, Harry S. Truman Papers (HSTP), Harry S. Truman Library.
After the split occurred, American diplomats were not initially sure how to react to “this brilliantly fluid situation,” as it was described by Belgrade Embassy Chargé d’Affaires Robert Borden Reams one day after the event.60 Within the embassy, according to the CIA Station Chief there, three camps arose:

There were those that said, “This is a hoax. It won’t last.” Or it’s true but it won’t last because they can’t stand against the Russians. And then there was a younger group that appealed to me intellectually and professionally, that said, “Let’s see if we can’t ride this one out.” And of course that’s the side that prevailed. We worked then very closely with that concept in mind.

Even after deciding that the split was not a hoax, American officials in Belgrade and Washington continued to exercise caution. Should the United States support Tito, who remained Communist with or without Soviet support? If so, should that support be economic, or military, or both? A “wait and see” policy was adopted. Regardless of any other outcomes, Tito as a thorn in Stalin’s side aided American objectives. Early discussions also looked at the possibility of effecting other “Titos” in Eastern Europe and later in China, although, as shall be shown, the CIA discounted this possibility.

Like the State Department, the CIA failed to foresee a break of this magnitude in the international Communist movement. Lack of cooperation between the CIA, State Department, and Defense Department hampered information collecting efforts in Yugoslavia. The Agency, moreover, had no station in Belgrade at the time of the split, and would not open one until August 1948.

60 “The Chargé in Yugoslavia (Reams) to the Secretary of State, June 29, 1948,” in FRUS, Eastern Europe, 1948, 1076.
“A Rat Hole to be Watched”

Although the CIA had no agents in Yugoslavia when the Tito-Stalin split occurred, it was no stranger to either Yugoslavia or to Tito. Along with its British counterpart Special Operations Executive (SOE), the OSS placed agents in Yugoslavia during the Second World War with the forces of both Tito and Mihailovich’s Chetnik fighters. They accompanied both sides as they fought against the Nazi occupation of Yugoslavia, and later against each other during the civil war period. Although the agents were officially asked to leave by Tito’s victorious Partisans in 1945, official interest in Yugoslavia’s actions nevertheless remained. In 1948, both the State Department and CIA had divisions concentrating on Balkan affairs.

After June 28, the CIA took steps to ensure that it gathered a better understanding of the situation in Yugoslavia. The Agency had no station in Belgrade when the split occurred, and it scrambled to put intelligence officers in the field. “We were going to have a five man station,” recalls the man who eventually became Station Chief, but Ambassador Cavendish W. Cannon refused. The Ambassador had no use for spies who could interfere with what were sure to be intricate diplomatic issues. Higher forces prevailed against the ambassador, although not without compromise. On a return trip to Washington, Cannon was faced with the fact that Allen Dulles and General [Walter Bedell] Smith and Acheson and Marshall wanted a CIA station in Belgrade. He said, “I won’t take

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62 OSS agent Franklin Lindsay reports being told by Lieutenant General Arso Jovanović to leave Yugoslavia in May 1945. Lindsay, 288-289.
them.” They said, “You have to take them.” So the National Security Council ordered him to take a single person. Well, grade-wise I wasn’t high enough. But I was a cryptographer, I’d learned enough of the language, and I was a code clerk – we had our own code system. So I ended up, instead of five people going, I went alone. I was the CIA presence in Yugoslavia.63

The station opened in August 1948. Under cover as an interpreter and head of a joint US-British translation service, the CIA officer set out to absorb Yugoslavia. He was to be “the eyes and ears for the Agency in Yugoslavia,” with a mission of learning as much as possible about the country’s politics and culture. Apart from stealing phonebooks and other information gathering activities, the officer “performed no operational activities.”

This man would have been in a prime position to shed light on the account, described by Heuser and Gross, of an early 1949 CIA operation in Yugoslavia. The operation was supposedly undertaken by the Office of Policy Coordination, working with exiled anti-Tito Chetnik forces to depose the Yugoslav leader. Not only did deposing Tito run counter to stated American policy, but if the mission occurred it ended disastrously, with all of the agents (wearing American Air Force uniforms) captured immediately upon arrival. News of the mission filtered back to the French Embassy, whose inquiry set off an alarmed reaction in both the British and American Embassies.64

When queried in our first interview, the CIA officer responded that he knew “absolutely nothing” about any such mission. I sent him the relevant pages of Heuser and Gross, and in our second interview he followed-up. I give his response here in full:

The most interesting thing that you could have done for me was send me that addendum with the item about the apparent infiltration of agents in US Army

63 [Name withheld], CIA Station Chief in Belgrade, 1948-1951, telephone interviews, January 21, 2005 and January 29, 2005, personal interview, March 6, 2005.
64 Heuser, “Covert Action within British and American Concepts of Containment, 1948-1951.” See also Heuser, Western ‘Containment’ Policies, 44-46; and Gross, Operation Rollback, 152-154.
uniforms. I was there at the time. I cannot believe that that would have gone unnoticed by anyone in the embassy, let alone the Ambassador, who would have confided in me. I was physically there, and I never heard of anything like that, never heard a rumor (and of course the place was replete with rumors) about anything. Now, the OPC that’s referred to was kind of a renegade outfit. They were unbridled in some ways. I suppose they could have posited that, but it just didn’t materialize. I don’t see how they could have done it.

Now, when I was assigned an apartment by the Yugoslav government, I stayed with the woman who had been lady-in-waiting to the Queen under the previous regime. She was the widow of the last person’s place where Tito and Mihailovich had met; she knew all of those people. She would have passed on anything like that, even a suggestion that the Chetniks were back and threatening or conniving.

The interesting thing from that same article is the fact that Cannon and [British Ambassador] Sir Charles Peake had gotten together to criticize the story that came up, because it was working directly counter to their interest in taking Tito away from Stalin. So anything of that nature, I was in the inner sanctum.

The other very interesting thing, very peripheral, is the Albanian episode… That was true, the abortive attempt to overthrow the Albanian government… [A relative] was the leader of this Albanian effort that you’re talking about, that was a total failure. That was sponsored by the OPC, which was created to do these wild and wonderful things. So they may have had a concept of doing something like that in Yugoslavia, but if it had been thought about at all we would have heard about it. So I dispute that completely.

I was unable to travel to London’s Public Records Office to see Heuser’s sources first-hand. A Freedom of Information Act request to the CIA was denied. I therefore leave this issue to future research.

This thesis, after all, is more a study of CIA analyses than operations. It follows a year-by-year progression of CIA analyses of the Tito-Stalin’s repercussions between 1948 and 1950. The first chapter, covering 1948, discusses the CIA’s initial post-split analyses, in which the possibility was broached of provoking more “Tito” defections throughout Eastern Europe. It also discusses the initial likelihood of a Soviet or Satellite invasion of Yugoslavia in order to depose Tito, Stalin’s initiation of “Titoist” purges in the Satellite states, and the initial repercussions of Yugoslavia’s aid to Greek Communist
rebels and disputed claim to Trieste. Concomitant with the deteriorating relations of the United States and Yugoslavia before the split, the CIA during 1948 considered Yugoslavia “a rat hole to be watched.”65 By 1949, that perception was beginning to change. The second chapter discusses CIA analyses of Tito’s staying power, as well as the harm this entrenchment caused to the Soviet-led International Communist Movement. CIA analyses of Stalin’s options for interference in Yugoslavia are again considered, with the addition of reports discussing possible Soviet-led insurrection in Yugoslav Macedonia. American economic and military aid, needed to offset a Soviet-Satellite blockade of Yugoslav trade, also receives consideration. In 1950, outbreak of the Korean War caused a reassessment within the CIA of Stalin’s willingness to go to war in the Balkans. Chapter Three discusses these analyses, as well as the process by which the United States used a severe drought in Yugoslavia to offer military assistance. The beginning of each chapter offers context, noting major Cold War events and significant occurrences within the CIA. The thesis ends in early 1951, with the establishment of a joint Yugoslav-American intelligence sharing agreement.

Chapter One

1948

In 1948, the emerging Cold War must have seemed at the brink of turning hot, with Europe as its likely battlefield. In February of that year, Communists staged a successful coup in Czechoslovakia. In April, the Italian Communist Party lost closely contested parliamentary elections, but only with the aid of a massive infusion of cash from the CIA to non-left politicians. On June 24, Soviet authorities announced that all road and rail travel to Berlin would cease, precipitating a crisis that culminated in a year-long American airlift of more than 270,000 flights and thousands of tons of food and aid each day to challenge the blockade. June 24 was a Thursday. On the next Monday, June 28, the Soviet-led Communist Information Bureau issued the communiqué that ejected Yugoslavia from its ranks. The move shattered American perceptions of an unassailable Communist monolith and brought into the open the Tito-Stalin split.

Chaos likewise reigned in the CIA. The year 1948 revealed an Agency beset with bureaucratic problems. Established just one year earlier, the CIA struggled initially to gain control of the national intelligence apparatus. The Departments of State and Defense were unwilling to cede more than token control to the new organization, and used their superior positions on the National Security Council to bolster their position. The Agency’s ad hoc organizational structure and uncertain mandate provided a weak case for more authority.

A number of other factors constrained Director Roscoe H. Hillenkoetter, who assumed the unenviable task of heading the CIA in 1947. Like the two CIG directors before him, Hillenkoetter – an Admiral – came from the military. This produced a
confused chain of command: the Joint Chiefs may have been superior officers, but Hillenkoetter reported directly to the President. Yet an official link to the President meant little without hefty bureaucratic standing, which the CIA did not have. This minor standing also forced Hillenkoetter to compromise on certain issues with the Secretaries of State and Defense. Even though the National Security Act charged the DCI with overall collection authority, George Marshall at State and James Forrestal at Defense retained large control over intelligence operations.

The chaos of the CIA’s formative years endured public exposure as well. In late July 1948, *The New York Times* printed a series of five articles detailing major flaws in the national intelligence establishment.66 The articles described bureaucratic infighting, organizational deficiencies, lack of oversight, an unclear mandate, and mediocre intelligence officers. While the series clearly singled out the CIA for much of the criticisms, the other intelligence services of the U.S. government were not immune; the State Department and each military service branch also received blame for the mess. Such criticism was indeed well founded. In fact, all of the “Intelligence” series’ stated deficiencies could be found in one office: the Office of Policy Coordination (OPC), the government’s covert operations arm.

OPC was created on June 18, 1948, just ten days before Tito was expelled from the Cominform. The CIA’s involvement in the successful Italian elections the previous April convinced the National Security Council that covert operations were a viable practice. Under the direction of NSC 10/2 and future director Frank Wisner, OPC was developed to promote covert operations and other “dirty tricks” abroad.

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The Office was only nominally associated with the CIA. In reality, it was placed in a bureaucratic No Man’s Land. Staffed and funded by the CIA, OPC’s director was appointed by the State Department and received guidance from State and Defense. While this arrangement helped conceal its activities and the ways in which it spent its massive budget, the organization was unwieldy. DCI Hillenkoetter was frustrated by his lack of control. OPC frequently clashed with the Agency’s Office of Strategic Operations (OSO), a separate CIA office already tasked with espionage activities. Led by Wisner, OPC retained much of the wartime OSS’s “Oh So Social” pedigree. Wisner handpicked his staff, and most came from the same Ivy League, Wall Street background that characterized OSS. The OSO, on the other hand, viewed itself as a “professional” clandestine operations office, populated by more serious practitioners of the espionage trade. Neither the awkward organization of OPC nor its overlapping authority with OSO would be corrected until 1950.67

OPC was, as the CIA Station Chief in Belgrade opined, a “renegade outfit,” a “black sheep” organization.68 Under Wisner, OPC managed to involve itself in missions – some successful, others disastrous – in Europe, the Far East, and elsewhere across the globe. A year after its inception, OPC had five foreign stations, 302 agents, and a $4.7 million budget. Those numbers soared over the next years: by 1952, 2,812 agents (plus 3,142 contractors) operated forty-seven stations and a budget of $84 million.69

Despite the continued bureaucratic wrangling, by June 1948 the Agency’s mission was beginning to crystallize. The Tito-Stalin split gave the Agency fleeting hope that

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68 [Name withheld], CIA Station Chief in Belgrade, 1948-1951, telephone interviews, January 21, 2005 and January 29, 2005, personal interview, March 6, 2005.
69 Ranelagh 135.
insurrection could be promulgated through Eastern Europe, which OPC undertook to accomplish with zeal – though not always professionalism – in Albania and elsewhere. Also in June 1948, the Joint Chiefs of Staff asked the Agency to focus on Soviet military invasion plans. The CIA obliged, and much of is analysis of the Tito-Stalin split discussed the probability of a Soviet attack on Yugoslavia.

Despite the chaos of the early CIA, during the final six months of 1948 the Agency managed to provide remarkably prescient analyses of the Tito-Stalin split’s repercussions. The Agency immediately recognized that Soviet-Yugoslav tensions were not easily resolvable, observing that neither side was in a position to easily mend the damage. The Agency also believed that the split would not cause the emergence of other “Titos” in Eastern Europe, predicting instead a Soviet purge of East European leadership. Finally, the CIA correctly believed that a Soviet invasion to depose Tito was not imminent, and predicted openings to resolve crises regarding Trieste and the Greek Civil War.

U.S. Intelligence Analyses of Yugoslavia in 1948

June 28, 1948, shattered American policymakers’ belief in a united Communist monolith. The Cominform communiqué released that day blasted the Communist Party of Yugoslavia (CPY), accusing it of a “departure from Marxism-Leninism.” Its nationalist tendencies placed the CPY “outside the family of fraternal Communist Parties,

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70 Ranelagh 138.
71 For comments on the “first breach” in a united Communist monolith, see “The Attitude of this Government toward Events in Yugoslavia, June 30, 1948,” and “The Ambassador in the Soviet Union (Smith) to the Secretary of State, July 1, 1948,” in FRUS, Eastern Europe, 1948, 1079-1083.
outside the united Communist front and consequently outside the ranks of the Information Bureau.”

Marshall Tito’s expulsion from the Cominform caught off guard the American intelligence community. While previous reports had noted elements of discord between Tito and Stalin, none predicted a break of this magnitude. Nevertheless, Agency intelligence officers quickly recovered from their shock. On June 29, the day after the Cominform expelled Yugoslavia from its ranks, DCI Hillenkoetter sent a memorandum to President Truman outlining the CIA’s initial analysis. The memorandum was forward looking, emphasizing Tito’s immediate options. Hillenkoetter stated that the Cominform’s public release of the communiqué was significant. It “may represent a desperate attempt by the Kremlin,” he wrote, “to discipline Tito and restore international Communist control over the more nationalist Yugoslav Communist Party.” Had Stalin felt that he could control Tito without airing public grievances, he almost certainly would have done so. Hillenkoetter also believed that the resolution did not herald an imminent Soviet-sponsored internal coup attempt, since any attempt would have had a far better chance of succeeding before the Cominform announcement.

Though the public nature of the split ensured that Stalin held a disagreeable position, Hillenkoetter emphasized that Tito’s own position was much less enviable. After underscoring Tito’s control over the essential political and military organs of Yugoslavia, Hillenkoetter painted a bleak picture of the Yugoslav leader’s situation:

In determining their reaction to the Cominform action, the accused Yugoslav Communists are faced with the realization that they can make no statement that will permanently heal the breach between them and the Kremlin. Complete

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72 Bass and Marbury, 40-46.
admission of guilt by Tito and his lieutenants would not only do little toward lessening the Kremlin’s determination eventually to eliminate them but would probably accelerate the process.

The DCI stressed that Tito’s best initial option entailed an attempt to mollify the Kremlin while simultaneously moving to consolidate his position in the CPY and putting out feelers to the West. In effect, Hillenkoetter believed Yugoslavia would follow a cautious “wait and see” policy before causing any further rift.

The final paragraph of Hillenkoetter’s memorandum discounted the possibility of other “Titos” emerging in Eastern Europe. Hillenkoetter noted that Tito, having come to power without the aid of the Soviet Union, held a power base more independent than the other satellites. The other Cominform regimes were much more integrated with the Kremlin, and were headed by “old line Communists trained in Moscow.” The DCI singled out the leaders of Bulgaria, Romania, Czechoslovakia, and Poland as significantly less likely to let any form of nationalism appear in their countries.

Hillenkoetter reemphasized this sentiment the next day in another memorandum to President Truman.74 He believed that Tito’s break was “not likely to be emulated” by other East European Communist Parties. The split would, however, pose various complications for the leaders of each government. Should Tito gain “substantial concessions” from Moscow, or succeed in solidifying his break, these leaders would face increased pressure from nationalist elements within their own societies. Bulgaria’s close cooperation with Yugoslavia and the fact that it too did not share a border with the Soviet Union made it the most likely candidate for another “Tito.” Nevertheless, Hillenkoetter discounted a defection from Bulgarian Premier Dimitrov because Dimitrov had

aspirations of rivaling Tito in the region, making cooperation unlikely. Moreover, Dimitrov’s Soviet training had surely exposed him to the “danger of defying Communist Party discipline.” Romania, Hungary, Poland, and Czechoslovakia each shared a border with the Soviet Union. This weakness effectively ruled out defection in those countries.

That DCI Hillenkoetter immediately sent two memoranda to President Truman discounting another Cominform defection is significant, because other officials in the CIA and State Department believed the split presented a real opportunity for exploitation. On June 30, Thomas G. Cassady, Chief of the Special Procedures Group, sent a memorandum to Hillenkoetter through Colonel Donald H. Galloway, Assistant Director of the OSO.75 Titled “Covert Propaganda to Exploit Tito-Cominform Dispute,” the memorandum made a strong case for undertaking propaganda measures throughout the Soviet orbit. Using “every available medium,” Cassady believed that effective propaganda could diminish Soviet influence in Eastern Europe by intensifying “friction” in the region, ultimately creating conditions “favorable to the overthrow” of the satellite governments. More than one page of the two page memorandum is redacted; the released portion does not outline any of the propaganda measures that would be taken.

The State Department, meanwhile, shared the same sentiments. The Department’s Policy Planning Staff produced its view of the split, PPS 35, on June 30. Titled “The Attitude of this Government towards Events in Yugoslavia,” PPS 35 cautioned that the United States should tread carefully, noting that its actions had

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75 “Covert Propaganda to Exploit Tito-Cominform Dispute,” Cassady to Hillenkoetter through Galloway, June 30, 1948. CREST Document Number CIA-RDP000222R000400080006-7, Released September 3, 2000. The Special Procedures Group handled the CIA’s first overseas covert operations program. It was later renamed the Office of Special Projects before being reconstituted as the Office of Policy Coordination.
important consequences for the future of Soviet-Satellite relations.\footnote{ “The Attitude of this Government toward Events in Yugoslavia, June 30, 1948,” in \textit{FRUS, Eastern Europe, 1948}, 1079.  PPS 35 was approved as NSC 18 on September 2, 1948. For a thorough discussion of PPS 35, see Swissler, “Transformation,” 49-51.}  If the United States moved too aggressively in its support for Tito, Stalin would discourage other “Titos” by boasting that Yugoslavia had been forced into the Imperialist camp. If the United States gave too little support, Stalin could boast that the Western powers would abandon any defector.

Implicit in this argument is the notion that other Satellite defectors were ready to defy the Cominform. PPS 35 observed that “our attitude at this time may have an important influence on whether the rift between Tito and Moscow spreads to Russia’s relations with other members of the satellite area.”\footnote{Italics in original.} Later, its emphasis on the possibility of another “Tito” became even more explicit: “The possibility of defection from Moscow, which has heretofore been unthinkable for foreign communist leaders, will from now on be present in one form or another in the minds of every one of them.”

The Policy Planning Staff clearly expected more defections. The influence on PPS 35 of George Kennan, then Director of Policy Planning, was strong. Kennan’s belief in an aggressive, expansionist Soviet Union on the brink of decay clearly colors this document. The Policy Planning Staff could not imagine that any of the Satellites welcomed Kremlin interference, observing in PPS 35, “This example will be noted by other communists everywhere. Eventually, the non-Russian communists will come to appreciate that they have no future as the servants of Kremlin policies.”

The American Embassy in Belgrade also weighed in regarding exploitation of the rift. On June 30, the same day as the CIA Special Procedures Group memo and the State
Department’s PPS 35, the embassy cabled in a message from Chargé d’Affaires Robert Borden Reams.\textsuperscript{78} The cable noted Tito’s solid position within Yugoslavia, and ended by urging exploitation: “In all this eruption one fact predominates. No event could be more momentous for the attainment of our foreign policy objectives than the permanent alienation from the Soviet of this key regime.”

Two days after Tito’s expulsion from the Cominform, then, a flurry of activity came from the Central Intelligence Agency. The Agency was already predicting a protracted struggle between Tito and Stalin, observing that neither side’s position lent itself to a quick conciliation. Like the State Department, the Agency was also beginning to discuss options for exploiting the rift, though the CIA was more dubious about the chances of another defection.

In the coming weeks, the CIA continued its focus on exploiting the split, yet it also broadened the scope of its analyses to include other facets of the break. Most important among these was the new threat of a Soviet military intervention into Yugoslavia. It was no secret that Stalin needed Tito deposed in order to continue advancing the primacy of Soviet Communism. As long as Tito was able to claim the equality of his “separate road” to socialism, Stalin’s claim to primacy over the Satellite states remained tenuous.

The initial public call to depose Tito came in the text of the June 28 Cominform resolution. The resolution did not indict all Yugoslav Communists, instead specifically singling out the crimes of Tito and his top deputies. Those Yugoslav Communists loyal

\textsuperscript{78} “The Chargé in Yugoslavia (Reams) to the Secretary of State, June 30, 1948,” in \textit{FRUS, Eastern Europe, 1948}, 1078. Reams was in charge in Belgrade at the time of the split. Ambassador Cavendish Cannon was traveling to Washington when the split occurred, to be briefed on the upcoming Danube River free navigation conference in Belgrade, July 30, 1948 (See Interview with Alex Dragnich, Appendix B).
to the Soviet brand of Marxism-Leninism were called upon to correct the flaws in their leadership. “Should the present leaders of the Yugoslav Communist Party prove incapable of doing this,” the resolution stated, “their job is to replace them and to advance a new internationalist leadership of the Party.”

Stalin was convinced that Tito would topple. “I will shake my little finger – and there will be no more Tito. He will fall,” declared the Soviet leader to Nikita Khrushchev during the rift’s developing stages. Tito, of course, did not fall. His national popularity, which stemmed from leadership of the Nazi resistance movement during Yugoslavia’s World War II occupation, solidified his standing within the CPY. Seven weeks after the Cominform resolution, a CIA Information Report described “elation” with the split: “The Yugoslav people support Tito in this rift between Yugoslavia and the Cominform; the populace believes that despite the fact that there has been no abatement in its ruthlessness, conditions would be worse under the Moscow faction of Communists.” More importantly, noted the report, “there is no important movement to overthrow the regime at present.”

Others in the U.S. government disagreed, believing that Tito’s popularity in Yugoslavia was a façade. In a memorandum from OPC head Frank Wisner to W. Averell Harriman, former Ambassador to the Soviet Union and current Commerce Secretary, Wisner sent an analysis of the split written by “one of the world’s leading experts on the

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79 Bass and Marbury, 46.
Soviet government and the communist system.” The memorandum noted that Stalin “still enjoys great prestige with the Yugoslav Communists. A relatively small conciliatory gesture would suffice to win over Yugoslavia again.” Any appeasing move by Stalin towards Yugoslavia would have the effect of winning over the Yugoslav population.

The CIA’s analysis was more accurate: Tito’s popularity within the Yugoslav borders precluded an internal coup attempt. The leader’s popularity could not, however, prevent an attack from the Soviet Union or Satellite state. Accordingly, and in light of the Agency’s June 1948 directive from the Joint Chiefs of Staff to focus on Soviet military planning, the CIA kept close watch on Soviet and Satellite military movements around the Yugoslav borders.

Within one week of the Cominform resolution, an Information Report observed “troop movements on the Hungarian-Yugoslav Border.” On the same day, July 7, DCI Hillenkoetter sent a memorandum to President Truman that stated similar information in more breathless terms. The Director stated that “the Soviets are massing troops in important numbers in Rumania and Hungary.” Hillenkoetter also stated that “since the Kremlin cannot permit Tito to undermine the stability of the entire Eastern block [sic]… the Soviets will move into Yugoslavia but Tito will offer the strongest resistance to such a move.” This memorandum also brought up the issue of aid to the Yugoslavs.

Hillenkoetter distanced himself somewhat from the aid question by expressing the issue in indirect terms. The memo noted that “[redacted] recommends that the United States offer Tito secret, diplomatic and economic assistance at present, and, if the Jugs fight seriously, overt military aid.” Such placement in a memo to the President underscored its seriousness to American intelligence officials.

By July 14, the CIA was calling the rift “the most significant development in international Communism in twenty years.”85 In its July “Review of the World Situation,” the Agency provided one of the first detailed analyses of the split’s origins and possible future courses. The Review focused on “the latent conflict between international Communist discipline and national sentiment,” noting that this problem would continue as long as Soviet-style Communism sought to expand beyond the borders of the Soviet Union. After citing Tito’s control of the military, police, and Communist Party, it anticipated an ever-widening breach.

The Review then moved to Stalin’s options for deposing Tito. It found few promising avenues that the Soviet leader could pursue. An internal coup was out of the question, given the loyalty and popularity accorded the Yugoslav leader. Assassination would make Tito a martyr, “stimul[ing] rather than subdu[ing] Yugoslav resistance to Soviet domination.” Economic sanctions would push Yugoslavia to closer economic and political cooperation with the Western powers. Armed intervention would prompt a “frenzy of patriotic resistance” and the unacceptable risk of general war.

Despite the CIA’s emerging belief that armed intervention in Yugoslavia was not worth the risks to the Soviet Union, the Agency continued to monitor troop movements

around the Yugoslav border. On July 19, an Information Report noted that, “Between 26 June and 2 July two groups of Soviet aircraft were transferred from Budapest, Hungary to Scutari, Albania.” Left unsaid was that the aircraft most likely flew through Yugoslav airspace to reach their destination, an action that surely aroused concern in Belgrade. The prospect of unfriendly aircraft violating Yugoslav airspace was a serious matter, for the Yugoslav Air Force was not outfitted with radar or other modern tracking devices used to monitor hostile airplanes. In addition to the aircraft transfer, the same Information Report also noted a more dubious military movement: “Between 1 and 2 July one Soviet armored division moved from Bulgaria across Yugoslavia to Albania, allegedly to support the Greek guerilla army.” A redacted source viewed this latter movement as “questionable,” but the development was duly reported nonetheless.

In late August, the CIA reported an imminent possibility of civil war within Yugoslavia. While the report did not explicitly mention Soviet or Satellite influence, its first line made clear that outside forces were encouraging conflict: “Pro-Cominform Yugoslavs have been ordered to escape to Hungary and Rumania where they will form the nucleus of an international brigade to be located along the Rumanian-Hungarian-Yugoslav borders.” CIA’s source predicted fighting would break out by early September, concentrated on Yugoslavia’s northern borders. Although civil war did not break out, this report’s significance lies in the possibility that fighting seemed imminent. In the

87 “Types of Communications used by the Yugoslav Air Force,” CIA Information Report, August 18, 1948. CREST Document Number CIA-RDP82-00457R001800070009-0, Released September 8, 1999.
“brilliantly fluid situation” after the Cominform break, minor incidents took on added consequence; the line between war and peace in Yugoslavia seemed very thin indeed.89

On September 16, the CIA released its most comprehensive estimate since the Tito-Cominform break of the likelihood of Soviet military intervention in Yugoslavia. The report, produced by the Office of Reports and Estimates, was titled ORE 22-48, “Possibility of Direct Soviet Military Action during 1948-49.”90 Like all ORE Reports, ORE 22-48 was written by CIA and received the general concurrence of the Departments of State, Army, Navy, and Air Force. Although the CIA believed that the available intelligence was insufficient to support a conclusion for or against the likelihood of Soviet aggression, it supported the belief that war was not imminent.91

The September report was actually an addendum to an earlier estimate, released April 2, 1948, of the possibility of Soviet military intervention in Europe during that year. With the Berlin blockade and the Cominform dispute, much had happened since April to cause the review. The major difference between the two reports was a new, prominent section on the Eastern European satellites. Regarding this region,

signs of nationalist sentiment, of mass peasant antagonism to Communist agrarian policies, and of dissension in Communist ranks, have suggested the growth of wavering loyalties and resistance to central direction from the USSR. The defection of Tito and the Yugoslav Communist Party is our most striking evidence for the existence of an unstable situation. There is no doubt that this situation has caused concern in the Kremlin. While the USSR might consider the use of force to correct this situation, and general war might result, we think such a decision unlikely unless the Soviet leaders believe that the issue has reached a

89 “The Chargé in Yugoslavia (Reams) to the Secretary of State, June 29, 1948,” in FRUS, Eastern Europe, 1948, 1076.
91 The Office of Naval Intelligence (ONI) disagreed with the CIA’s analysis that intelligence was insufficient to support either conclusion, arguing that this was not a “valid” estimate for policy-making purposes. The CIA’s Office of Reports and Estimates, as well as the inter-agency dissent process, was discussed in this thesis’s Introduction. See also Ranelagh, 170-176.
point where it seriously threatens their control of the Soviet orbit. At such a time
the risk of war might seem preferable to the risk of losing control. There is no
reliable evidence, however, that this point has been reached.

The ORE report was most concerned that the recent events in Eastern Europe
contributed to a palpable rise in tensions within the Communist Party of the Soviet
Union. This heightened tension caused a “slight increase” between April and September
of the threat of Soviet military action, although the overall possibility of military action
remained unlikely. The real underlying significance of added tension in the Soviet Union
was that the additional pressure dramatically increased the possibility of a Soviet
miscalculation in Eastern Europe. A Soviet miscalculation that led to warfare was the
Agency’s greatest fear, simply because of its unpredictability; rational intelligence
analyses meant little if the enemy acted impetuously.

The CIA, consequently, remained vigilant for signs that the Cominform dispute
was about to reach a boiling point. Instead of rising tensions, however, the Agency found
indications that both sides were taking steps to solidify their respective positions. In the
Soviet Union, Stalin moved to ensure that no other Satellite country would attempt a
defection. In Yugoslavia, Tito began a purge of the Yugoslav Communist Party to
stabilize his power base.

CIA analysts did not immediately predict a Stalinist purge in Eastern Europe, even
though Tito’s expulsion was seen as evidence that Stalin might be losing his grip on the
Satellite states. The Agency’s October “Review of the World Situation” observed “signs
of strain” between the Soviet Union and the bloc states.92 Recent events “called into
question the degree of actual control on which the USSR can count,” the Review stated.

“The development of nationalistic attitudes within the Satellite Communist Parties…

[has] led to specific deviations from the policy and time-table of the Cominform; and, since the Cominform was geared in its operations to the policy decisions of the Politburo, such deviations automatically raised security problems for the USSR.”

Poland was specifically singled out in the October Review for the possibility of a nationalist deviation. Its own Communist Party, however, had crushed any such opportunity at the first sign of a would-be “Tito’s” emergence. Moscow’s overt military presence within Poland surely helped the Polish decision. Accordingly, the Review noted a number of tools at Moscow’s disposal that could be used to rein in any defectors. Local Communist governments could be used to carry out Moscow’s commands, as could state security organizations. As a “final resort,” the Soviet Union retained the option of outright annexation of deviant regimes. The last option was not as extreme as it first seems. The CIA reported a “crop of rumors” in the October Review regarding annexation, especially geared towards Czechoslovakia. Though discounted, the CIA recognized that annexation was a relatively simple process. The Soviet Union reserved the right to occupy any bloc state at a moment’s notice, “whenever the security interests of the USSR require such action.” The Soviet Union held the further advantage of possessing a common border with almost every Satellite.

These sentiments were echoed in November’s “Review of the World Situation.”93 After discussing Satellite tensions as a result of Stalin’s forced collectivization policy, the Review again brought up Soviet means of control. The Soviet Union had engaged in “stricter use of the techniques of party discipline and police methods,” it noted, specifically citing Poland and Czechoslovakia. The controls were working. An “uneasy

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The purge was certainly extensive. Lasting from 1948 until 1953, and in some cases even beyond Stalin’s death, the sham trials and accompanying purges affected the highest levels of the Communist Party membership, especially those in the Satellite states who were accused of “Titoism.” Had Stalin not died in 1953, the purge might even have rivaled that of the late 1930’s. In Poland, it reached as high as Polish General-Secretary Wladyslaw Gomulka, who was removed of his title and imprisoned for commenting on the impending slit between Belgrade and Moscow. “As late as June 1948,” reports Adam B. Ulam, “he wondered aloud whether Tito should not be negotiated with rather than peremptorily condemned.”\footnote{Adam B. Ulam, \textit{Expansion and Coexistence: The History of Soviet Foreign Policy, 1917-67}. Fifth Edition. New York, NY: Praeger Publishers, 1973, 467. See also George Hodos, \textit{Show Trials: Stalinist Purges in Eastern Europe, 1948-1954}. New York: Praeger, 1987.} Many Communists fell victim to the purge simply because their rival was able to convince Stalin of real or imagined heresies. In this manner, the purge also affected family members and associates, indeed anyone who could be proven as tainted by Titosim.\footnote{Ulam, 468.}

For the CIA, the purge’s emphasis on “nationalist” Communists was specifically aimed at rooting out dormant “Titos” in the bloc states. Any Satellite contact with Yugoslavs, before of after 1948, automatically caused suspicion. With an emphasis on the purging, ORE 49-48 observed “increased efforts to eliminate those conditions in the Satellites which originally caused Yugoslavia’s defection.” The report also noted a marked increase in anti-Tito propaganda accompanying the identification and removal of nationalists. In 1949, CIA reports would discuss the plight of high-ranking purge victims such as Laszlo Rajk in Hungary and Traicho Kostov in Bulgaria.
Tito also undertook moves to stabilize his internal position. ORE 49-48 observed a concomitant purge carried out by Tito within the Yugoslav Communist Party. “Tito has strengthened his own party,” the report stated, “by eliminating all those suspected of the slightest tendency to place their loyalty to the Kremlin first and to Tito second.” The first of these moves came even before the split was publicly aired: the early May 1948 dismissal and arrest of two senior members of the Yugoslav Central Committee. Sretan Žujović and Andrija Hebrang had taken Stalin’s side in arguing that Tito’s proposed Five Year Plan would fail. Stalin subsequently attempted to influence Tito and the CPY through the two Central Committee members; their arrest seriously undermined Stalin’s ability to do so. For their part, American analysts severely misjudged the reasons behind the pair’s dismissal. Both the CIA and the State Department believed that Žujović and Hebrang’s arrest for “economic sabotage” meant the two would be held accountable “for the impending failure of Tito’s five year plan,” rather than for their support of Stalin on the issue.

Tito also took steps to solidify his role among the Communist states. Although he had been expelled from the Soviet orbit, Tito remained a staunch Communist. The CIA believed that Yugoslavia would eventually move to closer cooperation with the West, but Tito’s precarious standing prevented an immediate overt move in that direction. Accordingly, Tito seized the first available chance to burnish his Communist credentials. This opportunity came at a July 30 conference in Belgrade to discuss free navigation of the Danube River. The very location of the conference was contentious. In the weeks

98 Heuser, Western ‘Containment’ Policies, 21 and 35.
leading up to the Cominform resolution, Moscow had attempted to move the site away from Belgrade. Yugoslavia’s opposition was the first direct Satellite challenge to Soviet authority.\textsuperscript{101} At the conference, however, Yugoslavia stuck close to the Communist line. Following the Soviet lead with “steady uniformity,” the Yugoslav leadership took great pains to show that it was still steadfastly Communist, even after the Cominform expulsion.\textsuperscript{102}

\textbf{On the Periphery: CIA Analyses of Greece and Trieste}

Yugoslav aid to Greek Communist rebels in that country’s ongoing civil war and possible repercussions of the Italian-Yugoslav dispute over the Free Territory of Trieste were important elements of the Tito-Stalin split. Both issues clearly received CIA attention: the CIA Station Chief in Belgrade reported that he “pushed the envelope” in Trieste, although he did not provide details of his “no-holds-barred” activities.\textsuperscript{103} Unfortunately, comparatively few CIA documents reporting on the post-split situations in Greece and Trieste have been declassified. A clearer picture of each situation awaits further document release.

In Greece, Western policymakers had been concerned about the prospects of a Communist takeover since the outbreak of civil war in 1946. President Truman’s pledge of hundreds of millions of dollars worth of aid to Greece and Turkey in 1947 served as a clear signal that the United States could not countenance a Communist-led Greece.

\textsuperscript{101} “The Chargé in Yugoslavia (Reams) to the Secretary of State, June 18, 1948,” in \textit{FRUS, Eastern Europe, 1948}, 1073.
\textsuperscript{103} [Name withheld], CIA Station Chief in Belgrade, 1947-1950, telephone interviews, January 21, 2005 and January 29, 2005, personal interview, March 6, 2005.
American analysts believed that aid to the Greek rebels, known as the National Liberation Front and led by General Markos Vafiades ("General Markos"), came from Yugoslavia with Stalin’s approval. Actually, Stalin was clearly concerned about moving against the Western powers in Greece. The Yugoslav aid came because Tito believed that he could acquire Greek Macedonia in the event of a Communist victory.\textsuperscript{104} This disagreement was a large factor in the Tito-Stalin split.

The first declassified discussion of any Greek civil war ramifications after the split came in the July “Review of the World Situation.”\textsuperscript{105} The CIA believed that Yugoslav aid to General Markos would cease, and that Markos would have “no choice but to adhere to the Cominform line against Tito.” Markos did in fact back the Cominform against Tito, which gave the Yugoslav leader an excuse to cut off aid by closing the Greek-Yugoslav border, although this did not occur until July 1949.

On October 8, the Office of Reports and Estimates produced a new analysis of the Greece situation.\textsuperscript{106} ORE 67-48, “Continuing Satellite Aid to the Greek Guerillas,” emphasized the “practical difficulties” for Yugoslavia posed by the Cominform breach. The dispute occupied much of Yugoslavia’s time and energy, resources which could not easily be diverted to aiding the rebels. Furthermore, even with Greek Macedonia’s importance to Yugoslavia’s own territorial designs, the split “had not encouraged any desire to assist the Kremlin in its foreign-policy aims.” More importantly, reconciliation with the Athens government would remove any possibility of a Soviet attack from the south, as well as provide a possible opening to Western assistance.

\textsuperscript{104} Djilas, \textit{Conversations With Stalin}, 181; and Heuser, \textit{Western ‘Containment’ Policies}, 19.
Not mentioned in either report was the possibility that if Tito withdrew his support of the rebels, the Soviet Union could have filled in the resulting vacuum with its own aid. Tito simply could not risk having such an overtly hostile regime on his southern border. Yugoslavia also wished to avoid public concessions to the West, as this would have undermined Tito’s standing in the Communist world and given the Soviet propaganda press more anti-Tito fodder. Tito’s desire to gain the Greek Macedonian territory, only possible in the event of a Communist victory, also played a role. Yugoslav aid therefore continued. By November, however, intelligence officials did note that aid to the rebels was abating. ORE 49-48, “The Trend of Soviet-Yugoslav Relations,” observed Tito’s “less important role in the conduct of the Greek Communists’ campaign.” Support from Yugoslavia continued into 1949, but Tito’s position in Greece was becoming increasingly untenable to both the Cominform and the West. Markos was removed of his command in January 1949, paving the way for Tito’s cessation of aid in July. The civil war effectively ended thereafter in August 1949; a Greek-Yugoslav move toward rapprochement would occur in late 1950.

The Italian-Yugoslav dispute over Trieste followed much the same line in CIA analyses. At the end of the Second World War, Allied and Yugoslav troops reached Trieste almost simultaneously, and both claimed the territory. Italy claimed Trieste because a majority of the city’s citizens were Italian; for Yugoslavia, the salient point

was the population of the surrounding countryside, which was predominantly Yugoslav (especially Slovene). Tensions subsided only after the Yugoslavs stood down in late May 1945, begrudgingly agreeing to Allied military control. In 1947, with both Italy and Yugoslavia still claiming the territory, the Allied peace treaty with Italy called for two zones (Zone A administered by the Italians, Zone B by the Yugoslavs) established within a Free Territory under United Nations control. The city’s borders were within the Allied Zone A.

The disputed territory quickly became a microcosm of the emerging Cold War, a fact observed by the CIA in an April 1948 ORE report.\(^{110}\) Neither side had a material justification for claiming the city: Italy’s trade shifted westward after World War II, while Yugoslavia enjoyed the benefits of a nearby port city, Fiume. Both sides were eager, however, to use the territory for political gain. Indeed, the United States, France, and Great Britain did just that with a Tripartite Proposal of March 20, 1948. The proposal declared that the entire Free Territory should be returned to Italy. Clearly a political move, its issuance came just a few weeks before crucial Italian parliamentary elections in which the possible election of the Italian Communist Party was feared in the West, and contributed to the victory of the Christian Democrats. As noted earlier in this chapter, the CIA also successfully influenced this election with cash gifts to non-left politicians, leading to the creation of its covert operations arm.\(^{111}\)

The Yugoslavs were justifiably incensed. The purely political nature of the proposal came to light after the successful defeat of the Communists in the April elections and the June 28 announcement of the Tito-Stalin split, after which the proposal


\(^{111}\) Rabel, 102-130.
was downplayed by the Tripartite powers. By November, the CIA was aware that the Tito and Stalin had disagreed over the territory’s handling (Stalin, as with Greece, pushed for moderation); however, both the CIA and State Department were unsure of what Tito’s plan might be. The Department believed Tito would attempt a line independent of the official Cominform position after the split, but confessed that specifics of what that policy might be were “unknown.”112 All the CIA could predict after the Tito-Stalin split was that Stalin would abandon a favorable Trieste settlement in lieu of concessions elsewhere that would not also benefit Tito.113

As with the situation in Greece, few declassified CIA reports on the Italian-Yugoslav dispute over Trieste are currently available. A January 5, 1949, Information Report observed that the Yugoslavs were working to increase economic development in Zone B and fulfill any United Nations obligations.114 Such progress could be seen as part of the Yugoslav move toward the West in 1949, which included the closing of the Greek border. Yet the April 1950 “Review of the World Situation” and a separate CIA report of April 14, 1950, noted continued stalemate on the issue, with a “crisis possible” due to agitated public opinion in both countries.115 An impasse would not occur until March 1951, and a settlement – in which, predictably, Italy retained control of Zone A and Yugoslavia retained control of Zone B – would not be reached until October 1954.

Conclusion

By the end of 1948, American intelligence officials believed that Soviet-Yugoslav relations had taken a distinctly downward turn, even from the already poor relations that were brought to the world’s attention on June 28. ORE 49-48, “The Trend of Soviet-Yugoslav Relations,” underscored this point. The report predicted a gradual but ever-widening rift between the two countries. The split “has struck at the very core of the Stalinist concept of Soviet expansion through world Communism,” the report stated. It therefore placed little stock in reconciliation, because Stalin could never admit the fallibility of Soviet Communism, and Tito would never accept complete blame for the breach. Moreover, the report noted that Tito would be foolish to move back into the Soviet orbit, since Stalin would “inexorably seek his overthrow.”

ORE 49-48’s bleak forecast continued. Tito’s ability to withstand Soviet pressure would force a reassessment of Stalin’s tools of repression. The CIA still considered Soviet war against Yugoslavia unlikely, but that impotence made increased Soviet control in the Satellite states even more likely. The more constrained Stalin felt, the greater the likelihood of “repressive measures.”

Even so, ORE 49-48 hedged its bets. The report still maintained the possibility of a resolution. “Neither Stalin nor Tito will risk an immediate complete break between the two countries,” the report stated, “in the hope that developments will eventually produce some satisfactory solution of the present impasse.” The report went on to predict that Tito would avoid any more overt hostility toward the Kremlin, “in the slim hope of an ultimate compromise solution for the re-admission of Yugoslavia into the Soviet orbit.”
Just two weeks later, however, the outlook was reported as much more grim. A December 3 CIA Information Report observed that “the conflict between Tito and the Cominform is becoming more acute.”116 Titled “Macedonia and the Tito-Cominform Dispute,” the report noted recent measures undertaken by the Kremlin in hopes of destabilizing Tito. In an attempt to inflame deep-rooted antagonisms between Bulgaria and Yugoslavia, Stalin announced support for Bulgarian claims to the Yugoslav republic of Macedonia. Ostensibly part of an “indispensable necessity” for a land corridor to Albania, Stalin called for an “independent” Macedonia, which would almost certainly be under Bulgarian and Cominform control. The CIA kept watch over this development throughout 1949.

The Kremlin also moved to place “larger contingents” of Soviet troops on the southern borders of Rumania and Bulgaria. Tito countered by reinforcing troops already stationed at Yugoslavia’s northern border with Bulgaria. Tito also carried out a political purge of all pro-Cominform and pro-Bulgarian members of the Macedonian government and completed a mutual support arrangement with Markos in Greece.

Although no large-scale military clashes occurred, each side remained tense. In early 1949, an ORE report titled “The Yugoslav Dilemma” summed up the situation.117 Increased economic pressure on Yugoslavia by the Soviet Union and Satellites meant Tito might be forced into economic dependence on the West. The threat of warfare loomed large as well, for military expenditures represented the largest percentage increase in Yugoslavia’s 1949 budget. For the United States, “The Yugoslav Dilemma”

heralded a difficult decision. Would the United States provide support, either economic or military, to Tito? Yugoslavia remained, after all, a Communist state, using its secret police and other extreme tactics to ensure order.

In October 1948, the CIA proclaimed Yugoslavia “a rat hole to be watched,” worthy of consideration only for its role as a thorn in Stalin’s side.118 In part, this characterization reflected an impulsive anti-Communist reaction by the CIA. In 1948, both sides of the emerging Cold War were moving to solidify their bases, and it would have been difficult for the Agency to offer any sort of support for a Communist country in its analyses. The CIA recognized the potential benefits of having Yugoslavia out of the Soviet bloc, but focused on the fact that Yugoslavia remained Communist. In 1949, the CIA would allow for more nuance and complexity in its characterizations of the Communist movement, especially in describing the very different actions and motives of the Soviet Union, Yugoslavia, and China. As the Tito-Stalin split widened, then, and the threat of Soviet aggression loomed larger, the CIA’s “rat hole” characterization began to change, and the United States began to face tough choices regarding increased trade and economic and military assistance to Yugoslavia.

Chapter Two

1949

One of the very shrewd moves President Truman made during his 1948 election campaign was the appointment of former OSS operative Allen Dulles to head a commission looking into the CIA’s development. The incumbent hoped to blunt criticism of the Agency by Republican nominee Thomas Dewey, who was challenging Truman on foreign affairs. Dulles served as a Dewey speechwriter, and his brother, John Foster Dulles, served as Dewey’s foreign policy adviser. Truman’s choice of Allen Dulles to lead the CIA committee meant that the intelligence agency was effectively saved from campaign criticism.119

Dulles was joined on the commission by two New York lawyers, William H. Jackson and Mathias Correa; Jackson would later become the Agency’s Deputy Director under General Walter Bedell Smith. Commissioned during the fall campaign, the Dulles group presented their findings to the National Security Council on January 1, 1949. Their report built on recommendations of the Ferdinand Eberstadt Committee, presented to Congress the previous year, which called for increased cooperation among the rival agencies, as well as an increased role for the CIA’s Director. In effect, the Dulles Report argued that the Agency was too decentralized to perform its job effectively. The CIA could not lay claim to primary intelligence coordination over the intelligence offices in State and Defense until it established within its own Agency the offices capable of handling such tasks.

Dulles proposed five divisions within CIA – Estimates, Research and Reports, Operations, Coordination, and Administration – that would replace the current structure,

119 See Darling, 298-308, and Ranelagh, 164-169.
which at this point amounted to a collection of *ad hoc* offices set up to handle specific situations. Coordination would be the centerpiece division. Dulles placed high emphasis on synchronizing intelligence gathering efforts with State and Defense. He believed CIA should act as the filter for the government’s intelligence estimates, collaborating on analyses when necessary, but also ready to assert its own perspective when agreements could not be reached. Agency counsel Lawrence Houston described that cooperation as *primus inter pares*, making the CIA first among equals.\(^{120}\)

In order to assert that authority, Dulles recommended focusing the Agency’s attention on National Security Council directives. Taking its cues from this body would ensure that the tasks taken on by the CIA received high-level backing. Thus, when the Council issued NSC-68 the next year, CIA put the directive into action by undertaking activities – from both its analysis and operations sides – that supported America’s perceived role as political and ideological leader of the “free world.” The Agency also worked to improve its Office of Reports and Estimates (ORE) analyses and National Intelligence Estimates (NIEs), which reported on topics directed by the NSC, through better coordination with other intelligence offices.

These other intelligence offices, however, remained reluctant to grant CIA its *primus inter pares* authority. Two other 1949 events moved the CIA further toward this goal: passage of the Central Intelligence Act in June and a report to the Intelligence Advisory Council in December.

The June 20, 1949 Central Intelligence Agency Act gave legal authority to activities already in place. Although Congress retained the right of Agency oversight, it gave the CIA *carte blanche* to carry out its activities. Based only on the certification of

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\(^{120}\) Ranelagh, 168.
the DCI, the CIA could spend “unvouchered” money, funds that were not subject to regular government reporting policies. The money became, in effect, a discretionary fund used by the Director for whatever activities he deemed necessary. Hiring practices also remained shrouded in secrecy. The Agency made an effective case that unvouchered funds were necessary for successful covert activity. Testifying before Congress, Director Hillenkoetter pleaded for the “breathing space” needed for the CIA to continue growing into its role. Congress, well-attuned to the realities of the growing Cold War, certainly sympathized with this argument. During the 1949 summer, the United States took part in the formation of NATO, and Mao Zedong seemed well on his way to victory in China. If disclosure of intelligence spending hurt the national security, Congress was inclined to keep the funding secret.

Simultaneously with the Dulles Report and CIA Act, Dr. Vannevar Bush presented to Hillenkoetter a report aimed at establishing more inter-agency intelligence cooperation. Bush served as Science Director for Roosevelt and Truman; his report came from the impetus of Defense Secretary James Forrestal, with whom Hillenkoetter had discussed the CIA’s role as overall intelligence coordinator.

Bush’s report called for official recognition of the CIA’s preeminent intelligence responsibility on the basis of the National Security Act’s statutory authority. This authority had been vociferously opposed by some in the military’s G-2 intelligence office. At a December meeting of the Intelligence Advisory Council which discussed the report, Hillenkoetter read aloud Bush’s report. CIA counsel Houston reports that the G-2 chief, General Stephen Chamberlain, “looked up and said, ‘Hilly, what’s this all about?

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121 Ranelagh, 193-195.
122 See Ranelagh, 169, and Darling, 217.
You’re the boss.”” Down the table, a G-2 Colonel who had been a part of the vocal opposition to the CIA “turned absolutely green.” The CIA was exerting its authority.

The Dulles and Bush reports, along with the CIA Act of 1949, represented turning points for the Agency. Those efforts moved the CIA along the path to ever more secure bureaucratic standing. The efforts would receive a large boost in 1950 with the installment of General Walter Bedell Smith as Hillenkoetter’s successor. In 1949, Hillenkoetter’s direct link to the President became an important tool in establishing the CIA’s intelligence collecting authority. It also allowed for more cooperation with State and Defense. Though still a relatively new organization, CIA was quickly asserting its prominence among the national security departments.

U.S. Intelligence Analyses of Yugoslavia in 1949

The State Department, especially George Kennan and his Policy Planning Staff, made clear throughout 1948 that Yugoslavia was not to be considered an ally, or even a friendly government. After all, Yugoslavia was still Communist, and its sour relationship with Moscow did not necessarily make it more accommodating to Washington. Not beholden to either bloc, Tito’s regime became adept at framing itself as “David fighting two Goliaths.” Yugoslav vitriol towards Western practices continued unabated after the split, most notably at the July 1948 Danube Conference, when the Yugoslav delegation toed the Communist (and Soviet) line. The Yugoslavs and Soviets

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124 Swissler, 161.
even maintained normal trading relations in third party areas such as Vienna, as noted by one early 1949 Information Report.\textsuperscript{125}

This businesslike trade relationship in Austria turned out to be an anomaly. Tito moved firmly away from Stalin’s grasp in 1949 and established a closer relationship with the United States. Economic relations with the Soviet Union were cut voluntarily and involuntarily. Early in 1949, the two countries announced an agreement – signed at the end of December 1948 – whereby each side drastically reduced bilateral trade.\textsuperscript{126} A Soviet and Satellite economic blockade, moreover, “gravely threatened” Tito’s government.\textsuperscript{127} Yugoslav-Soviet trade revealed a precipitous decline, down to one-eighth of the estimated hundreds of millions of dollars in 1948.\textsuperscript{128}

Such a severe economic swing clearly presented an opening for further Yugoslav cooperation with the West. Yugoslavia vitally needed industrial goods and foodstuffs that it had formerly obtained from the Soviet Union.\textsuperscript{129} Less trade with the Soviet bloc forced an exploration of alternative avenues. The United States therefore moved to capitalize on the opportunity, attempting to create further divisions between Yugoslavia and the Soviet Union. Remaining mindful, however, that the Soviet propaganda machine would criticize any overt Yugoslav-“Imperialist” cooperation – thereby lessening the

\textsuperscript{126} This agreement is noted in \textit{FRUS, Eastern Europe, 1949}, 854, footnote 2.
chances of another Satellite defection – the United States discussed the means of increasing trade and providing other economic assistance as discreetly as possible.\textsuperscript{130}

The debate over economic assistance to Tito began in 1948, culminating in a National Security Council directive’s formal decision to provide aid that September. In 1949, subsequent versions of the directive, NSC 18, resulted in a State-Defense-Commerce Department debate focused on how much aid to give, and under what – if any – conditions.

At question was Tito’s March 1949 application for an export license used to obtain steel blooming mills from American manufacturers. The blooming mills held a “1-A” commodity classification, meaning that these items could be used in a primarily military capacity or otherwise contribute to Yugoslavia’s war readiness.\textsuperscript{131} Ordinarily controlled throughout Eastern Europe due to a decision in June 1948 (before the split), a directive in February 1949 had allowed Yugoslavia to apply for these materials under certain circumstances. That directive, “Economic Relations between the United States and Yugoslavia,” became the next manifestation of the NSC 18 series, NSC 18/2.

NSC 18/2 made a strong case for increasing trade with Tito. Noting his firm anti-Cominform stance, the directive deemed unlikely the possibility of any imported materials being provided to Soviet bloc countries. Allowing more trade between Yugoslavia and the United States, furthermore, would accelerate Tito’s move to the West. This in turn would help make headway against Tito’s continuing aid to the Greek Communists. Based on these conclusions, NSC 18/2 recommended licensing 1-A

\textsuperscript{130} For in depth discussions of policymakers’ debates over economic assistance to Yugoslavia, see Lorraine M. Lees, “The American Decision to Assist Tito, 1948-1949.” \textit{Diplomatic History}, Vol. 2 (Fall 1978), 407-422; and Swissler, 68-116.

\textsuperscript{131} Material classifications are fully explained in \textit{FRUS, Eastern Europe, 1949}, 65, footnote 2. “1-B” items consisted of additional commodities “of great importance” to military preparedness.
exports so long as they “serve[d] the national interest,” which would be guided by “foreign policy considerations.” NSC 18/2 also granted 1-B exports licenses, without the conditions set forth for 1-A items.\footnote{“NSC 18/2 – Economic Relations between the United States and Yugoslavia,” February 17, 1949. PSF, National Security Council – Meetings File, 1945-1953, Box 177, HSTP, Truman Library.}

Filed just over one month after the approval of NSC 18/2, Tito’s request for steel blooming mill licenses in March 1949 became an early test of the United States government’s willingness to carry out the NSC directive. The State Department quickly took the lead in advocating for the license’s approval. Such approval “would constitute concrete evidence, in the face of present Cominform sanctions, that there is a source to which they may turn for at least some kinds of desperately needed supplies and equipment.”\footnote{“Issuance of Export License for Blooming Mill for Yugoslavia, June 9, 1949,” in \textit{FRUS, Eastern Europe, 1949}, 898-900.} Additionally, granting the license would show other Eastern European nations the desirability of cooperation with the United States rather than the Soviet Union.

Other agencies were less supportive of the State Department’s position. Discussion within the \textit{ad hoc} Yugoslav Committee – consisting of the Departments of State, Defense, and Commerce, as well as the newly established Atomic Energy Commission – continued throughout the summer months of 1949. The Commerce Department failed initially to indicate any position, while Defense opposed the license outright on the basis that it did not serve the United States’ national interest.

The inter-departmental review brought up questions regarding exactly who was empowered to adjudicate the request in the event of dissent. The State Department took the view that NSC 18/2’s reference to “foreign policy considerations” meant that it
retained the final authority. Therefore after Commerce voiced its approval, but without the acquiescence of the Defense Department, the State Department approved the license on June 22 and subsequently informed Yugoslavia of its decision.\textsuperscript{134} Since production of blooming mills was a lengthy process, it was agreed that the Yugoslav Committee would revisit both the final authority question and the license approval before final shipment out of the United States.\textsuperscript{135}

The blooming mill approval was formally announced in September, marking the beginning of economic and material assistance to Yugoslavia. The license preceded a number of aid packages, including a $20 million credit from the Export-Import Bank in late August.\textsuperscript{136} Significantly, all of this aid came without a formal \textit{quid pro quo} demanding the cessation of certain Yugoslav policies. Political pressure from the West would make Tito shut out any American influence, a prospect that did not serve either country’s interest. Formal demands for concessions were thus ruled out in NSC 18/2, but policymakers hoped that ever closer cooperation would eventually moderate Tito’s policies.

The CIA’s contribution to this debate focused on Yugoslavia’s ability to retain a Communist identity while simultaneously receiving Western economic aid. Its reports also provided commentary on the current political situation facing Tito, which invariably evolved into discussions on the specter of a Soviet invasion. The first such report was the

\textsuperscript{134} “Memorandum by the Assistant Secretary of State for Economic Affairs (Thorp) to the Secretary of State, July 8, 1949,” in \textit{FRUS, Eastern Europe, 1949}, 905-907.

\textsuperscript{135} Lees, 416-418. For the Defense Department’s objections, see “The Secretary of Defense (Johnson) to the Secretary of State, July 28, 1949,” in \textit{FRUS, Eastern Europe, 1949}, 911-914, and subsequent discussion 914-928.

February 10, 1949, ORE 16-49, “The Yugoslav Dilemma,” mentioned in the conclusion of the previous chapter. The report highlighted Tito’s “paradoxical situation”:

Of the many measures instituted by the Kremlin against him, the orbit’s growing economic blockade has proved the most effective, and, in his resulting desperate economic isolation, Tito must seek some alleviation of his mounting predicament in closer ties with the West. Tito must also realize, however, that the search for relief of his economic plight in the West may necessitate some moderation of a hitherto vigorous anti-Western foreign policy.

Yet a moderating move by Tito ran the risk of alienating both Tito’s inner circle and the nationalist-oriented Communists in the Yugoslav party. Any perception of a Western orientation provided the Cominform with stinging propaganda condemning Tito as an imperialist puppet. Tito, therefore, was forced to walk a fine line between economic cooperation with the West and a rigid anti-Western stance; both were essential to Yugoslavia’s security and survival.

Tito proved adept at maintaining such a precarious balance. Over the course of late 1948 and early 1949, Yugoslavia concluded trade treaties with a number of West European countries, and had entered into trade treaty negotiations with the United States, Italy, and Pakistan. In order to placate the anti-Western elements in Yugoslavia, however, Tito’s government did much to position itself as an ideological opponent of Western values. In particular, “The Yugoslav Dilemma” noted a December 1948 speech given by Foreign Minister Edvard Kardelj, in which he reaffirmed Yugoslavia’s negative stance toward Western policies. Kardelj positioned the Cominform rift as a dispute

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137 Ulam, 465, footnote 7, describes the extreme propaganda: “Nobody, not even American capitalists and military men, were depicted with the ferocity which the Soviet press showed toward Tito between 1949 and 1953. A favorite motif in Soviet cartoons of the time was Tito as a dog being led on a leash by an appropriately villainous American capitalist.”
between Communist parties rather than between states. Such a dispute had no bearing on
relations with Western “imperialists.”

The CIA did not place much stock in Kardelj’s affirmation of the Soviet line. The
speech was a necessary element of Tito’s need to mollify the anti-Western Communists
in Yugoslavia. It was a speech given “for the record,” the CIA noted, essential for
fending off charges from both within Yugoslavia and within the Soviet bloc that
Yugoslavia’s new trading partners represented a betrayal of traditional Communist tenets.

“Economic necessity should force a continued gradual revision of Yugoslav policies,” the
report asserted, regardless of any anti-Western rhetoric. The Soviet blockade would
worsen Yugoslav-Soviet relations, in turn creating an avenue for increased Yugoslav-
West economic cooperation. Such an arrangement would eventually result in more
moderate Yugoslav policies toward the West.

Indeed, even as the Yugoslav regime made every effort to assert its Communist
credentials, the Agency noted a widening gulf between Tito and Stalin. As late as
November of the previous year, the Agency had left open the possibility of a Soviet-
Yugoslav reconciliation. By the end of March 1949, however, that possibility seemed
very remote. A March 26 Information Report conveyed this sentiment. The Soviet
Union no longer believed Tito would reenter its sphere of control, the report concluded,
at least not with the absolute admission of guilt demanded by Stalin. “Tito’s ‘going to
Canossa’ is becoming less probable,” the report stated. With control of the army and

with the United Kingdom, Switzerland, Belgium, Austria, the Netherlands, India, West Germany, and
Argentina.
140 “An Analysis of Soviet Views on the Tito-Cominform Problem,” CIA Information Report, March 26,
support of the populace, plus the prospect of western trade to counteract the Soviet economic blockade, the Yugoslav leader saw no need to humble himself before Stalin.

Any Soviet hope for reconciliation on its terms was dealt a severe blow later in the year. On September 20, Yugoslavia announced its intention to stand for election to a non-permanent seat on the United Nations Security Council then held by Ukraine. As part on an informal Soviet-Western agreement on the Security Council’s membership, the three non-permanent seats were divided between countries in Eastern Europe, the West, and the British Commonwealth. In standing for the seat against Eastern bloc candidate Czechoslovakia, Yugoslavia attempted to break this trend and further distance itself from the Soviet Union.141

Were Yugoslavia to win this seat, an Intelligence Memorandum on the topic stated, it would have a number of consequences for the Tito-Stalin split.142 It would further intensify the break by bringing it to an international level, rather than allowing it to remain merely an intra-Communist dispute. The increased prestige accorded Yugoslavia “would augment the international and internal position of the Tito regime and encourage further deviations from Moscow.” The Soviet Union, conversely, would suffer a “serious blow” to its own world standing.

Not all of the possible consequences were positive from the American point of view. The Intelligence Memorandum warned that Yugoslavia’s election might force a severe Soviet reaction, including complete withdrawal from the United Nation and further steps to remove the Tito scourge. Despite these drawbacks, the United States

141 Heuser, Western ‘Containment’ Policies, 109-112.
142 “Significance of Yugoslav Election to the UN Security Council,” Intelligence Memorandum No. 242, October 27, 1979. PSF, Intelligence File, Box 211, HSTP, Truman Library; the document is also available through DDRS (Document Number CK3100382347, Declassified January 5, 1978), but is wholly unreadable and is valuable only for the summary provided.
decided to support the Yugoslav bid well before the Intelligence Memorandum offered its analysis, provided a majority of the UN General Assembly also favored its election. Policymakers were not worried about the informal agreement concerning non-permanent seats. Eventually, they believed, the newly-constituted People’s Republic of China would also have a veto, giving Communist countries three votes on the Security Council. This was deemed excessive.\textsuperscript{143} Moreover, the State Department asserted in a Summary of Telegrams for President Truman that failure to support the Yugoslav bid “would be disadvantageous with our relations to Tito.”\textsuperscript{144} With tacit American backing and the support of a large majority of United Nations members, Yugoslavia won the Security Council seat. This was yet another step in Tito’s move away from the Soviet Union.

Why was Yugoslavia’s move away from the Soviet Union so significant? The divide between Tito and Stalin was extremely serious for the Soviet leader on an ideological level. Stalin could not countenance a socialist “separate path.” The Soviet Union’s legitimacy as a hegemon exercising control over the bloc states rested on its claim to ideological supremacy. Tito’s assertion of a non-Soviet path for socialism, therefore, represented a dangerous precedent for a Satellite rebelling against Soviet direction, not to mention a fundamental heresy against the doctrines of Soviet-led international Communism.

CIA reports on the USSR’s need for its Satellites to adhere unconditionally to a Soviet brand of Communism began well before 1949. The Agency’s first “Review of the World Situation” after the split explained in detail the inherent contradiction of national

\textsuperscript{143} Heuser, Western ‘Containment’ Policies, 110.
\textsuperscript{144} “Summary of Telegrams,” September 22, 1949, Naval Aide to the President Files, State Department Files, Box 23, HSTP, Truman Library. See also “Summary of Telegrams,” October 7, 1949.
sentiments within the international Communist movement. 145 “Tito’s example could prove infectious in the non-Russian Communist world,” the Review stated, “and cause a schism comparable only to that between Trotsky and Stalin.” Similar statements in subsequent monthly Reviews indicated that the CIA paid close attention to how the split affected Soviet relations with the Eastern bloc.

Nevertheless, these statements were by and large abstract notions of the split’s repercussions. The initial post-split Reviews tackled the problem on a mainly theoretical level. The November 1948 Review, for instance, asserted that the split “represents a direct challenge to both the concepts and method of control.” 146 At a local level, Soviet bloc officials would have to consider the dilemma of latent nationalism interfering with Communist goals, but no specific examples of such a circumstance were reported.

In 1949, similar reports placed the question of ideological disputes within the international Communist movement in a more specific context. The Agency’s International Communist Monthly report covering September 1949 identified the ideological problems raised by the Tito-Stalin split as a significant factor contributing to a regression of Communist influence around the world. 147 Although Mao’s victory in China represented a major victory for international Communism, the overall mood of the movement seemed somber. This was due in large part to the Soviet Union’s failure to convene the long delayed 19th Party Congress (the previous congress was convened in 1939), a postponement which the CIA attributed to Tito’s ideological deviation.

147 “International Communist Monthly,” October 1949. CREST Document Number CIA-RDP79-01082A000200010008-0, Released September 21, 1999. The International Communist Monthly was produced by the ORE’s Committee on International Communism. Both this document and the ICM covering October 1949 (discussed below) were ORE drafts. They represent the consensus of the Office of Reports and Estimates, but do not take into account any comments of the Intelligence Advisory Committee.
“has stirred up doctrinal questions of fundamental importance,” the report asserted. “Titoism implies that the Stalinist interpretation of Lenin’s ideas about international cooperation between “socialist” countries is untenable because Lenin never advocated Soviet interference in other sovereign Socialist nations.”

An Information Report of October 19 expanded upon the ideological dispute over Communism’s “true” path. The report described Tito’s attempts to sway other socialist countries to his nationalist brand of Communism, whereby subversive groups would spread anti-Soviet, pro-Tito propaganda throughout the bloc:

[According to information received, the Tito clique intended to organize an “independent Communist movement” mainly in the countries of the People’s Democracies. This organization would be an underground and resistance movement, with the objective of liberating the Communist-controlled countries from the tutelage of the Soviet Union, and would also launch a vigorous campaign against the activity of the so-called Cominform. The propaganda slogan of the Tito clique is: “For the true Marxist-Communist idea”.

The report’s information was “unevaluated,” and it is unclear whether Tito actually implemented such a plan. The International Communist Monthly covering October 1949, however, clearly noted warring factions of Communists in the non-Communist countries of Norway, Italy, and Japan. At one level, the factional differences were not ideological but practical. A legalist group hoped to attain power through existing Constitutional systems, while an activist group appeared ready to go underground and gain power through extra-legal means. While Titoism had no overt bearing on this struggle, it remained a significant factor. The losing faction could simply take up Titoist ideology and become a formal opposition without sacrificing its

Communist doctrine. “The tactical dispute could become an ideological fight,” the report stated. “Before the Tito dispute, fallen Communists had no rallying point other than the ineffective Fourth (Trotsky) International. The development of Titoism has encouraged them to form an opposition without abandoning Communism.” Whether or not Tito formally attempted to create opposition groups within various Communist parties, Titoism clearly emerged as a viable ideological alternative to Soviet-style Communism during 1949.

This point was underscored in a lengthy Information Report in mid-November, titled “Implications of the Tito-Stalin Conflict.” This report offered the most explicit analysis to date of why the development of Titoism was so significant within Communist circles. “It is not an overstatement to say that the struggle with Tito might develop into a vital problem for the future of the Soviet Union,” the report concluded. Titoism fractured the Soviet bloc, challenged Moscow’s ideological primacy, and prevented the Soviet Union from expanding its influence past the Balkans. Yugoslavia’s opposition to collectivization was a particularly problematic challenge, since it struck at the very core of Soviet Communism.

Titoism presented a grave danger to Moscow because the Yugoslav leader had been one of the Soviet Union’s “most thoroughly trusted henchmen.” Tito “was trained through decades by the Cominform and initiated in its innermost secrets.” If someone as entrenched in the Soviet system as Tito was not immune to nationalist feeling, who could the Soviet Union trust? Tito’s heresy therefore threatened to undermine both the ideological and political underpinnings of the Soviet regime.

The Soviet fear of a crumbling ideological and political foundation was not off base. The “Implications” report observed that “this trend is affecting the staunchest and most loyal supporters of the true Communist creed in the satellites,” and singled out three leading Communists that would become victims of the Stalinist purges resulting from Tito’s heresy. Hungarian Foreign Minister Laszlo Rajk underwent a sham trial during the fall of 1949 on charges of conspiring with Tito and other “imperialists,” for which he was executed. Traicho Kostov, a leader of the Bulgarian Communists, was accused by Premier Georgi Dimitrov of treason (on Stalin’s orders); he too was executed.¹⁵¹

Finally, Dimitrov himself was listed as a victim of Stalin’s Titoist purges. The CIA believed he had been “liquidated in a Russian sanitarium.” It attributed this information to “Ruth Fischer, the sister of Gerhard Kisler, once a leading figure among the German Communists, now a deserter into the bourgeois camp.” Whether or not Dimitrov’s death was deliberate, however, remains an open question. While Dimitrov certainly died in a Russian sanitarium during the summer of 1949, it is unclear whether he was executed as a victim of Stalin’s Titoist purges. Dimitrov held unblemished credentials as a staunch Stalinist. He followed carefully the Soviet line and, according to Milovan Djilas, held Stalin’s “rare regard.”¹⁵² Official sources cited his ailing health as evidence of a natural death.¹⁵³ Yet Djilas, Tito’s right-hand man until his fall from grace in 1954, retained doubts about Dimitrov’s apparent death by illness: “I still think that even though Dimitrov was ailing and diabetic, he did not die a natural death in the Borvilo clinic outside Moscow. Stalin was wary of self-confident personalities,

¹⁵¹ In 1956, the Hungarian government acknowledged that the Rajk trial was a sham. It apologized and performed a ceremonial reinternment. Kostov is spelled “Kostoff” in the CIA report; I have used the more traditional spelling.
¹⁵² Djilas, Conversations with Stalin, 33.
¹⁵³ See FRUS, Eastern Europe, 1949, 333, footnote 3.
especially if they were revolutionaries, and he was far more interested in Balkan hatreds than in Balkan reconciliations.”

The debate over Dimitrov’s cause of death continues. Regardless, the Rajk and Kostov trials show Stalin’s clear fear of Titoism in Europe, as does a later CIA intercept indicating that Moscow kept Dimitrov’s successor under “constant surveillance” and in a “precarious” position. Yet the Far East, not Eastern Europe, is where CIA analysts predicted that the harshest consequences of Titoism would manifest. After Mao’s victory in October, China represented the most logical place for an ideological split with the Soviet Union. In the same November Information Report on the “Implications of the Tito-Stalin Conflict,” the CIA discussed in detail the possibility of a Mao-Stalin split.

Would Mao Tse-Tung become Mao Tse-“Tito”? The CIA answered in the affirmative. “Beyond doubt, the Chinese Communists will become estranged from Moscow and develop in the direction of National-Communism,” the report stated. The Soviet Politburo wanted more than China’s economic and political subservience to Moscow; it also hoped to attain Manchuria. The Soviets had already stripped industrial resources from Manchuria after its treaty of alliance with Chiang Kai-Shek’s nationalist government in 1945. Now, the USSR looked to obtain direct control over the region. This issue alone might cause a Mao-Stalin split, the CIA believed. “The Chinese, being nationalists and economically minded, will never agree to the severance of Manchuria from the mother country,” the report stated. “No Chinese government can, in the long

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155 See the author’s H-Diplo listserv query of February 14, 2005, and responses of February 16 and February 17, 2005.
156 “Memorandum,” Hillenkoetter, December 30, 1949. PSF, Intelligence Files, Box 211, HSTP, Truman Library.
run, renounce these territories for patriotic reasons.” The conditions were ripe, therefore, for a Mao-Stalin split along the lines of Tito’s break.

In Asia, the implications of a possible Mao-Stalin split were clear. A break with Stalin would cause Sino-Soviet competition for control of the southern Asiatic countries: Indochina, Siam, Malaya, Indonesia, and Burma. These countries were just emerging from under colonial rule; both China and the Soviet Union hoped to exploit those countries’ resources for their own gain.

The Tito-Stalin split thus opened up ideological questions of fundamental importance to the international Communist movement. It threatened Soviet primacy in Eastern Europe, thereby questioning the legitimacy of the USSR’s subjugation of the bloc states for its own gain. By allowing for an opposition ideology within the Communist movement, Tito opened the door for ideological deviation in other Satellite states and in China. Clearly, Stalin needed to rein in the recalcitrant Yugoslav leader. Tito’s very presence on the world stage legitimated a non-Soviet style of Communism, making his continued survival unacceptable to Stalin. The CIA therefore took a full accounting of Stalin’s options for combating the threat throughout 1949, remaining watchful for signs presaging direct or indirect Soviet interference in Yugoslavia.

The CIA considered a number of Soviet options for direct or indirect interference in the Balkans. Direct interference meant a Soviet military invasion of Yugoslavia. Indirect methods were known as the “war of nerves” threatening action against the Tito regime, including a Satellite invasion of Yugoslavia (carried out on Moscow’s orders) or a Soviet attempt to stir up trouble within Yugoslavia, through such means as raising the possibility of an independent Macedonia. Although the Agency considered these
possibilities during the previous year, in 1949 they seem to have taken on increased significance. This was mainly due to the commensurate attention given to the issue by other governmental agencies. Along with the CIA, the State Department, Defense Department, and National Security Council all undertook high level reviews of the possibility of Soviet interference in Yugoslavia during 1949.

As in 1948, the CIA downplayed any threat of a direct Soviet intervention. The June 20, 1949, ORE 44-49, titled “Estimate of the Yugoslav Regime’s Ability to Resist Soviet Pressure during 1949,” considered such action “improbable.”\footnote{“Estimate of the Yugoslav Regime’s Ability to Resist Soviet Pressure during 1949,” ORE 44-49, June 20, 1949. Available through DDRS (Document Number CK3100376222, Declassified February 9, 1977) and in the CIA’s FOIA Electronic Reading Room, www.foia.cia.gov.} The Soviets would not be able to fight a traditional war in Yugoslavia, where the Red Army’s superior strength would have given it an advantage. The Yugoslav National Army (JNA) would instead retreat into its mountainous territory before any invasion, forcing the Soviets to fight a lengthy guerilla war. The CIA estimated that it would take thirty to sixty days before the JNA succumbed to the Red Army, an amount of time long enough to make the Soviets think twice before invading.

Tito, the CIA believed, knew he had the upper hand. His early confidence that the Soviet would be unwilling to wage war likely contributed to his decision to defy Stalin, and there were no indications that the Soviet position had changed in the year since the split occurred. This made Tito’s actions more aggressive. “Tito will react vigorously to any menacing Soviet-Satellite overtures which directly affect his security,” ORE 44-49 observed. “The Soviet leaders, never certain of Tito’s reactions or his ability to involve them in an undesired war with the West, will proceed with caution.” Stalin, moreover, did not want the unwelcome distinction of being the first Communist state to wage war
against one of its brethren. Such an event would open up yet more devastating ideological questions, this time regarding Soviet Communism’s assertion that Communist states do not engage in war with other Communist states.

The one possible scenario for a Soviet military invasion into Yugoslavia envisioned Soviet forces overrunning the country during a general war. The CIA considered general war unlikely, however. ORE 46-49, “The Possibility of Direct Soviet Military Action during 1949,” served as a follow-up report to 1948’s estimate, ORE 22-48.159 Since many of the conditions that marked 1948 remained in 1949, direct Soviet military action was again considered improbable. Despite its large, “immediately available” fighting force, the Soviet Union would not risk any war that brought it into direct contact with the United States and its atomic weapon technology.

Nevertheless, ORE 46-49 acknowledged that certain events had transpired during the past year that deserved careful consideration of their effect on the Soviet willingness to wage war. A more aggressive United States that resisted Soviet expansion in every corner of the world, along with the hardening division in Germany and the formation of NATO, were just a few such developments. Tito’s regime remained “intolerable” to Stalin; ORE 46-49 warned that “real efforts to liquidate it must be expected.” Events in China, Iran, Finland, and Austria also remained hot spots for possible Soviet action.

The CIA believed that direct action did not serve the Soviet interest. “Philosophically prepared to take the long view in the absence of an immediate threat,” ORE 46-69 noted, “and confident that future crises of capitalism will produce new opportunities for Soviet aggrandizement by non-military means, the Kremlin would have

reason to avoid a premature showdown while assiduously developing its capabilities for eventual defense or aggression.” In fact, as in 1948, analysts were only truly worried about a Soviet (or American) miscalculation that might lead to war. If either side misunderstood the other’s intentions, war might break out regardless of whether it was intended by either side. Due to this unpredictable factor, Soviet aggression could never be fully discounted.

In the event of general war, Yugoslavia faced very unwelcome choices. It could choose to align with NATO states, in which case the Soviet Union would likely invade. It could align with the Soviet Union, in which case the Red Army would likely use Yugoslav territory to attack Italy; of course, these forces would also work to depose Tito. Finally, it could choose neutrality. This option might have been the most attractive, but it did nothing more than delay the inevitable. Stalin would use any pretense to invade Yugoslavia.

CIA Intelligence Memorandum No. 142 took up this question on April 5.160 Titled “Probable Enemies, Allies, and Neutrals in the Event of War before 1953,” the memorandum placed Yugoslavia in its “Marginal areas” category, not an enemy but not yet a firm ally, either. Taking note of the Yugoslav situation, the report discussed Tito’s unenviable choices in more detail than discussion allotted to other countries. General war “would pose for him the ultimate dilemma,” the report stated. Alignment with the Soviets or with the West would bring in Soviet troops. Neutrality would only push back the date of Soviet invasion. “Among these hard choices, indecision and inertia would be on the side of neutrality,” analysts believed, “but the event is unpredictable.”

It is noteworthy that Intelligence Memorandum No. 142 was prepared with the State Department and Joint Chiefs of Staff, because the JCS also carried out its own review of Yugoslavia’s status during 1948 and 1949. The JCS’s Joint Strategic Plans Committee (JSPC) analyzed the Yugoslav situation in the months after the split, initially believing that Yugoslavia would remain with the Soviets in a general war because of “ideological affinities.” The Yugoslavs’ willingness to toe the Communist line, in such cases as the July 1948 Danube Conference, presumably contributed to this sentiment. Nevertheless, the JSPC continually vacillated on predicting Yugoslavia’s position in a general war. The JSPC study placed Tito’s regime in the enemy camp on October 18, 1948. One day later, neutrality was mentioned as a possibility. Only in February 1949 was Yugoslavia officially removed from the list of nations allied with the Soviet Union.

The State Department also attempted to discern Soviet intentions in 1949. A March embassy telegram from Ambassador Cannon asked for guidance on how to react “if occasion should arise for ascertaining Yugoslav Government’s need for military material.” In April, the Moscow Embassy sent its own report on the possibility of Soviet action. “The possibility of direct military action against Tito,” it determined, could not be “entirely excluded.”

The April telegram, however, placed much more stock in Soviet interference through indirect means. The CIA agreed with this conclusion; reports throughout 1949

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161 For a review of State and Defense Department discussions on the possibility of a Soviet war in Yugoslavia, as well as the resulting paper NSC 18/4, see Swissler, 173-186.
162 Swissler 176-178
focused on the Soviet use of indirect methods to achieve its goal of deposing Tito. Such methods, the CIA believed, were all interrelated elements of an overarching plan to remove Tito. Collectively called the “war of nerves,” these methods included the threat of a Satellite invasion and the attempt to incite revolution within Yugoslavia.

CIA analysts did not believe that the Satellite states would launch a war against Yugoslavia (even on Soviet orders), mainly because the CIA considered the Yugoslav army superior to any combination of fighting forces within the bloc states. The Yugoslav army “is the second largest and second most competent in Eastern Europe,” analysts stated in ORE 44-49.165 The army “can defeat any combination of bordering satellite armies.” Even with Soviet help, there was no guarantee of the bloc armies’ loyalty to the cause. Such loyalty was not in doubt within the JNA.

Rumors of Soviet and Satellite troop movement around Yugoslavia’s borders may have been true, but the troop numbers remained small enough for the CIA to discount any threat of invasion. An October Intelligence Memorandum estimated Soviet ground forces near Yugoslavia between five and nine divisions.166 Only when that number reached fifteen divisions, the report stated, would the threat become serious. Rather, according to an intelligence memorandum earlier in the year, Soviet and Satellite troop movements in the area were designed to intimidate Tito’s regime.167 “The widespread circulation of these rumors and the increase of military activity are designed to create anxiety and uncertainty in Yugoslavia,” the memorandum asserted.

The Intelligence Memorandum also cited the Soviet and Satellite actions as possibly inciting an internal revolt in Yugoslavia. The troop movements “are also designed to encourage those pro-Communist elements in Yugoslavia which oppose Tito,” the report stated. Internal incitement was a key component of Stalin’s “war of nerves.” While Stalin certainly welcomed support from pro-Cominform Yugoslavs, his designs for inflaming intra-Yugoslav tensions actually focused on a much larger target: Macedonia.

Macedonia as a political entity comprised one of the six autonomous republics within Yugoslavia. However, large contingents of ethnic Macedonians were located across the border in Greece, and a smaller number resided in Bulgaria. All three countries had designs on the full extent of Macedonian territory. After the Tito-Stalin split, Stalin attempted to use Macedonia in his “war of nerves” aimed at toppling Tito. Soviet propaganda advocated separating the Macedonian republic from Yugoslavia, after which it would form an “independent” nation (under Soviet rule) or be annexed by Bulgaria. Either case would give the Soviets increased access to Yugoslavia’s southern border and direct access to Albania, an encroachment unacceptable to Tito.

The first discussion by the CIA of Stalin’s plan for Yugoslav Macedonia came in early December 1948. In response to Stalin’s propaganda declarations, Tito moved any pro-Bulgarian or pro-Cominform Macedonians out of the republic and dispersed them throughout Yugoslavia. He also reinforced border troops in the area. Despite these measures, however, retaining control of Macedonia would remain difficult if its population resisted the idea of remaining in Yugoslavia. To that end, a February 1949

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168 The other autonomous republics were Serbia, Croatia, Slovenia, Montenegro, and Bosnia-Herzegovina. Kosovo and Vojvodina were autonomous provinces within Serbia.
Information Report discussed Macedonian sentiments.\textsuperscript{170} Quoting an unnamed source, the report noted Macedonian feelings against remaining in Yugoslavia. “The fight between the Cominform and Tito was a good thing,” the source reported, “because it has brought all the dirty linen to light, particularly everything that relates to Macedonia.” Moreover, the source stated, “If there were a plebiscite under international control in Yugoslav Macedonia, I doubt if the Yugoslavs would win 20 percent at the very most. Certainly the Bulgarians would have a majority.”

Alex Dragnich, cultural attaché at the Belgrade Embassy from 1947 until 1950, echoed this sentiment. Macedonians, like other minorities in the Yugoslav federation, resented the majority Serbian dominance. When Tito – an ethnic Croatian – united the country after the bloody civil war following World War II, minority resentments were officially downplayed. Nevertheless, they continued to boil just below the surface:

And of course in the official propaganda, the Yugoslav regime did stress the importance of self-government, but in the meantime, things were beginning to loosen after the break. Some things that had been swept under the rug, particularly the nationality problem, began. Initially under Tito, all the various problems, especially of an ethnic nature, all those things had been swept under the rug with the contention, “We’ve solved the situation, our party, our self-government, everybody is equal. Those things are the past.” Yet those things, while swept under the rug, continued to simmer, and with the loosening up of things, each republic began to do things on its own.\textsuperscript{171}

The possibly lethal combination of anti-Yugoslav minority sentiment and Soviet calls for an independent Macedonia failed to scare CIA analysts. The previously discussed Intelligence Memorandum No. 141, “Brief Evaluation of Soviet Intentions,”

\textsuperscript{171} Alex Dragnich, personal interview, December 16, 2004.
saw little threat in Stalin raising the Macedonia issue.\footnote{172} “CIA doubts,” the report stated, “that such a program can be successful without resort to direct military action.” ORE 44-49 agreed: “The proclamation of an “independent” Macedonia would have little success in gaining the support of any significant number of Yugoslav Macedonians during 1949.”\footnote{173}

Tito, however, did see a grave threat in the Macedonia question. By March 1949, Tito found it expedient to move to the front of the Macedonian independence movement. Before Stalin officially called for a new state, Tito agreed to a deal with the Independent Revolutionary Macedonian Organization (IMRO) whereby he would work for an independent Macedonian state, including “making every effort to obtain international concessions for this new state.”\footnote{174} In return, the IMRO agreed to stop any anti-Yugoslav activities, working instead to incite Macedonian discontent in Bulgaria.

According to the CIA’s source, neither side negotiated in good faith, but the fact that a deal was struck at all shows Tito’s sense of the danger inherent in opening the Macedonian question. Tito also continued his efforts to bring Albania into the Yugoslav federation as an autonomous republic, an action that would help defend Yugoslavia’s southwestern border in the event that Macedonia was lost to Soviet control.\footnote{175} By the end of the year, the CIA was inclined to agree that the situation seemed more dangerous than first reported. The mid-November report on “Implications of the Tito-Stalin Conflict” raised the specter of Stalin inciting Macedonians against Tito, and painted a bleaker

\footnote{172 “Brief Evaluation of Soviet Intentions,” CIA Intelligence Memorandum No. 141, March 16, 1949.}
\footnote{173 “Estimate of the Yugoslav Regime’s Ability to Resist Soviet Pressure during 1949,” ORE 44-49, June 20, 1949.}
\footnote{175 “Political Situation in Yugoslavia and Albania,” CIA Information Report, October 6, 1949. CREST Document Number CIA-RDP82-00457R003400170009-1, Released March 22, 2001.}
picture than previous CIA reports. “In a country with such a precarious balance of the nationalities of which Yugoslavia is composed,” the report stated, “the threat of losing so important a territory as Macedonia... would seem to be a deadly peril for Belgrade.”

Conclusion

Certainly, Stalin’s “war of nerves” had some effect on the Tito regime, and the United States began looking for ways it could provide assistance. While little could be done about small-scale border incursions and revolts within Yugoslavia, the United States could play a significant role in the event of direct military action by the Soviets or Satellites. Since this kind of policy formulation was out of the CIA’s purview, the National Security Council tasked the State Department with developing the United States’ response to any such attack.

The State Department came up with PPS 60, titled “Yugoslav-Moscow Controversy as Related to U.S. Foreign Policy Objectives,” in September 1949. With minor changes, this document eventually became the next manifestation of NSC 18, known as NSC 18/4, “United States Policy toward the Conflict between the USSR and Yugoslavia.” After a lengthy review of American interests, and the possible causes and consequences of a toppled Tito, the paper offered up several recommendations for the possibility of a Soviet or Satellite attack on Yugoslavia. Along with support of any protest made by the Yugoslavs at the United Nations (or, if the Yugoslavs failed to

178 “United States Policy toward the Conflict between the USSR and Yugoslavia, November 17, 1949,” FRUS, Eastern Europe, 1950, 1341-1348. Oddly enough, although the language is almost identical, the paper’s recommendations are redacted in FRUS’s reprinting of NSC 18/4, but not in PPS 60. A sanitized version of NSC 18/4 with recommendations is also available at the Truman Library as “NSC Mtg 48, 11-17-49,” PSF, National Security Council – Meetings File, 1945-1953, Box 179, HSTP, Truman Library.
protest so as not to be seen in the “imperialist” camp, initiating such action on their behalf), NSC 18/4 recommended that the United States “permit Yugoslavia to purchase arms in the U.S. and be prepared to furnish arms directly to Tito if political and military considerations should so warrant.”

NSC 18/4 made it official United States policy to sell the Tito regime military materiel in the event of an attack on Yugoslav soil. This formal policy, along with NSC 18/2’s decision to provide economic assistance, paved the way for formal military and economic agreements in the coming years. These included the formal CIA-UDB exchange of intelligence information in early 1951, and formal military assistance agreement later that year. This formal assistance was due in large part to the CIA’s increasingly favorable outlook on the situation in post-split Yugoslavia. The Agency clearly moved away from its October 1948 characterization of Yugoslavia as “a rat hole to be watched.” In 1949, CIA reports revealed a greater degree of nuance when discussing the Communist movement than was present in 1948. By appreciating different motives and abilities within the Communist world, the CIA was able to report its belief that the International Communist Movement seemed on the decline, even as Mao triumphed in China. With Tito firmly entrenched in Yugoslavia, the idea of a united Communist monolith gained less credence; CIA reports clearly reflected this shift.

In 1950, the Cold War world was shaken by news of the outbreak of war in Korea. This development had worldwide repercussions, and similarities to the Korean situation kept Yugoslav analysts at the CIA wondering if the Balkans would be a target of Soviet aggression. With increased trade measures in place, the United States considered
the type and levels of military assistance it might provide Yugoslavia in the event of Soviet aggression.
Chapter Three

1950

In the early morning hours of June 25, 1950, military forces of the Democratic People’s Republic of Korea (North Korea) assaulted points south of the 38th parallel, in the territory of the Republic of Korea (South Korea). Thus began the three-year Korean War. American officials immediately suspected the complicity of the Soviet Union. President Truman secured a United Nations Security Council condemnation of the action, and sent the Navy’s Seventh Fleet to the area in order to provide military assistance and guard against a Chinese invasion of Formosa.

For American policymakers, Korea marked the latest in a series of events that presaged an ever more grave Soviet threat. These events included the shocking discovery that the Soviet Union successfully exploded a nuclear device in August 1949, years ahead of the timetable estimated by the United States.179 The rapidity with which the Soviet Union developed its nuclear capability led, after a period of intense internal review, to the exposure of spies in the American government. Spies with access to CIA information, including British Special Intelligence Service liaisons Kim Philby, Don Maclean, and Guy Burgess, would not be discovered until 1951. Their actions, however, had grave consequences in the preceding years. Of special importance to the CIA was Philby’s sabotage of a disastrous American and British joint covert operation in Albania, beginning in October 1949, designed to overthrow the Communist regime of Enver Hoxha.

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179 The CIA’s comprehensive analysis of the Soviet acquisition of nuclear technology did not come until April 1950. Thus the report is considered in this chapter rather than Chapter Two.
The idea of a gathering Soviet threat received its most explicit support to date just months before the outbreak of war in Korea. Issued in April 1950, NSC Directive 68 set in writing America’s blueprint for the Cold War. Like George Kennan’s Long Telegram of February 1946, NSC 68 helped crystallize the Soviet threat in the minds of America’s policymakers. “The Kremlin is inescapably militant,” stated the directive. “The gravest threat to the security of the United States within the foreseeable future stems from the hostile designs and formidable power of the USSR.” In order to stem the Soviet threat, NSC 68 called for a massive build-up of defense capabilities and increased funding for military expenditures.

For the CIA, NSC 68 provided further authority for its “dirty tricks.” The directive explicitly approved covert operations. Since only the United States stood in the way of Soviet world domination, and with the Soviet Union inclined to use subversion to attain its goal, NSC 68 permitted certain actions that would combat the threat. “The integrity of our system will not be jeopardized by any measures, covert or overt, violent or non-violent,” the directive stated, “which serve the purposes of frustrating the Kremlin design.” If covert operations served the cause of the “free world” against Soviet domination, then they should be used to their utmost potential.

With the outbreak of war in Korea – and the suspected involvement of the Soviet Union – NSC 68’s prognostications gained extra credence. The CIA did not fare as well. From Truman’s point of view, Director Hillenkoetter had either not known or not adequately informed the President of the possibility that Korea would become a hotspot.

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180 The text of NSC 68, "United States Objectives and Programs for National Security," April 14, 1950, can be found in FRUS, National Security Affairs, 1950, 234-293.
In either case, Truman decided that the Agency needed a change in leadership. The President tapped General Walter Bedell Smith to replace Hillenkoetter, effective October 7, 1950. Former Chief of Staff to General Dwight D. Eisenhower while the latter served as Supreme Allied Commander in Europe, and former Ambassador to the Soviet Union, Smith (also affectionately known as “Beetle”) represented an able, no-nonsense choice for Truman.

By appointing a Director of Smith’s prominence, Truman made clear that CIA would no longer be pushed around by the Departments of State and Defense. Indeed, Smith’s stature helped him navigate the bureaucratic maze more effectively than Hillenkoetter, which the new Director used to his advantage. Upon taking office, Smith immediately began reorganizing the CIA, remaking it into a better information agency and better bureaucratic player. He made William H. Jackson, who had worked on the Dulles Report in 1949, his deputy, then set out to restructure both the Agency’s analysis and operations arms.

Smith brought in William H. Langer, Harvard professor and former head of OSS’s research and analysis, to reorganize the analysis division. Langer accomplished this task by establishing a new Office of National Estimates (ONE) to replace the current Office of Reports and Estimates. The Office of National Estimates consisted of a small staff that reviewed information and consolidated it into National Intelligence Estimate (NIE) reports, which were then vetted by an expert Board of Estimates and debated by the inter-agency Intelligence Advisory Committee. ONE comprised just one office

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within the new Directorate of Intelligence. The Offices of Current Intelligence, Scientific Intelligence, and Research and Reports were also components.\textsuperscript{182}

Smith also created a Directorate of Plans for the operational side of the CIA, headed by Allen Dulles beginning in 1951. The new Director’s major bureaucratic victory entailed gaining complete control of Frank Wisner and the Office of Policy Coordination. Smith simply could not accept a covert operations office controlled by State and Defense. Within days of taking office, Smith orally advised Wisner that the current situation would not continue. OPC would be fully under CIA’s, and therefore Smith’s, purview.\textsuperscript{183} Yet OPC remained at odds with its Directorate of Plans rival, the Office of Special Operations (OSO). Dulles’s task, when he assumed the Deputy Director for Plans position in January 1951, was to find a working relationship between the two; the two offices did not merge until July 1952.\textsuperscript{184}

A major change was also underway in the Belgrade Embassy. When Ambassador Cavendish Cannon relinquished his position due to ill health on October 19, 1949, President Truman used the opportunity to signify his growing interest in the US-Yugoslav relationship. Truman appointed George V. Allen to the Yugoslav post the day after Cannon stepped down. Allen arrived on January 25, 1950. To the Yugoslav government, this move must have been seen as a strong affirmation of America’s willingness to foster a good bilateral relationship. Allen was a first-rate diplomat, having served as ambassador to Iran and as Assistant Secretary of State for Public Affairs prior

\textsuperscript{182} Ranelagh, 196-197. Langer chaired the Board of Estimates, but declined Deputy Director for Intelligence; that post then went to Loftus Becker.

\textsuperscript{183} Darling, 410-412, and Ranelagh, 199. Darling explains that Smith’s oral instructions (no date given) resulted in a Wisner memorandum of October 12, 1950. Ranelagh recounts a similar story (no date given) that place Smith’s instructions and a memorandum within minutes of each other.

\textsuperscript{184} Ranelagh, 200.
to his Yugoslav appointment. He would later serve as ambassador to India and Nepal, Assistant Secretary of State for Near Eastern, South Asian, and African Affairs, ambassador to Greece, and as director of the U.S. Information Agency. The appointment of an ambassador with Allen’s clout heralded close relations for the United States and Yugoslavia.

1950 remains a seminal year for the Agency. The appointment of Walter Bedell Smith clearly elevated CIA’s standing within the Washington bureaucracy, and the internal reorganization that he began clearly benefited the Agency. Unlike the Allen appointment in Belgrade, these changes occurred at year’s end. Before reaching this point, the CIA faced the gathering threat of the Soviet Union. Its analyses reflected this greater perception of a threat, especially in Yugoslavia.

**U.S. Intelligence Analyses of Yugoslavia in 1950**

Economic issues, not security concerns, dominated CIA analyses of Yugoslavia during the first half of 1950. After withstanding the Soviet and Satellite economic blockade initiated during 1949, the Tito regime began showing signs of stability. This all-important staying power was a product of both Western economic assistance and the Soviet Union’s increased preoccupation with shoring up control of its Satellites. Although Yugoslavia’s peripheral conflicts over Trieste and Greece remained unresolved, they were not sufficiently volatile to worry analysts. Even the CIA’s major report on the effects of Soviet atomic capabilities allocated just one paragraph to the Yugoslav situation.
“The Tito regime in Yugoslavia still appears to be more immediately concerned with economic problems than with the danger of a Soviet or satellite military action,” reported the year’s first Review of the World Situation.\textsuperscript{185} Greater cooperation with the West had so far helped to offset the effects of the Soviet economic blockade, but, as a later Information Report made clear, Yugoslavia’s Five-Year Plan was “crumbling;” the extreme allocation of resources into industry also hampered recovery.\textsuperscript{186} The January Review focused exclusively on these economic issues. Its only mention of Yugoslavia's security situation was an item noting that the Soviet Union had resorted to branding Tito as a “fascist;” the Review did not report at all on threats of Soviet aggression.

Economic issues (and, again, no fears of Soviet aggression) were also present in a memorandum of the same day, January 18, reporting information gleaned from a “reliable” informant.\textsuperscript{187} The informant noted that Tito expressed approval over the appointment of as prominent a figure as Ambassador Allen, believing that it would lead to better cooperation between the two countries. The collaboration envisioned by the Yugoslav leadership included a greater commercial relationship, as well as a Yugoslav willingness to seek economic loans and eventual military assistance. If Ambassador Allen so requested, Tito would also consider intelligence sharing and cooperation in Satellite capitals.

\textsuperscript{185} “Review of the World Situation,” CIA 1-50, January 18, 1950, PSF, Intelligence File, Box 211, HSTP, Truman Library.


\textsuperscript{187} “Memorandum,” January 18, 1950, PSF, Intelligence File, Box 211, HSTP, Truman Library. Also available through DDRS, Document Number: CK3100382352, Declassified August 8, 1977.
By May, a CIA report on Soviet-Yugoslav relations predicted that any Soviet or Satellite invasion was unlikely, and that even guerilla operations would deescalate; the USSR would “probably not resort to actual invasion” over the course of the next year.\textsuperscript{188} Even the CIA’s major report on Soviet atomic capability discounted the Soviet threat to Yugoslavia.\textsuperscript{189} After an exhaustive half-year study of Soviet atomic capabilities following the USSR’s successful nuclear test the previous August, the CIA estimated that within three years the Soviet Union would have a stockpile of one hundred nuclear weapons. This was a large enough arsenal to seriously impede any American response in the event of nuclear attack. Yet even in light of this estimate, and even though Yugoslavia’s continued existence represented the “gravest concern” to the Soviet Union, the CIA still downplayed any risk to Yugoslavia. “Even in so urgent a matter as this,” the CIA wrote, “the USSR is proceeding on a basis of conspiracy and apparently internal revolution rather than by direct military aggression.”

This was characteristic of CIA reports through the first half of 1950. CIA analysts clearly settled into a routine when discussing Soviet-Yugoslav relations before June 1950: although the Soviet Union remained focused on removing Tito and installing a Soviet-friendly leader in his place, the CIA believed that the prospects of an invasion to accomplish this goal were unlikely, since aggression carried with it the threat of general war and of possible conflict with the United States.

The shocking outbreak of the Korean War on June 25 disrupted these analyses. The CIA believed without doubt that the Soviet Union ordered North Korea’s invasion.


“For the first time since the end of World War II,” read the first Review of the World Situation after the invasion, “the USSR deliberately attempted to expand the Soviet-Communist area of control through direct action against a non-Soviet state by the organized military forces of a puppet state.”

To Agency analysts, Soviet complicity had serious consequences. If the Soviet Union was willing to initiate a localized conflict in Korea, analysts reasoned that the Soviets were also willing to instigate conflicts elsewhere around the world, with the aim of weakening the ability of the United States to respond to each incident. The United States would then be forced either to withdraw its forces or refuse involvement at all; neither proposition was agreeable.

The July Review singled out Iran, the Far East (especially Taiwan, Indochina, and Burma), and the Balkans as the most likely hotspots for further Soviet aggression. Small-scale wars or other conflict were ongoing in each place, and the Soviets – with the exception of Iran – could feasibly use Satellite armies as puppet aggressors, thereby minimizing risk to their own security. Due to its regional proximity to Korea, analysts placed aggression in the Far East at the top of their July Review list, followed by the Balkans.

Although troop and supply levels were believed to be “inadequate” for a Satellite move against Yugoslavia, the July Review took on an alarmist tone. “Soviet military equipment and supplies have been flowing into the Balkans for several months in quantities that appear to be in excess of the needs of Soviet forces available there,” the Review stated. Satellite army “efficiency” was on the rise, likely as a result of increased Soviet attention in the area. Soviet propaganda, moreover, was “emphasizing the
imminence of hostilities,” albeit through Yugoslav or Greek instigation. If any aggression occurred, for the United States this could become “Korea all over again.”

At the American Embassy in Belgrade, there were certainly concerns of a “Korea all over again.” One night soon after North Korean forces crossed the 38th parallel, the CIA Station Chief in Yugoslavia and several other employees of the embassy went out to the American Cemetery, which stood on a hill near the confluence of the Danube and Sava Rivers. This was one of the expected invasion points if the Soviet Union or Satellite initiated an invasion of Yugoslavia. Thinking that the Korean hostilities might be a pretense to divert American attention from the Balkans, the Station Chief and other employees watched the horizon for Soviet forces, remaining all night under a near full moon.191 No invasion came that night, but this episode clearly conveys the CIA’s concern that Yugoslavia could have become the next target of Soviet aggression.

This incident and the July Review of the World Situation are indicative of a range of CIA reports on Yugoslavia after the outbreak of war in Korea. Detailed situational reports described any Soviet move that could be construed as a step toward war. Up the line, Intelligence Memorandums reassessed the Tito-Stalin split in light of the new developments. The Agency even kept President Truman abreast of a possible Soviet move against Yugoslavia in its weekly “Situation Summary.” Whenever the possibility of such a move was discussed, Soviet and Satellite actions were reported in alarmist tones. CIA analysts clearly felt the impact of Korea; after its outbreak, aggression in Yugoslavia seemed much more likely.

Just days after the North Korean invasion, CIA analysts produced a memorandum reporting on various observations offered by its Balkan contacts.\textsuperscript{192} Dated June 27, the memorandum conveyed information from these contacts (any identifiers are redacted) on “any unusual movements or indications that might seem connected with the South Korean invasion.” Only four items were reported, three of which described increased troop movements via rail lines in Bulgaria and Romania. One report noted that railroad guards had “tripled;” another reported rail cars “loaded with tanks, artillery, and munitions.” Only two of the four items came from previously used sources, both of whom were deemed “very reliable.” Had it not been for Korea, the reports might have been discounted as more of the Soviet “war of nerves.” With the outbreak of war, however, the reports surely took on added credence.

Despite this reporting, a separate CIA Intelligence Memorandum of June 28 admitted that it had “no conclusive evidence to indicate the exact nature or timing” of any Soviet-led aggression in any of the world’s hotspots.\textsuperscript{193} Although they considered the possibility that the Korean War was either the start of a global war on numerous fronts or a decoy to occupy American troops before launching another war elsewhere, CIA analysts believed that the Soviet Union would refrain from further aggression until it had a chance to take in the implications of the Korean War.

On July 8, the CIA produced a much more extensive report on the Balkan situation. Titled “Recent Developments in Southeastern Europe,” the report provided a country-by-country analysis of troop movements in Satellite countries neighboring

\textsuperscript{192} “Memorandum,” June 27, 1950, PSF, Intelligence File, Box 211, HSTP, Truman Library.
\textsuperscript{193} “The USSR and the Korean Invasion,” Intelligence Memorandum No. 300, June 28, 1950, PSF, Intelligence File, Box 211, HSTP, Truman Library.
Yugoslavia. Although much of the information came unverified, analysts believed that the “considerable number” of troop movement reports belied “some increase in military preparations in Southeastern Europe.” On the Hungarian-Yugoslav border, for instance, a “security zone” had been put into effect on July 1 (the report is unclear on whether the zone was initiated by the Hungarians or Yugoslavs). This may have been related to a recent joint Hungarian-Soviet announcement, reported later in the memorandum, that the two countries would participate in military maneuvers in Hungary during the month of July. The maneuvers were designed to prepare against “the problem of repelling an invasion from the south.”

The July 8 report saved its most extensive analyses for developments in Rumania. Anti-aircraft artillery was reportedly mounted there, and roads leading to Yugoslavia had been paved, likely in preparation for tank movement. Two Soviet divisions were placed in the country, plus around 1,000 officers disbursed among various Rumanian units. In both Rumania and Bulgaria, moreover, doctors were pressured to join the military service; in Bulgaria, surgeons were even required to take a short course on treatment in emergency medicine. Although left unanalyzed by the CIA, these call-ups pointed as much toward general mobilization as any of the more overtly military developments. Nevertheless, the report made no explicit change to the June 28 Information Reporting citing “no conclusive evidence” of Soviet plans for aggression.

Meanwhile, weekly “Situation Summary” reports on the Balkan situation were being produced by the CIA for President Truman. These reports focused on nine areas

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194 “Recent Developments in Southeastern Europe,” July 8, 1950, PSF, Intelligence File, Box 211, HSTP, Truman Library.
195 “Situation Summary,” July 7, 1950-December 22, 1950, PSF, Intelligence File, Box 211, HSTP, Truman Library.
of interest that the CIA believed merited President-level attention: the Far North and Alaska; Korea, China, and Japan; Formosa, the Philippines, and Southeast Asia; Tibet; Iran, Afghanistan, and the Caucuses; Yugoslavia, the Balkans, Turkey, and Greece; Poland, Czechoslovakia, East Germany and Western Europe; Finland and Scandinavia; and the USSR.

Oftentimes, various categories within the Situation Summary received the notation “nothing new to report.” For Yugoslavia, however, the opposite was true. The weekly report heralded the threat to Yugoslavia – using rather alarming tones – from the inception of the Korean War at least until the end of 1950. Less than one month after the outbreak of war in Korea, for instance, President Truman received this Situation Summary on Yugoslavia, reprinted in full:

Shipments of materials from the USSR and from other Satellites to Albania and Bulgaria have been of such a nature as to indicate preparations for hostilities, but no definite information is available to indicate the direction, or timing of such hostilities. The supply situation is definitely reminiscent of that which obtained in Manchuria and North Korea in late May and early June 1950. Intensification of information security and border control measures in the southern Satellites continues, with particular emphasis on the borders with Yugoslavia. Satellite propaganda emphatically charges the U.S. with putting pressure on Greece for military action in the Balkans and with building up Greek armed forces for “aggression.” In the midst of this activity, the Yugoslav, Greek, and Turkish governments appear relatively calm.196

The July 20 Situation Summary’s reference to a similar situation in the Far East just prior to the outbreak of hostilities there surely served as a red flag for the imminence of military action against Yugoslavia. Although the report offered a caveat (no information on how and when an attack might occur), it did not attempt to soften the

196 “Situation Summary,” July 20, 1950, PSF, Intelligence File, Box 211, HSTP, Truman Library.
message by declaring such action “unlikely,” as it did in a July 8 Intelligence Memorandum.\(^{197}\)

A similar tone pervaded these Situation Summaries at least through the end of 1950. Accounts repeatedly noted increased troop strength and troop movements among the Balkan Satellites, gas stockpiling and food rationing, and new military equipment deliveries. The alarmist tone continued unabated. In September, for example, one Situation Summary reported developments that possibly augured the coming of hostilities: “Recent completion of a floating bridge over the Danube between Calafat, Rumania, and Vidin, Bulgaria, increases the capability of military movements toward the Yugoslav border,” the report noted. It continued ominously: “There is little commercial justification for the bridge.”\(^{198}\) By December, the CIA was again highlighting similarities between the Balkans and Korea. “Cominform propaganda has recently resumed the charge that U.S. policy toward Greece and U.S. aid to Yugoslavia constitute plans for aggression on Albania and Bulgaria,” the report stated. “Again, a comparison with the Korean situation before 25 June was made in an allegation that US Ambassador Peurifoy’s trip to Salonika was comparable to Dulles’ trip to the 38th parallel just prior to “South Korean aggression” on North Korea.”\(^{199}\)

These weekly Situation Summaries to President Truman were elaborated upon in lower-level memoranda throughout the second half of 1950. At the end of July, a CIA Special Evaluation reported that the available evidence was insufficient to determine

\(^{197}\) “Consequences of the Korean Incident,” Intelligence Memorandum No. 302, July 8, 1950, PSF, Intelligence File, Box 211, HSTP, Truman Library. This Intelligence Memorandum believed that direct Soviet action was “unlikely,” since it might lead to general mobilization by U.S. forces.

\(^{198}\) “Situation Summary,” September 22, 1950, PSF, Intelligence File, Box 211, HSTP, Truman Library.

\(^{199}\) “Situation Summary,” December 13, 1950, PSF, Intelligence File, Box 211, HSTP, Truman Library. John E. Peurifoy was appointed U.S. Ambassador to Greece on July 29, 1950, serving until August 9, 1953.
whether the Satellite states had the capabilities to successfully fight Yugoslavia, or whether such an attack was forthcoming.  

“However,” the report continued, “in view of the confirmed increase during the past year in Satellite capabilities and the demonstration in Korea of Soviet capabilities for directing and supporting Satellite forces, it is no longer safe to assume that the Satellites lack the capabilities for military aggression in the Balkans.” In light of substantial troop build-ups in Hungary, Rumania, Bulgaria, and Albania, there remained a “strong possibility” that Yugoslavia was the Soviet Union’s next target.

In late August, two separate reports strongly suggested that aggression could be imminent in Yugoslavia. The first report, an August 16, 1950, Review of the World Situation, noted that Yugoslavia “could be attacked without warning.” Satellite forces had the military power to overtake at least the northeastern plain of Yugoslavia, driving Tito’s forces into the country’s mountainous regions. The prime Soviet motive of stopping Tito’s “Separate Path,” moreover, remained: “The importance the USSR attaches to Tito’s heresy against Moscow-controlled Communism suggests strongly that Yugoslavia eventually will be a target for attack.” The August Review made clear that if such an attack took place, Tito’s survival largely rested with the ability of the United States to provide prompt military aid.

The second report, an August 25 Intelligence Memorandum, focused on the possibility of Soviet action in China and the Balkans. Titled “Soviet Preparation for Major Hostilities in 1950,” the report noted “specific preparations” that signaled

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increased readiness for hostilities, including the construction of airplanes and airfields and the stockpiling of fuel and medical reserves. Yugoslavia was a prime target because the Soviet Union planned to rely not on its estimated twenty-five bomb nuclear arsenal, but rather on its “powerful, combat-ready ground army and tactical air force.” Such an operation became even more feasible, the CIA believed, because the Soviet Union appeared willing to engage in direct hostilities with the United States. Threat of American intervention was not sufficient to deter Soviet aggression. According to an early September report, moreover, an attack was possible without further escalation of propaganda against Yugoslavia.

Meanwhile, the State Department did not succumb to the alarmist tone of the CIA. Its own analyses show a healthy concern for Yugoslavia as a potential target of Soviet aggression, but no striking shift to a view of war as imminent. On June 28, just days after the outbreak of war in Korea, a telegram from Secretary Acheson to Ambassador Allen in Yugoslavia advised downplaying any pledges for military assistance. “In view absence information Sovs prepared attack Yugos in near future,” the cable read, “Dept has not considered it necessary give Yugos any assurances on provision of mil supplies.” George F. Kennan agreed. In an August 8 letter from Princeton University, where he was on leave with the Institute for Advanced Study, Kennan wrote that Soviet aims were presently “inconclusive” on the question of Balkan aggression.

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205 Swisssler, 253-254.
On orders from President Truman at a June 28, 1950 NSC meeting, policies toward Yugoslavia and other hotspot areas were reconsidered in light of the Korean War development. The resulting document, approved on August 25 as NSC 73/4, recommended that the conclusions of NSC 18/4 (approved November 17, 1949, and discussed in the previous chapter) should remain American policy toward Yugoslavia.\textsuperscript{206} These policies were reiterated in an August 23 memorandum from the Joint Chiefs to Secretary of Defense Louis Johnson.\textsuperscript{207} The Joint Chiefs believed that the overarching guideline of NSC 18/4 should remain in effect: in the event of Soviet aggression the United States would provide military assistance, “short of actual participation by United States military forces.” Taking into consideration the outbreak of the Korean War, the Joint Chiefs recommended taking “all possible steps” to ensure speedy provision, including producing a preliminary plan of action and creating stockpiled reserves of essential supplies.

Both the June 28 memorandum from Acheson to Allen and the August 23 memorandum from the Joint Chiefs mentioned possible tripartite cooperation with the British and French on the issue of arming Yugoslavia. A State Department aide-mémoire proposed a meeting date of October 2, and set forth for consideration “the Yugoslav materiel and supply situation and the character of the materiel and supply assistance which might be provided to Yugoslavia by the Western powers.”\textsuperscript{208}

\textsuperscript{207} “Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Johnson), August 23, 1950,” in FRUS, Eastern Europe, 1950, 1441-1444.
\textsuperscript{208} “The Department of State to the British Embassy, September 26, 1950,” FRUS, Eastern Europe, 1950, 1457-1458.
The Tripartite Committee on Military Assistance to Yugoslavia met at least four times in October, and completed its report on October 26. *FRUS* does not include any declassified version of the paper; Swissler, however, discusses a resulting report found in the Policy Planning Staff records at NARA, Archives II. The report discussed the rapid arming of the nearby Satellite states and the inability of the Yugoslav army to keep pace without outside help. It recommended weapons depots in Europe within six months and increased cooperation, in the form of staff talks, with the Yugoslav army.

The Yugoslav government, however, still had not formally requested any military assistance. It is possible that the Yugoslavs simply did not believe a Soviet invasion was forthcoming. Soon after the outbreak of war in Korea, the CIA Station Chief in Belgrade received a NIACT – a Night Action Cable – requesting input on any concerns held by the Yugoslav leadership. Ambassador Allen met with Tito the next day, reporting that he was calm and did not fear an invasion. In a twenty-four turnaround, the Station Chief reported as much to his superiors, who then conveyed the information on to the National Security Council; the quick turnaround even earned the Station Chief a promotion!

Clearly, another main reason not to request aid was its obvious utility as a propaganda tool for the Soviet Union. Any military aid from the West ran the risk of making Yugoslavia into both an “American puppet” and an “aggressor state” in the eyes of the Soviet Union. A preemptive, “defensive” war would surely follow. In this case, Tito would wait until the last possible moment to request assistance. Indeed, the

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209 For the *FRUS* notation on the Tripartite Commission’s final paper, see Editorial Note in *FRUS, Eastern Europe, 1950*, 1482. Swissler discusses a resulting Policy Planning Staff report, 259-260: Charles W. Yost to L. Randolph Higgs, October 30, 1950, Record Group 59 (General Records of the Department of State), Policy Planning Staff Records, Box 24, Country and Area Files, “Yugoslavia,” National Archives and Records Administration, Archives II.

Yugoslav had previously shown his unwillingness to provide the Soviets with propaganda material. At a June 25 United Nations Security Council session, the Yugoslav delegation abstained from a vote denouncing the North Korean invasion. Two days later, the delegation voted against a resolution authorizing force. Although the Yugoslavs later sought to communicate their disapproval of the invasion, their initial reaction shows a conscious effort not to attract negative attention from the Soviet Union.211

An opening to provide military assistance came through an unexpected avenue. During the second half of 1950, Yugoslavia suffered from a terrible drought, the effects of which threatened not only crop production and therefore sustainable amounts of food, but also the ability of the Yugoslav government to defend itself from Soviet aggression. The United States, then, was able to use the drought to initiate military aid through an economic recovery program.

An item in the July 25 edition of the CIA’s weekly “Summaries of Trends and Developments” provided one of the first indications that Yugoslavia’s agricultural production would be a problem in 1950.212 “Unfavorable weather conditions in Yugoslavia are having an adverse effect upon spring planted crops,” the report warned. “It is unlikely that there will be a large amount of grain available for export purposes and there is a slight possibility of a grain deficit. This will reduce Yugoslavia’s foreign trade earnings.” Drought conditions, especially bad in the first week of July, would cause

211 “The Secretary of State to All Diplomatic Missions and Certain Consular Offices, June 29, 1950” in FRUS, Korea, 1950, 231-232; and Swissler, 246.
212 “Summaries of Trends and Developments,” July 25, 1950, CREST Document Number CIA-RDP79-01090A00030010001-7, Released September 2, 1999. The weekly “Summaries” are separate documents from the weekly “Situation Summary” reports provided to the President.
reduced production of a number of exportable crops, including corn, hemp, oats, and potatoes.

By September, the drought was serious enough that the CIA included it in an Intelligence Memorandum reconsidering the Tito-Stalin split. Intelligence Memorandum No. 325, “Current Reassessment of the Tito-Soviet Break,” raised the possibility that the Soviet Union might use Yugoslavia’s economic situation to its own advantage.213 “As a result of the current drought-induced crop failure, the Yugoslav economy apparently faces a critical setback, which the Kremlin will seek to exploit by all available means,” the report stated. “If the crop failure proves as serious as is now indicated, the Yugoslav government will be forced to turn increasingly to the West for emergency economic aid.”

A later CIA report concurred: the November 15, 1950, NIE-3, “Soviet Capabilities and Intentions,” declared that Yugoslavia’s economic situation could worsen to the point that it destabilized the Tito government, providing the Soviet Union a chance to topple the Yugoslav leadership.214 The October Review of the World Situation, finally, considered the drought a “serious threat” because it threatened to further undermine Tito’s standing with the peasant and labor classes.215

By late October, the United States had devised a program that would use the drought to open the door for military assistance. Following a preliminary discussion

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215 “Review of the World Situation,” CIA 10-50, October 18, 1950. CREST Document Number CIA-RDP86B00269R000300040007-7, Released June 20, 2003. Not all CIA analyses of the Yugoslav economic situation discussed the drought. ORE 20-50, “Economic Situation in Yugoslavia,” was produced on September 1, 1950, a time when the CIA certainly knew of the drought conditions. Yet it not only fails to mention the drought at all, it even predicts a continued strong recovery from World War II levels. Although the report is correct in that before drought conditions set in the Yugoslav economy was recovering from the effects of World War II, the timeliness of ORE 20-50 causes the analysis to fail. Available through the CIA’s FOIA Electronic Reading Room, www.foia.cia.gov.
between Secretary Acheson and President Truman on October 25 and Cabinet meeting discussion on October 27, Ambassador Allen engaged in exploratory talks with Tito concerning aid to Yugoslavia on October 31.216 Although not formally offered, Allen and Tito discussed the possibility of food aid through the Mutual Defense Assistance Program (MDAP), which had the advantage of being already appropriated by Congress (per the Mutual Defense Assistance Act of 1949), and therefore available immediately. Allen promised that “no political conditions” would be attached, but made clear that the aid was statutorily intended for soldiers. Mindful that Soviet propaganda would seize upon the issue, Allen informed Tito that the aid would be public.

This discussion resulted in MDAP funds in the amount of $16 million designated for Yugoslav food aid. More important was the fact that the food was specifically allocated for soldiers; this served to open the door for more military assistance. This process spanned the better part of a year, culminating in a November 14, 1951, bilateral treaty.217 It was most likely initiated at the request of Vladimir Velebit, Yugoslavia’s Deputy Minister of Foreign Trade, in late November 1950.218

According to Robert P. Joyce, Yugoslav expert on the State Department’s Policy Planning Staff, Velebit approached OPC head Frank Wisner (the same discussions during

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216 “Memorandum Prepared by the Department of State, October 25, 1950,” 1480-1484; “Memorandum by the Secretary of State, October 27, 1950,” 1484-1485; and “The Ambassador in Yugoslavia (Allen) to the Secretary of State, October 31, 1950” 1488-1489, in FRUS, Eastern Europe, 1950. The October 25, 1950, memorandum can also be found as “Yugoslavia,” a memorandum from Adrian S. Fisher, Legal Adviser at the State Department, to W. Averell Harriman: October 25, 1950. Geographical File: Yugoslavia, Box 296, Harriman Papers, Library of Congress.

217 “Military Assistance Agreement Between the United States and Yugoslavia,” November 14, 1951. See Editorial Note, FRUS, Eastern Europe, 1951, 1862-1863. This treaty was required under the terms of MDAP.

218 There is some contention over whether Yugoslavia or the United States initiated these discussions. In at least two documents, Velebit initiates. See “Economic and Military Assistance to Yugoslavia,” Memorandum for Mr. Webb, January 30, 1951. Geographical File: Yugoslavia, Box 296, Harriman Papers, Library of Congress; and Swissler, 268-269, who cites “Memorandum for the Record,” December 7, 1950, RG 59, 768.5/12-750. However, a FRUS Editorial Note (Eastern Europe, 1951, 1721) states that American officials initiated the discussions.
which Wisner initiated the idea of a CIA-UDB relationship) on November 22 with an “urgent need” for various strategic materials. Velebit also requested “certain categories of arms and ammunition to complete the equipping of 600,000 troops which would be mobilized by the spring of 1951.” Such a request was out of Wisner’s purview, but the OPC head duly discussed the issue with Robert Lovett, then Deputy Secretary of Defense. Lovett gave Wisner the authority to take up the request with the Joint Chiefs, even suggesting that Velebit’s request “might well receive sympathetic consideration.” Wisner then became the intermediary for subsequent discussions on the issue.

After a return trip to Belgrade, during which Velebit discussed with Tito both the CIA-UDB proposal and the forthcoming arms request, Velebit met with Joyce and a member of the State Department’s Office of Eastern European Affairs on December 29. In light of the Soviet Union’s arming of the Balkan Satellites, and two submarines (likely Soviet, according to Velebit) spotted by the Yugoslavs in the Adriatic Sea, Velebit presented a detailed request for military assistance, including “equipment, machine tools and other matériel.” The list was passed on to the Joint Chiefs, who considered it “virtually impossible” to fulfill, especially considering Tito’s desire for absolute secrecy.

Despite the Joint Chiefs’ initial misgivings, military assistance to Yugoslavia was distributed in two separate shipments during 1951. The first, during the spring, consisted of “M-3 howitzers with ammunition, rockets with launchers, and various other equipment

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220 The memorandum states that “Mr. Wisner met with the Under Secretary of Defense and summarized to him what Mr. Velebit had said. Mr. Wisner explained to Mr. Lovett that his only interest in the matter was the furtherance of OPC objectives.” Lovett, however, was at this time Deputy Secretary of Defense, not an Under Secretary. It is unclear from the text whether the “Under Secretary” notation is a typographical error, or whether Wisner met with an Under Secretary before meeting with Lovett. Regardless, it is clear from later text that Wisner met directly with Lovett on the issue, apart from any intermediaries.
and ammunition.” The second shipment of similar items came in the fall. The deliveries were small, totaling no more than $12-27 million. Since it was primarily “light equipment,” the arms did not address a number of important deficiencies within the Yugoslav army, especially a “severe shortage of heavy weapons.” Nor did the shipments address training inadequacies within the Yugoslav officer corps.

Yet the shipments did serve one important purpose: boosting the morale of the Yugoslav army. By December 1950, CIA informants were reporting that soldiers’ spirits were low, “disillusioned with the Tito regime and lacking confidence in the present leadership.” Along with mistreatment and lack of food, “hopelessness” in the face of the Soviet threat played a large role in the low morale; it was enough of an issue that the informant feared soldiers would desert in the event of a Soviet invasion. American military assistance was therefore key to stymieing this attitude. Regardless of its quality or quantity, American arms shipments showed Yugoslavia that it was regarded as a “security interest” of the United States, worth expending resources to protect. Such an act did wonders for Yugoslav morale, as did concurrent economic assistance of $30 million not subject to Congressional approval and $50 million subject to Congressional approval, which was approved in December.

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222 Swissler, 284.
223 Both of these figures were reported in separate documents. See Swissler, 270 and 284.
225 “OSO RE Tito,” December 6, 1950, PSF, Intelligence File, Box 211, HSTP, Truman Library. Also available through DDRS, Document Number CK3100382354.
226 Truman letter to several Congressmen regarding aid to Yugoslavia under the 1951 Mutual Security Act, November 7, 1951, PSF, Foreign Affairs File, Box 166, HSTP, Truman Library.
227 Swissler, 299-316. The $30 million granted without Congressional approval includes the military MDAP funds. The remaining aid went toward the purchase of foodstuffs affected by the drought.
Conclusion

During 1950 the United States and Yugoslavia continued to improve relations. The June 25 outbreak of war in Korea alarmed CIA analysts studying the Balkans; similar security situations in the Balkans and pre-war Korea kept analysts alert for signs of a Soviet invasion of Yugoslavia. Fear of such aggression caused the United States to consider arming Tito during the second half of the year, for which the CIA’s Office of Policy Coordination head Frank Wisner served as an intermediary. A terrible drought and subsequent famine during the summer and fall of 1950 gave American policymakers the opportunity to provide food aid through military assistance programs; this action paved the way for arms shipments during 1951.

The United States and Yugoslavia were clearly moving closer, “steadily, although cautiously,” in the words of a November 1950 National Intelligence Estimate.\(^{228}\) NIE-7, “The Current Situation in Yugoslavia,” proclaimed Yugoslavia a strategic “vital link” in Western defense plans, especially in the defense of the Mediterranean. The report went on to list a number of events that boded well for increased cooperation between the two countries. NIE-7 included among these events progress in foreign relations, especially with Greece and Trieste, highlighted by Tito’s decision to close the Greek border to Communist rebels in July 1949. It also noticed increased “publicity given by the Yugoslav Government to the aid that the US is giving Yugoslavia to combat the present crisis.” Buying Western arms was also a large step for the still-Communist country, as

was the government’s increased acceptance of Western policies within the United Nations.

NIE-7, however, missed one key event in the two countries’ thaw. Throughout our conversations, the CIA Station Chief in Belgrade kept returning to one event, which in his mind signified the first tangible improvement in relations between the United States and Yugoslavia: a July 4, 1950, party in Bled, Yugoslavia’s summer capital, thrown by Ambassador Allen and attended by Tito.

“The ambassador is required, or it is custom, to give a party in the capital for the American citizens in the country,” stated the Station Chief.229 At the post-Korea meeting in which Allen and Tito discussed the prospects of Soviet aggression, Allen invited Tito to the embassy’s planned Fourth of July party in Belgrade. The invitation, noted Allen, was merely a “courtesy,” especially because Tito would be in Bled at the time, rather than Belgrade, and because Tito had not visited a foreign embassy since the break with the Cominform. To Allen’s surprise, however, Tito said he would accept if the party would be held in the summer capital. “I could only reply,” wrote Allen, “that the party would held in Bled.”230

The CIA Officer picks up the story:

The interesting thing was that the State Department in typical fashion said they would pay for it in Belgrade, but not in Bled. So [Allen] sold his personal vehicle to put on a party… [T]he ambassador and his wife were in Bled, and they rented a villa. They were going to give a garden party – it was going to be a beautiful, beautiful evening. They set the tables up, and there were going to be Japanese lanterns, and candles and so on and so forth. The Yugoslav militia came and said,


“You can’t put the tables there. They’re not in the line of the machine guns.” They were protecting Tito for coming to this party. So poor Kitty Allen went upstairs to put her five year old son to bed, and there were two militia men standing in the windowsill with their guns aimed at the party. Poor little Dickie (or Richard) was totally oblivious. Anyway, he came to that party and that was the first positive indication that he was moving in that direction.

Kitty Allen even served as the taster for Tito’s food, in order to ensure it was not poisoned! The Yugoslav leader’s first visit to any foreign embassy since the Cominform break was a success, and the Fourth of July party became a tangible sign of improving relations.

Yet even with this increased cooperation, all was not well at the end of 1950. The United States knew that it was maintaining a relationship with a Communist regime. While many policymakers believed that increased cooperation with the West would moderate Yugoslav policies (as with the 1949 closing of the Greek border), Yugoslavia remained a totalitarian regime more interested in clinging to power than bettering its citizens’ lives. NIE-7 noted that increased military and economic cooperation did not necessarily result in better living standards: “These changes, however, have not changed the basic structure of the Tito regime, which remains an anti-democratic, dictatorial and repressive Communist regime dependent on its police power for continued existence.”

By the end of 1950, the United States was willing to overlook this problem. Yugoslavia had become a strategically important player in Southeastern Europe, serving as a “vital link in the defense of the Mediterranean, and the Near and Middle East.” Its role as an ideological challenger to Moscow’s Communist supremacy also served Western interests. Possible rapprochements with Greece and Italy increased

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Yugoslavia’s favor in Western circles. Finally, the CIA looked favorably upon Yugoslavia because it was the only possible base for intelligence reporting in the Balkans. It was “the one US post in southeastern Europe,” noted NIE-7, “where few restrictions are now imposed and travel is relatively unhampered.” These advantages made Yugoslavia a possible hub for intelligence gathering throughout the region.

Although the United States and Yugoslavia were moving closer before the outbreak of war in Korea, that event provided the spark needed to ratchet up cooperation. CIA analysts paid close attention to Yugoslavia after North Korea’s invasion, looking for any sign that would presage similar aggression in the Balkans. An alarmist tone characterized analysts’ reports, although this phenomenon likely had as much to do with the CIA’s perceived failure to warn President Truman about the threat of war in Korea as it did with the actual likelihood of war in the Balkans; if war were to come, this time the CIA was determined not to be caught unaware. The Korean War also spurred the exchange of military aid, a cooperation made possible by terrible drought conditions that left Yugoslavia especially vulnerable to Soviet interference. Non-military economic assistance also continued. By the end of 1950, cooperation between the two countries was great enough that Frank Wisner could propose to Vladimir Velebit close collaboration between the CIA and Yugoslav intelligence.
Conclusion

“A Rat Hole to be Watched”?

Discussions for an intelligence sharing agreement with Yugoslavia’s Ministry of State Security began in late November 1950, at a time when the CIA remained particularly vigilant for signs of Soviet aggression in Yugoslavia. OPC head Frank Wisner initiated the talks with Yugoslavia’s Deputy Minister of Foreign Trade, Vladimir Velebit, after receiving clearance from the Departments of State and Defense and the Joint Chiefs. Velebit was uniformly considered pro-Western by Washington policymakers, one of the strongest voices in the Yugoslav government for more cooperation with the United States. He “indicated that he personally would favor cooperation between CIA and the Yugoslav Service and stated that he would take the matter up with Marshall Tito.”

After a trip back to Belgrade, Velebit returned to Washington in mid-December and reported that Tito accepted “in principle” joint intelligence sharing. An agreement was subsequently settled between DCI Walter Bedell Smith (who had only become head of the CIA the previous October) and Yugoslav Ambassador Vlado Popović. The CIA Station Chief in Belgrade, having returned to Washington in January 1951, served as a point person during the negotiations. During the Smith-Popović talks – despite the Yugoslav ambassador’s English proficiency – the Station Chief operated under the cover of an interpreter.

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Cooperation had a number of advantages for Yugoslavia. When he first broached the topic, Wisner assured Velebit that any cooperation would be “very closely held.” The CIA, and specifically the Office of Policy Coordination, could assist Yugoslavia in the field of psychological warfare. In addition, CIA could assist the Yugoslavs in setting up a communication system with the West to be used in case Yugoslavia should be attacked. The CIA would be in a position to supply Yugoslavia with certain limited amounts of American military equipment for training purposes, etc. etc. The CIA might also be able to supply from its own stock certain items now in short supply.235

Wisner and the Office of Policy Coordination were certainly in a position where they could offer such cooperation. According to the same memorandum, OPC had already become quite active in acquiring certain items desired by Yugoslavia:

Mr. Wisner advises that his organization has been instrumental in obtaining export licenses for 12,000 airplane engine spark plugs, a radar set for training purposes, a priority on a radio transmitter. 2,000 tons of newsprint at current market prices and is arranging to obtain for the Yugoslavs explosives for demolitions as well as a small supply of rifles and machine guns out of CIA stocks.

Confirming the CIA-UDB cooperation, the CIA Station Chief added that the agreement would entail a “formal exchange of intelligence… primarily military information.”236 Its first manifestation was Yugoslavia’s offer of a MiG-15 fighter jet to the CIA just one week after the agreement was finalized, an event which was described earlier in this thesis. The agreement represented a new level of cooperation for the CIA and Yugoslavia. For the Station Chief, however, it represented the end of his tenure in Belgrade. The position now required a higher-level Agency official. Making use of his

Yugoslav expertise, the Station Chief went on to head the Yugoslav-Trieste desk at Agency headquarters. The Belgrade position went to Louis Charles Beck.\textsuperscript{237} “He was my successor,” explained the Station Chief,

I knew him very well. When I said, “They sent someone who could handle it…,” that was Beck. He was very high-powered. He was a former FBI man. Very, very intelligent individual… He was the high powered person who would have gone originally [to Belgrade when the Station opened in August 1948]. Grade-wise, he was a 17, which was much higher than my grade, even though I got a couple of promotions while in Belgrade. He was an older man, a man of genuine substance. He didn’t have the language, which was a disadvantage, but he was knowledgeable in how you manipulated and exchanged and negotiated and things of that sort.

The appointment of a Station Chief of Beck’s stature was symbolic of the increased importance placed in its Yugoslav relationship by the CIA and other policymaking agencies of the United States. Even after the Tito-Stalin split, in the fall of 1948, the CIA considered Yugoslavia “a rat hole to be watched.” By early 1951, that perception had changed. The American commitment to containing Soviet aggression around the world meant that Yugoslavia was elevated in importance by American policymakers, so much so that it received economic aid and military assistance, not to mention the CIA-UDB cooperation, in the following years. Considering President Truman’s “loss” of China in October 1949 and his domestic battles with Senator Joseph McCarthy over Communists in the executive branch, the aid to Communist-led Yugoslavia was a significant and extremely gutsy step to take. The move paid off, however, in late 1950: Greece and Yugoslavia both signaled a willingness at that time for

\textsuperscript{237} I discovered Beck’s identity by sheer coincidence. After interviewing Alex Dragnich in Maryland in December 2004, I struck up a conversation with a man at the same residence who had happened to work in the Belgrade Embassy, Cole Blasier. Blasier informed me that Beck was the CIA officer in Belgrade during his posting. The CIA Station Chief confirmed Beck’s identity.
rapprochement, which eventually included military talks with Turkey to form a regional defense against the Soviet bloc.\textsuperscript{238}

Although no Soviet or Satellite invasion ever came, American assistance aimed at impeding Soviet aggression was justified. Stalin continued to consider direct and indirect methods of interference in Yugoslavia until his death in March 1953. Indeed, Stalin’s preoccupation with Tito’s heresy later resulted in a plan to assassinate the Yugoslav leader. A Soviet Ministry of State Security (MGB) memorandum sent only to Stalin some time between mid-1952 and early 1953, for instance, requested MGB approval “to prepare a terrorist act against Tito.”\textsuperscript{239} In the plan, a Soviet agent named “Max” would pose as a Cost Rican plenipotentiary to Italy and Yugoslavia. The agent would establish a rapport with Tito and then carry out the assassination attempt. The MGB memorandum proposed three plans for “Max:” releasing pulmonary plague bacteria in a private audience with Tito “that would guarantee death to Tito and all present;” concealing a handgun and shooting Tito at a Yugoslav Embassy reception in London celebrating Tito’s visit there in March 1953; or utilizing any official reception in Yugoslavia, whereby “Max” could either shoot Tito or release some sort of poison into the air. Although Stalin did not specifically authorize the plot by signing the document, preliminary plans were carried out (“Max” was instructed to write a farewell letter to his wife in case the plan went awry). They ceased only at the occurrence of Stalin’s death.


\textsuperscript{239} “Stalin’s Plan to Assassinate Tito.” “Max” was actually Soviet agent Joseph Grigulevich (Iosif Romual’dovich Grigulevich), who had also been involved in the 1940 assassination of Trotsky. The document was discovered by Russian military historian Dmitrii Volkogonov in the Presidential Archive of the Russian Federation in Moscow. No date is given, but the memo’s contents suggest a range between mid-1952 and March 1953. Reprinted by the Cold War International History Project, http://cwihp.si.edu.
There is even evidence that Stalin was planning a Soviet-Satellite invasion of Yugoslavia, despite repeated CIA assessments of such an act as “unlikely.” The most striking evidence comes from General Bela K. Kiraly, then Commander of the Infantry in the Hungarian Army. From 1948 until 1950, Kiraly contends, he directed planning for a Soviet-led contingent that would invade Yugoslavia. “From the summer of 1948,” he writes, “the armies (in being or to be created) of East Central Europe figured as active participants in Stalin’s military designs against Tito.”

Although I was unable to find any other confirmation of such planning, Kiraly provides a compelling and very detailed assessment of the proposed invasion:

While the main Rumanian army was to operate in conjunction with the Bulgarians against Yugoslavia along the lower Danube, advancing from Wallachia, another Rumanian army was to cooperate with the Hungarians in an attack from the Banat toward the Iron Gates. A secondary attack by reinforced Hungarian Border Guards was to cross the River Drava and advance in the direction of Ljubljana; a Rumanian secondary attack was to penetrate from the Rumanian Banat into the Yugoslav Banat.

The first echelon Rumanian and Hungarian troops were to open gaps in the Yugoslav defenses. The decisive blow was supposed to come from the main Soviet forces on the northern front. The largely mechanized Soviet troops, which were to enter Hungary through Rumania and Subcarpathian Russia, were to be deployed in the Great Hungarian Plain as the second-echelon strike force.

Concurrent attacks would come from Albania and Bulgaria, resulting in an “anaconda” squeeze that would topple Yugoslavia before serious defenses could be mounted. Stalin, Kiraly contends, was very close to ordering such an attack. Only two events stopped the planned invasion: a massive “Titoist” purge of Hungary’s highest-

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241 Kiraly, 273.
242 Kiraly, 284-285.
ranking officers in June 1950, and the unexpected intervention of the United States into the Korean War in the same month. “It is my firm belief,” writes Kiraly, “that the aggression against Yugoslavia would surely have begun in the fall of 1950 or in the spring of 1951 at the latest had the United States and United Nations not intervened in Korea.” The American response showed Stalin that it was not a “paper tiger,” and would fight to contain the spread of Soviet influence elsewhere around the world.243

For his part, Kiraly remained skeptical of the success of any invasion. Remembering the Yugoslavs’ successful guerilla tactics against the Nazi occupiers of the Second World War, Kiraly believed that the Soviet plan would meet similar resistance. Contrary to the estimates of both Kiraly and the CIA, however, the Yugoslavs had no intention of hunkering down in the mountains and waging a guerilla war. In the same memorandum describing the proposed CIA-UDB cooperation, Deputy Minister of Foreign Trade Velebit declared that the Yugoslavs planned to overrun Albania in the event of any invasion, in order to impede any attack from that region. The Yugoslavs further planned “to push into Bulgaria and occupy certain strategic positions.”244 Such plans indicate that if had Stalin invaded Yugoslavia, Tito would have done everything possible to make the localized conflict into a general war, forcing the United States and other Western powers into a fight with the Soviet Union in southeastern Europe.

According to Velebit, Tito would have welcomed American assistance in the event of war, just as he embraced CIA-UDB intelligence sharing. That cooperation was the result of a mutual interest in deterring Soviet aggression against Yugoslavia. It was also the result of the CIA’s changed perception of Yugoslavia in the years following the

243 Kiraly, 286.
244 “Economic and Military Assistance to Yugoslavia,” January 30, 1951, Harriman Papers, Library of Congress.
Tito-Stalin split. By early 1951, Tito’s government was no longer “a rat hole to be watched.” Yugoslavia’s firm move away from the Soviet bloc, which the CIA monitored from the outset of the split’s public emergence, allowed the United States to offer economic aid, military assistance, and close cooperation with the Central Intelligence Agency in the years following June 1948.

To be sure, Yugoslavia remained a Communist country during and after this period of improved relations with the United States. It is not surprising, therefore, that the CIA initially labeled Yugoslavia a “rat hole.” Yet later CIA analyses do reveal some surprising insights. First among these, the tone of post-split CIA reports on Yugoslavia shifted very perceptibly in a positive direction over the course of 1948-1950. This tone mirrored the closer relations of the two countries. It is significant that during one of the hottest periods of the Cold War, the CIA displayed a willingness to work with a Communist country in order to gain an advantage over the Soviet Union.

Equally as important, these reports show that the CIA gave much more nuance and complexity to the Communist threat than is commonly believed. This is especially true for the year 1949. Even as Mao took control of China, during a period of intense American fear of Communist expansion, the CIA remained optimistic that the International Communist Movement in fact appeared to be on the decline. Here, the CIA showed a very subtle understanding of the Tito-Stalin split’s significance as a splinter within the Communist movement.

Finally, it is significant that the CIA produced such perceptive analyses during a period of intense bureaucratic infighting. As a new bureaucratic player, the CIA did not have the clout accorded more entrenched agencies such as the Departments of State and
Defense. Those agencies were unwilling to give up their own intelligence organizations, resulting in a fight for bureaucratic primacy. The CIA thus had little room for errors of analysis in its reporting; otherwise it risked marginalization. Despite this obstacle, and despite a confused organizational structure that further hurt the CIA by obstructing information sharing between analysts and operators, the CIA produced remarkably prescient situation reports in places such as post-split Yugoslavia.

In the case of post-split Yugoslavia, the CIA’s ability to produce quality analyses clearly benefited American Cold War policy. At a regional level, the United States used favorable CIA analyses to support the Tito government against the threat of Soviet aggression. Stabilizing Tito meant progress toward stabilizing the very volatile situations in Greece and Trieste. It meant that Tito would remain a constant and very public reminder of a fractured Communist bloc, no small matter during a Cold War fought as much with competing propaganda as with bullets. Moreover, the United States received dividends from the CIA’s secret information sharing agreement with Yugoslav intelligence, including a MiG-15 jet in early 1951.

Although economic and military assistance to Yugoslavia was formalized with a November 1951 agreement, close ties between the United States and Yugoslavia would not last. By the second half of the 1950’s the two countries had again moved apart. Nevertheless, the brief period of good relations was worth the cost for the United States. In the years following the Tito-Stalin split, Yugoslavia moved away from its “rat hole to be watched” characterization. In a phenomenon spurred in part by favorable CIA
analyses, Yugoslavia evolved to consideration as a country of “strategic importance.” Its stability was an important component of the American Cold War strategy.

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APPENDICES

Appendix A:
  Telephone interviews with the CIA Station Chief in Belgrade (1948-1951),
  January 21 and 29, 2005

Appendix B
  Interview with Alex Dragnich, December 16, 2004
Appendix A
Telephone interviews with the CIA Station Chief in Belgrade (1948-1951),
January 21 and 29, 2005

I first spoke to [name withheld by request] via telephone on Wednesday, January 19,
2005. At that time he revealed that he served as CIA Station Chief in Belgrade for two
and a half years, beginning in summer 1948. He agreed to an interview, the first of
which took place via telephone on January 21:

Per his request not to be identified by name, I have redacted any personal information.

You are at North Carolina State? That is correct. In Raleigh? Yes. And you are an
American citizen? I am. I won’t say anything that’s classified, but I do want to be
careful. It’s all history, and a lot of what I’ve been involved in has been written in other
books and so on, but if I ever wrote of something on my own I would have to get
clearance from the Agency. Yes sir, I understand that.

Do you have any problem with me using a tape recorder during this conversation?

No. Here’s a bit about my background. I graduated from [……………..] in
[………………]. I was majoring in languages, French and Italian. Then I went to [………………]
for my doctorate, I was getting it in comparative philology. I did not finish it because I
was drafted right out of, well, like we all were back in 1942. I ended up in Algiers, and
to make a long story short, it was called OSS. That is the outfit I was with. They used
my languages. When I came back I was going to go back and finish up my doctorate, and
then end up teaching at some small Midwestern college, which I would love to have
done. But my eyes had been opened to travel. So I said, “Well, here’s a new
organization that’s opening up.” And of course they claimed that there was no
connection [to OSS], but we just sat at one desk on one day and turned our hats around
and we were CIA.

Anyway, they sent me to Russian language school, which would of course complement
my romance, German, and other languages – I speak Modern Greek, too. So I was doing
some interpreting for the commanding officer of what was called SSU, which was the
unit between OSS and CIA, the Strategic Services Unit. And the commanding officer, a
lieutenant general, called me up and said, “Can you come over here? I have a Frenchman
here, and we’re just not getting along.” So I went over and interpreted for about an hour,
and he said, “You’re going to go to the French desk.” Well I was in communications, I
was a cryptographer primarily. That had been my training in the Army, the signals corp.
So, he made an appointment for me to go and see the head of the French desk. I went
down for the appointment, and the secretary said, “I’m terribly sorry, but he’s been called
out of town. Will you come back tomorrow?” This is the interesting part of the story. I
walked across the hall to the men’s room. In the men’s room I met a friend, just a casual
friend. And he said, “What are you doing down here, this isn’t where you belong?” And
I told him. “Oh, no! You’re going to go to Sofia, Bulgaria.” He was the head of the
Balkans division. Twenty-four hours later I was transferred to the Balkans division.
I studied Bulgarian for six months, and then we broke diplomatic relations with Sofia. So I couldn’t go to Sofia, obviously. They planted gold coins in the pocket of my predecessor and then arrested him. They wanted to get rid of him so they declared him persona non grata, and then the whole thing fell apart. So they said, “You know Russian and you know Bulgarian, how long will it take you to learn Serbian?”

And so I opened the station in Belgrade. We were going to have a five man station. This was at the time of the Danube Conference, a conference of all the countries that bordered on the Danube [end of July, 1948]. The ambassador, a man by the name of Cavendish Wells Cannon, was unwilling to have a five person contingent. We were all ready in the Swiss Embassy, we were in the American section of the Swiss Embassy. Cannon came back from Belgrade to get his instructions on how to handle the negotiations for the Danube Conference. And he was faced with the fact that Allen Dulles and General [Walter Bedell] Smith and Acheson and Marshall wanted a CIA station in Belgrade. He said, “I won’t take them.” They said, “You have to take them.” So the National Security Council ordered him to take a single person. Well, grade-wise I wasn’t high enough. But I was a cryptographer, I’d learned enough of the language, and I was a code clerk – we had our own code system. So I ended up, instead of five people going, I went alone. I was the CIA presence in Yugoslavia.

**What was the date of your arrival? Was it after the Tito-Stalin split?**

That’s the whole point of my story. When I got to Belgrade, there [had just occurred the split] between Tito and Stalin and the Cominform. There were three groups in the embassy. There were those that said, “This is a hoax. It won’t last.” Or it’s true but it won’t last because they can’t stand against the Russians. And then there was a younger group that appealed to me intellectually and professionally, that said, “Let’s see if we can’t ride this one out.” And of course that’s the side that prevailed. We worked then very closely with that concept in mind.

That’s when I arrived. When I arrived the embassy was just about to move its physical headquarters from a bank building which had been the Swiss Embassy to a new building that the Foreign Buildings Office had remodeled, checked for bugs and everything else. And then we had to move everything from the American Embassy at the Swiss location down the street. I was the man who rode shotgun with all the safes when they went down. You had to have somebody who spoke the language, because I had a counterpart who was heading the Yugoslav transfer.

So we moved into the embassy, and at that point the Ambassador said, “You know, I really don’t want you here. You have to find your own job. You can do whatever you want.” Well, I was interested in anything I could do. I had been directed by the Agency to go out and absorb the cultural, economic, and political, just sort of soak up Yugoslavia so that I could go back and be the Yugoslav reference for the Agency. I did not operate in any sense of the word, and I never did.
The reason I was chosen, because I would have been second in command – I wasn’t senior enough at that time – was that I had the language and communications training. I could operate as a separate station.

**You had no operational responsibility?**

That’s not a correct term. I performed no operational activities. I was there to be the eyes and ears for the Agency in Yugoslavia, so that when I went back I would know what the political, the economic, the ethnic, what the whole mix was. It was a really thorough understanding of the country. That is what I did for four years after I got back, about three years later.

So the first thing I did, we had a translation section. I was talking to the British Ambassador one day, I said, “You have a translation section, the French have a translation section, we have a translation section. Why don’t we pool our resources to get things done faster and more efficiently?” So we formed something called the Joint Translation Service. This turned out to be my cover, in a sense, because it looked busy, but the translators were really doing all the work. It was called the British-American Joint Translation Service. We sold the product to all the other embassies, and the correspondence to anyone who wanted it. We’d get in at 5:30 in the morning, do an analysis of the headlines of all the local press, the press in Zagreb and Ljubljana which had been flown down the night before, and put out a Headline Summary. Then all of our customers could decide what items they wanted translated. By pooling our resources, we weren’t all separately translating Tito’s speech or [Aleksander] Ranković’s speech [Minister of Interior and head of UDB, the secret police] or what have you. We earned so much money that we remodeled the building and had the whole press service in there; we had a staff of twenty-two. It also meant that we could start going farther afield, and not just limit ourselves to newspapers. We could read periodicals or literary journals. [Certain minority Italian, German, and Macedonian newspapers are named.] We covered the press far more intensively and thoroughly than if we had been doing this all separately because we hadn’t the personnel to do it. For instance, the Swiss Embassy provided the mimeograph paper, and the French Embassy provided the courier to run these seventy-five copies that we printed every day to all of our customers. It was a big operation. But it also made it look as though I was terribly, terribly busy.

That was number one. Then there was one time I was at the French Embassy for a reception, and there ran into the man I presume was my counterpart at the French Embassy. He was also accredited to Tirana. The British, the Americans, no one had anything in Tirana. I said, “What do you do?” He said, “Well, I don’t speak Albanian, but I get in there and I talk to them and so on and so forth.” He provided me, then, with [two named, including Zer i Popullit] Albanian newspapers, which were printed in gheg and tosk dialect. I picked up enough Albanian so that I could scan it for biographical information, and travel and meet diplomats.

In the meantime, we had lost our contacts in Sofia, so I said to the British Ambassador, “How about you get us [name],” which is a Bulgarian newspaper. So in addition to all
these other things, we began to get an Albanian and a Bulgarian subsection. But again, this provided cover. It made it seem as though I was intensely busy.

We shipped the newspaper in bulk back to Washington anyway. This was a pre-screening. Tito would speak for three and a half hours at a time, and you would have his transcription in far less time, because you’d have couriers running back and forth between the Skupština. In our little translation section, we were getting NIACs, as they call them, Night Action Cables, all the time. This was the time when he suddenly decided to close the Greek-Yugoslav border, and no longer support the Greek Communists. He had renounced his claims to Slovene Carinthia in the northern part of Yugoslavia. He agreed to certain economic reforms which we proposed. So we would run these things back so headquarters, back in Washington. This of course was an overt operation, in the sense that it went to the State Department. They would have materials to reply back with the Voice of America in far less time than would normally happen.

The Joint Translation Service was your official cover.

There was a similar one in Moscow, and that’s where we got the idea. The administrative officer in Belgrade had been General Walter Bedell Smith’s administrative officer in Moscow when he was ambassador there for three years in Spaso House. She left the army, she was a Lieutenant Colonel WAC. She left the army and was a four-year departure. She left after three years and had one year to go, so they sent her to Belgrade. She was the brains behind it, but I was the organizing spirit.

So that was number one. Now, I’m very much interested in church-state relations. Nothing had been done about the repression or non-repression or the way the Tito government treated the Protestants and the Jews and the Catholics. Certain Catholic Cardinals had been imprisoned. That’s right, and I got mixed up in a very interesting story which I cannot discuss. Bishop Stepinac, who was of course pro-fascist during World War II. He was a real bummer. A lot of other things that have come out lately, he was just a no good man.

My other big job was interpreting for the ambassador. Any time he went somewhere, these people weren’t very well educated, and they couldn’t speak anything but Serbian. You would hear Ranković, who was the head of the UDB, and the Minister of Foreign Affairs, all these people. Their basic language – a little German maybe, and some Russian, very little English. So every time there was a party or a conference or a meeting or a proposal or something or other, he would drag me along, and I would be his interpreter.

The way professional interpreting worked in those days, because I was not a trained simultaneous translator, let’s say the Minister of Foreign Affairs would speak in Serbian. His comments would be translated into English by his personal translator. I would say, “Well, that isn’t quite the same as I got it,” and I would repeat it in English to the ambassador. And then we would do the reverse process through this foursome. Whenever there was a dinner party I would sit between the ambassador at the head of the
table and whoever his number one guest was to his right. Let me repeat, I was not a professional simultaneous translator. It provided me a cover, because the French Embassy said, “Gee, we’d like to borrow [………………..],” or the Swiss Embassy or so on.

I got really into these things. I was not married at the time. I’d throw my sleeping bag into my trunk on a Friday morning and I’d say to the ambassador, “Do you need me tonight or over the weekend?” He’d say yes or no, and if it was no I’d say, “Well I’m off to the mountains of Banja Luka” or “I’m going down to Sarajevo” or “I’m going to Dubrovnik” or “I’m going to talk to the fishermen down on the Adriatic.” I tried to steep myself in the whole ethnic, religious, cultural, economic, and political mix that made up that very interesting country. That was my purpose, being there. I could cite a number of examples of things that I did. Now I don’t know quite what you are aiming at personally?

What I am interested in personally is analyses of the repercussions of the Tito-Stalin split, where the CIA thought might be the hot spots. There seems to have been some sort of debate over whether or not the split could be exploited for use in other countries, if other Eastern Europes could have their own “Tito.” Also, whether or not there was a Soviet invasion forthcoming.

I’m going to give you a specific point here and I’d like it if you turned your tape recorder off now.

[Tape reorder back on for a discussion of US Embassy’s mission in Belgrade] … pull Tito away from Russia. **The whole point of George V. Allen being in Yugoslavia.** That was his directive. Everybody has a directive as to what they are to do. The directive to the American Embassy in Yugoslavia was to try to do everything they could to move Tito away from Stalin.

**He was quite a diplomat. They put him in there to signify the very prestigious position of Yugoslav-American relations.**

George? **Yes.** We became so close there, George and Kitty Allen, and he even introduced me as, “This is our fourth son.” That intimate of a relationship. **His son still lives in Washington, I understand.** Yes, and they all went to Deerfield. That was the connection. The headmaster at Deerfield thought I’d been one of his best students. He told Kitty Allen that. He said, “Do you know [………………..]?” We had a wonderful relationship.

Right after this [off-the-record] episode, immediately after the cable missives – that was June 26th. It was going to be a July 4th party. The ambassador is required, or it is custom, to give a party in the capital for the American citizens in the country. July 4, 1950, would be the first time that there had been any noticeable thaw in US-Yugoslav relations. George Allen said to him [Tito] – that’s from our other conversation that I mentioned – “If I give a party in Bled,” which is the summer capital, “will you come?”
And he said, “Yes I will.” The interesting thing was that the State Department in typical fashion said they would pay for it in Belgrade, but not in Bled. So he sold his personal vehicle to put on a party in Bled, which is the summer capital, the official capital of Yugoslavia in July and August of 1950.

My wife was chosen to be his secretary for the first two weeks in Bled – she was my fiancé then. She was chosen to be the secretary and go up because you had to have an embassy coexisting, you had to continue your communications. All of your other links were in Belgrade, but we had a staff up in Bled. And Tito came to that party. And “March of Time” came to film it. (I’ve always tried to find a copy of it – if you ever run across one, please send it on!) …… my wife – and another girl and two other administrative officers and the ambassador and his wife were in Bled, and they rented a villa. They were going to give a garden party – it was going to be a beautiful, beautiful evening. They set the tables up, and there were going to be Japanese lanterns, and candles and so on and so forth. The Yugoslav militia came and said, “You can’t put the tables there. They’re not in the line of the machine guns.” They were protecting Tito for coming to this party. So poor Kitty Allen went upstairs to put her five year old son to bed, and there were two militia men standing in the windowsill with their guns aimed at the party. Poor little Dickie (or Richard) was totally oblivious.

Anyway, he came to that party and that was the first positive indication that he was moving in that direction. That’s a big part of it. Now in April 1950, when parliament opened – they call it the Skupština – when parliament opened, he gave an official speech. Of course everybody from the diplomatic corps went to the diplomatska galerija as soon as he’d been greeted. Everybody but, I believe, my British counterpart and I left the gallery. So we sat up there scribbling madly and having couriers running back and forth to the embassy with our notes. He talked for seven hours. Four hours, and then he made an – my Serbian was bilingual at that time, but I didn’t know dirty language or colloquial language – apparently he made a remark that he had to go to the john. Everybody stood up and the Communists applauded themselves, the leaders. We all got up and I went out into the hallway to stretch my arms and there was a militia man out there. The British officer and myself said, “Where is the nearest lavatory?” So they pointed us down the hall and down some steps. I went down the steps into a palatial – gold and marble and stone – and inside was a very lavish pissoir. I was performing my duties at my little stanchion, and a heavy hand came on my shoulders: “My God, the UDB has caught up to me.” It was a friend of mine from the Foreign Office, who had just been named Ambassador to the United States, a man by the name of Vlado Popović. He said, “Charlie, you couldn’t do this in the US Senate, could you?” in English. I said no, and he said, “Look who’s standing next to you.” That’s the closest I ever got to Tito!

Then we went outside to make the reception, a feast of salami sandwiches and slivovitz which had been “liberated” from the King’s private cellars. There we stood, and Moshe Pijade, a little hunchback Jew who was the theoretician of the Communist Party of Yugoslavia, was holding forth. He said, “You haven’t seen anything yet.” Then he outlined what the proposals were going to be in the second half of the message. The first part before the break had been on internal affairs, which were of general interest. The
others were the specifics: closing the border, and so on, and this of course was a blockbuster. Now the main reason, we theorized, and I’m sure it’s generally accepted, that Yugoslavia was able to maintain its independence was that it had a shoreline that was open to the West. All of the other countries of course were surrounded by other Communist countries. He was a remarkable man, an absolutely remarkable man.

If I may ask one more question about the possibility of a Soviet invasion: a General in Hungary, whose name is Bela Kiraly, the chief of the general staff in Hungary at this time, wrote a short article saying that all war games and war planning in Hungary – and he presumed the other Eastern European satellites – were devoted to Yugoslavia. Was anyone of aware of such war planning?

Tape recorder off again.

[Recorder turned back on for description of other activities, including English’s work on cultural affairs] … the cultural attaché at the embassy, which was about twenty blocks physically away from the embassy, for a variety of reasons, primarily because a lot of people would be willing to go to the information center but not to the embassy. It was right on the main floor of a main street right downtown. They’d have magazines and coffee klatches and so on. We had been unable – Time and Newsweek, New York Herald-Tribune, New York Times – the Yugoslavs would never permit them to come into the country. So I went to the Yugoslav cultural attaché and I negotiated an agreement, whereby they would allow a limited number – let’s say fifty or seventy-five issues of each one – to be sold in Zagreb and Belgrade. That was the first breach of a cultural exchange. That gave me an option. I was always delving into things. I’d go to a local town and I’d steal the telephone book and send it home.

Did Ambassador Allen know that you were CIA under cover?

Oh, yes. The only people who knew it were Cannon and Allen and Borden Reams – who was the counselor for both Cannon and Allen – and Ruth Briggs, the administrative officer. I left in January ’51, so I was there two and a half years.

This is off the record.

[Recorder turned back on for discussion of religious attitudes in Yugoslavia] … The Yugoslavs had one of the most permissive attitudes towards the Jews of any Eastern European country. They permitted any Jew – intellectual or lower level – to leave, if they were replaced by someone, let’s say by a dentist would be replaced by a Yugoslav-trained dentist. They would leave of the Exodus, which ships from Dubrovnik and goes to Israel. The Protestant church was virtually non-existent because there were a few little German Lutherans on the Austrian border and some Bulgarian Congregationalists near Sofia. Of course the two big churches – well, three; the Muslim community in Sarajevo, but I was more intellectually curious to discuss with them. I didn’t discuss their relations with the government because they were intellectual Muslims, not of the Mujahideen type. The Catholics and the Orthodox were the two primary religions in Yugoslavia. They
were of course at each other’s throats. The Yugoslav government would not permit the
Vatican to have Italian priests, meaning the Apostolic Nunciature. So they were
Americans from St. Augustine, Florida. I got to know them because we permitted them
to use our pouch for personal mail, but not for diplomatic mail. Their personal mail
would go out with our regular Air France pouch once a week. Since the Nunciature was
on the way home from the embassy – I walked by it everyday – I would stop off, with all
the mail from Air France for the Nunciature, and then in the morning I would pick up the
mail to go back on the returning Air France flight.

So I became very, very close, and interested in the Catholic situation, which was very
perilous in Belgrade and in Yugoslavia. They were being oppressed. Their journals were
repressed, they didn’t get money to rebuild their churches that had been destroyed, and of
course the Croatians hated the Serbs and the Serbs hated the Croatians primarily over
religious and ethnic differences. But this gave me a window into the type of oppression
that the monolithic structures – such as the Roman Catholic is – had, in trying to maintain
even existence, because the Serbian Orthodox Church, on the contrary, was what was
called… Do you know the difference between an autocephalous and an autonomous
church? No, I do not. They had their own patriarch. The Serbians had their own
patriarch, who was subservient only to the one in Istanbul. It was called the Serbian
Orthodox Church, and it was independent, that’s where the ball stopped.

When I got there, about a month after I got there, the patriarch died. Gavrilo. The
American Ambassador decided that we ought to at least send a present to the obsequies at
the Synod here in Belgrade. So Mrs. Reams, who was herself Orthodox, and I went as
the official representation of the American Embassy. The British Ambassador and his
wife went personally because they were High Church Anglicans and the Anglican Church
had a particular relationship with the Serbian Orthodox Church. So the four of us, the
British Ambassador and his wife, the counselor’s wife, and myself – and one newspaper
 correspondent went along for the ride – went to the funeral. There are no seats in an
Orthodox Church, and it smelled of wax and perspiration and centuries of dirty garments,
for seven hours, that was like Tito’s speech. At the end of the service they carried the
catafalque around the altar seven times and they buried him in the altar, at which time the
acting patriarch came down to greet the diplomatic corps and offered his ring to be
kissed. Well what do you do? I thought, when in Rome do as the Romans do. So I
kissed the ring. Well, it hit the front page of The New York Times. It didn’t identify me
by name, but it said that by kissing the ring – and they weren’t accusing just me, they
were accusing Diane Reams and the correspondent – that we were condoning the support
by the Tito government of this particular interregnum. Was there much fallout from
this? No, except that it was embarrassing. We didn’t do it deliberately, but it was
intentional that we went, to show our respects. It was misinterpreted because it looked
bad.

Then we decided we’d better find out who was going to be the man who would succeed
him. I had my contacts, and if I wanted information they had people called
archimandrites, they were flunkies, gofers for the patriarch. They were little black gnome
figures who ran around and did all the work. I had a contact with a couple of them, and I
said, “Who is most likely to be the successor? Someone who is openly open to the Tito regime, or someone who is moderate, or who is really opposed?” They gave us a real rundown and I sent this back through normal State Department channels. I sent back information that we hoped a man named Vikentije. He was what was called the Metropolitan of Skopje. The Macedonian Church had their own province subordinate to the patriarch in Belgrade.

Vikentije, the Metropolitan of Macedonia, was made Patriarch. His home, his personal residence (as opposed to the chancellery or offices) was next door to Ambassador Allen’s personal residence (as opposed to the embassy). When you’re in an embassy, you play croquet or you play bridge or you listen to classical music, you do whatever the ambassador does. That’s just a tradition. Mrs. Allen always played badminton. So George and Kitty and their three sons and I and a group of people were all batting this little ball around in the front yard, and out came Vikentije on his veranda, surrounded by his five little archimandrites. So Kitty Allen said to me, “[………], you speak Serbian. Why don’t you invite him to tea?” I went over there and I spoke in Serbian, and I did all the proper obsequies and the bows. He’s known me and met me at social occasions. So he came over in his flowing robes and his flowing white beard and we taught him how to play badminton. Kitty and George offered him tea and crumpets. That opened up a whole new avenue because we were able to see to what extent the Yugoslav government was more liberal with this one unique Serbian Orthodox Church than it was with the Roman Catholic Church. The primary reason, of course, was that the Serbian Orthodox Church was indigenous to Yugoslavia, whereas the Roman Catholic Church was part of the broader Roman Catholic community.

There was another very interesting point. I was developing these relationships so that I could report regularly back to headquarters what the conditions were in the various churches.

**A question that goes back to the split: was there any discussion about trying to foment other “Tito’s” in Eastern Europe? Say, Dimitrov in Bulgaria, or in Poland or Czechoslovakia?**

We would not have been privy to anything like that. The only thing we had was that there were a lot of social occasions. There was the Czech Embassy, the Bulgarian Embassy, the Hungarian, all these countries had embassies there. The ambassador, either Cannon or Allen, would be invited to attend shows, the proletariat movies, or what have you. He always sent me, because he couldn’t speak the language, couldn’t speak Russian or German or anything. I never had any reflection into it, and I wouldn’t have been privy to anything like that anyway.

**May I ask an administrative question? What was the process? Would you write reports or analyses and send them to headquarters?**

CIA or State? **CIA.** Is the transcoder off now?
[In response to a question about CIA cooperation with the UDB] … [………] and I were married in December 1950. We went back in January 1951. I got a call from General Walter Bedell Smith, and I went up to his office. The Yugoslav Ambassador by this time, Vlado Popović – in other words, this was wheels within wheels. They knew it was coming, and I knew it was coming. He said, “I am meeting with General Popović tomorrow,” the ambassador and General Smith. He said, “I want you to be there in the guise of interpreter.” Of course, Popović spoke pretty good English. So we negotiated an agreement. Then it was deemed advisable that my hands not be on it after that, because of my past background, and they probably would want to use me in another capacity. But we did establish a formal exchange, and then they had to pick a particular type of person to replace me who would reflect that ostensible change in posture. So there was a formal exchange of intelligence, at what stage it ended I don’t know.

That person became the new Station Chief?

That is correct.

That was the extent of it, a formal exchange of information?

There would have a normal exchange, like we exchange with Germans or the British or the French, within limitations. This would have been primarily military information.

About a week after this all happened, I got a telephone call in the middle of the night. The Yugoslavs offered us, but only if I handled the negotiations, a complete MiG-15. They told the Soviets that it crash landed and was destroyed. They refused to let the Soviet intelligence in. We flew it out. I and a group of five Air Force officers who were seconded to the CIA, because they would only give it to the CIA. We got one of the first actual MiG-15s that had been produced and flown.

Because of this relationship?

That’s right.

How long had this exchange been in the works? What was the planning involved?

After I got to Belgrade, I’d say 1950-51. We formalized it… It was fifty-five years ago!

Sorry! One more question about OPC [first queried in the last off-the-record portion]…

I’m not very well up on it, it arose when I wasn’t there. It was kind of a black sheep. Go on.

There are a few articles about a certain event, and it’s mentioned in one book on Yugoslavia of this time period. In early 1949, there was some sort of operational mission in Yugoslavia. It involved ex-Chetniks who were given American Air Force
uniforms, expected to rise up against Tito. The whole plan was disastrous. Do you have any information on this?

Absolutely nothing. I would have some information had there been anything to it. Off the record for another story?

… We had a lot of fun in Belgrade.

It sounds like it! If I use any quotes I’ll let you know, and I’ll send you a transcript as well. May I identify it as the “CIA Station Chief,” and not use your name? This is acceptable?

That would be perfect. I’m overt now. The last seven years of my career were all in an overt position.

Where did you go after Belgrade?

[…….]

That’s a fascinating career.

I’m 85 now, retired in 1977.

Thank you very much. I appreciate the interview.

You’re welcome.
After sending the Station Officer a transcript of the first interview, he called to touch base and discuss these issues further. I interviewed him again via telephone on January 29:

[..............], good morning.

Thank you for calling back. You got my message? Yes. [A few minor technical corrections are made to the first transcript.]

Now, you wrote: “What I am interested in personally is analyses of the repercussions of the Tito-Stalin split, where the CIA thought might be the hot spots. There seems to have been some sort of debate over whether or not the split could be exploited for use in other countries, if other Eastern Europes could have their own ‘Tito.’” I am just going to comment on that, because that’s what you’re really driving at throughout the whole conversation.

The most interesting thing that you could have done for me was send me that addendum with the item about the apparent infiltration of agents in US Army uniforms. I was there at the time. I cannot believe that that would have gone unnoticed by anyone in the embassy, let alone the Ambassador, who would have confided in me. I was physically there, and I never heard of anything like that, never heard a rumor (and of course the place was replete with rumors) about anything. Now, the OPC that’s referred to was kind of a renegade outfit. They were unbridled in some ways. I suppose they could have posited that, but it just didn’t materialize. I don’t see how they could have done it.

Now, when I was assigned an apartment by the Yugoslav government, I stayed with the woman who had been lady-in-waiting to the Queen under the previous regime. She was the widow of the last person’s place where Tito and Mihailovich had met; she knew all of those people. She would have passed on anything like that, even a suggestion that the Chetniks were back and threatening or conniving.

The interesting thing from that same article is the fact that Cannon and [British Ambassador] Sir Charles Peake had gotten together to criticize the story that came up, because it was working directly counter to their interest in taking Tito away from Stalin. So anything of that nature, I was in the inner sanctum.

The other very interesting thing, very peripheral, is the Albanian episode. [.................] (That was true, the abortive attempt to overthrow the Albanian government.) [.................]

He was the leader of this Albanian effort that you’re talking about, that was a total failure. That was sponsored by the OPC, which was created to do these wild and wonderful things. So they may have had a concept of doing something like that in

246 Along with a transcript of the first session, I sent [.............] the relevant pages of Beatrice Heuser’s “Covert Action within British and American Concepts of Containment, 1948-1951” and Peter Grose’s Operation Rollback concerning an OPC mission into Yugoslavia (discussed in the Introduction).
Yugoslavia, but if it had been thought about at all we would have heard about it. So I dispute that completely.

[Back to corrections and notes from the initial transcript:] Now, the “March of Time” incident: the importance of that film is that it was at exactly that juncture that Tito began moving ever so imperceptibly toward the West. This is the July 4, 1950 party in Bled. The July 4th party of 1950, the one my wife was involved in. That “March of Time” is significant because it was reflective of the Western powers’ interest in Yugoslavia at a critical juncture, and the fact that Allen had played it so cool, even sold his own car to put on the party. That was a very important step, because they (like everybody) wanted to be appreciated.

Now, when you ask if Ambassador Allen knew if I was CIA under cover, that was the whole point. Somebody had to know it. Ruth Briggs is a key in this whole thing. She was General Walter Bedell Smith’s administrative assistant in Moscow. She was key to so many things, and was interested in pushing my career. She knew that I was CIA, and kept referring back to this friend of hers, General Smith. That did play an integral part in the development of our [CIA-UDB] relationship.

A lot of what I’ve said is more “flavor” than anything. It’s very indicative. For example, George and Kitty Allen went on a tour of a prisoner of war camp, that must also have been in 1950. I went along as the interpreter. This was just after they had closed the border with Greece. These were Greek Communists who had been given asylum in Yugoslavia, and were not permitted to go back to Greece to fight on the Communist side. They wanted to have a tour, so I arranged a tour. There were about 1,500 Greek children, the children of Greek Communists exiled from Greece. It wasn’t a prisoner camp, but a camp for Greek children. Kitty Allen picked up a textbook (they had regular classes). She turned to me and said, “Please ask so-and-so, ‘Why do you use a history book with Stalin’s picture on the front?’” Of course, here they are with the break, so they corrected that very quickly. It was indicative, you see, that they had not yet cleansed the pipeline of all the Tito-Stalin feelings. They were using textbooks that glorified Stalin.

At the same time, George Allen asked me one day to interpret for the Cultural Minister. He said, “Why, if you are so anxious to make a break, do you not indicate that schooling will be conducted in both Cyrillic and Latin characters, and gradually eliminate the Cyrillic to indicate you’ve made your break with Russia?” And he said, “We are doing that in one sense. We’re making sure that every child in Yugoslavia learns the Latin alphabet, and eventually that will take care of itself.” This was indicative of his long-term approach to a problem.

Moshe Pijade is also a very important factor. One of the reasons that the Tito government was so permissive to the Jews was because Moshe Pijade was a prominent Jew. He may have been behind the Yugoslavs’ permissiveness. That’s significant from a standpoint of how they treated religion, because Moshe Pijade was a practicing Jew.

Do you know, [……………..], who your successor was?
I’d prefer not to say that.

I’ll tell you a quick story. When I went to interview Dr. Dragnich up in Maryland last month, I was waiting for a shuttle bus back to the metro. I struck up a conversation with a man who happened to work in the Belgrade Embassy. One of the most unbelievable coincidences! His name was Cole Blasier. He mentioned that a man named Louis Charles Beck was CIA.

He was my successor. I knew him very well. When I said, “They sent someone who could handle it” [in the previous interview], that was Beck. He was very high-powered. He was a former FBI man. Very, very intelligent individual. I’ll tell you a story, off the record.

[Tape recorder turned back on.] The appointment went to Beck, who arrived about six months later. I came back on home leave. While I was on home leave, they decided it was more practical to send him. The State Department found an enlarged heart, which turned out to be a false x-ray. I wouldn’t have gone back in any case, for health reasons. (Look, here I am, fifty-five years later!) Because of that, they picked Lou Beck to do it. He was the high powered person who would have gone originally. Grade-wise, he was a 17, which was much higher than my grade, even though I got a couple of promotions while in Belgrade. He was an older man, a man of genuine substance. He didn’t have the language, which was a disadvantage, but he was knowledgeable in how you manipulated and exchanged and negotiated and things of that sort.

Let me tell you another rather interesting story. We came out of Belgrade on a train, and we came out with a woman named Zinka Milinov, a very famous Metropolitan opera star. She opened the Metropolitan for seven consecutive years as the leading prima donna. She came back on the ship with us to America. About four or five months later, there was a terrible drought in Yugoslavia, and she gave a concert at the Sulgrave Club in Washington, put on by the Yugoslav Embassy to raise money for the relief of these poor, suffering Yugoslavs. I got an invitation from the Yugoslav Embassy, because I was discussing things regularly with Vlado Popović. We went to the Sulgrave Club, [………] and I and [………]’s aunt, for fifty dollars each, which the Agency wrote up. At the end of the concert, Vinka Milinov was ready to sing her encores. She said, “I see two very good friends of mine from Belgrade. I’d like to dedicate this song to them.” That was us. After the concert, we sent our aunt home by taxi to the apartment, and we went on to the Yugoslav Embassy, where there was going to be a big bash. It was all the Senators who were supportive, Rep. John Blatnik of Minnesota, who was of Yugoslav descent. We all walked in, and of course Vlado Popović knew me in this other context. He came directly to me, and said, “I’m so glad to see you. I’m meeting General Smith tomorrow.” I said, “Yes, I know!” I was going to be the interpreter.247 He said, “Mrs. Popović will take your arm.” So he took [………]’s arm, and I took Mrs. Popović’s arm, and we went in to the buffet. There were 150 people there fixed on us.

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247 This refers to the meeting designed to foster formal CIA-UDB relations.
That’s the kind of a relationship we had. He said, “Are you still working?” I gave him the cover story, and said yes: “For the duration of these negotiations I have been loaned to the CIA,” pretending that I was still with State Department. Now, to maintain this cover I had two telephones, a red phone and a black phone. If the red phone rang, I was very careful, because that was people calling me who did not know my cover story, and the black one was a regular, traditional State Department phone. He would call me on that phone, so in a way I was sort of carrying water on both shoulders. That is significant because it indicated the level of trust that was beginning to develop between the two countries on that particular issue.

I looked into the MiG-15 issue. The United States offered money during the Korean War to anybody who was able to get them a MiG-15, something like $100,000. They did not receive one until 1953. The one you took hold of quite possibly was the first one the United States ever received.

This was a gift. You didn’t find anything on this incident, independently? That is correct. Well, it happened. Yes, of course, and I was hoping to obtain more information on it.

Well, they went over there and they dismantled the plane and took it out in parts. They did not fly it out? No. I think it was somewhat damaged, but they could have flown it out. I wasn’t physically there, but they took it apart. These were five Air Force officers, full colonels that went over and took care of it. Then I got out of the picture. They simply said it had to be done through me. They didn’t mean me specifically, but through my office.

Thank you for your call, and if you’re ever the area perhaps we can meet and discuss further. Yes, I’d like to talk about Trieste, but I think that’s a whole conversation in itself.

Trieste? Well that’s another story, because as I said I was the first American to set foot in Zone B. I just pushed the envelope a little bit. Since I wasn’t really State Department, I dared do things or suggest things that I would never have dared do if I were in the chain of command. I have a theory on that. I was no-holds-barred.

You know what “Tito” means? It was a nickname for him, because in Serbian the word for “you” (familiar) is 
, and the word for “that,” understood as “do that,” is . So he was so busy, in his directions he would just turn to somebody and say, “Do that!” Tito! We don’t know, but that’s one theory. The other one is that the initials T.I.T.O. stand for Tajna Internacionalna Teroristična Organizacija, the “Secret International Terrorist Organization.”

Well, I certainly appreciate the extra information.

You’re welcome. You’ve opened a Pandora’s Box of memories that are keeping me up at night!
Appendix B
Interview with Alex Dragnich,
December 16, 2004

1950 State Department Biographic Register:

1938; U. of California, B.A. 1939, Ph.D. 1945; senior propaganda analyst, Dept. of
Justice, 1942-1944; research analyst, Office of Strategic Services, 1944-1945; assistant
professor, Western Reserve U., 1945-1947; appointed Foreign Service Reserve officer of
class four and assigned as attaché at Belgrade September 13, 1947; class three June 26,
1949; married.

I thought a good way to begin would be to cover your earlier years: your family,
your background, where you were born, and move up to your professional career.

I wrote something called Boyhood Memories. That will give you the background of my
father, my mother, how they came here from Montenegro and so on and some of my
experiences in growing up in the state of Washington. I was born up there in a little
eastern Washington country [Republic, Washington], and I at one time thought it would
be interesting to write about this, and I did, and I can give you a copy of that.

Thank you, I would very much appreciate a copy of that. So you went to school out
in Washington, is that correct?

I was born outside this little town Republic, and I went to, first I went to Linfield College
in Oregon, a little Baptist college. I had a couple of teachers who were graduates of
Linfield, and that’s why I ended up at Linfield. I didn’t know anything about college, my
parents never went, so they didn’t know anything about colleges, and after a couple of
years that college just did wonders for me. I have a very high regard for it, and I
established a scholarship there, and so on. But I owed a little money at the end of my
second year and I stayed out a year and I worked, logging and road construction, and then
transferred to the University of Washington because the costs there at a state university
were less than at Linfield, and I got my B.A. there at the University of Washington. Then
I went to the University of California at Berkeley where I got my M.A. and Ph.D.

What was your Ph.D. in, what field?

Well, my Ph.D. was on the development of parliamentary government in Serbia.

And from there, according to the Biographic Register, during the war [WWII], you
worked for the Justice Department, as a propaganda analyst.

I had finished all my coursework and I had passed the examinations for the Ph.D. and so
there remained the dissertation. We got into the war, and one of my colleagues who was,
oh, two or three years ahead of me there, got a job at the Justice Department in
Washington, at the Foreign Agents Registration Section. No, it was called the Special War Policies Unit, and it had to do with something, with people of German background, Italian, Japanese, because we were in the war, and then they were also interested in some of the German satellites, Croatia, Rumania, Hungary, and so on. This fellow, I don’t know how he got that position, but then he urged me and others to come to come to Washington to apply at the Department of Justice. So I did apply, and I got a position, it was in the Special War Policies Unit, and as I said, their big concerns were German organizations, Bund, and Italian organizations and Japanese and others. And they had me working on Croatian organizations and in support of the Quisling government under the Nazis and they were also interested in what Russian immigrants were doing in this country, Slovaks, Greeks, Albanians. So I had a section where I worked on Eastern Europe, seven or eight people.

You were a senior propaganda analyst.

Well I think we were originally an organization with propaganda analysts, and when we were promoted there was some study indicating that here we were, a bunch of us who were either Ph.D.’s or virtually Ph.D.’s, were getting these lousy salaries, but then they reclassified and we got higher salaries and higher titles.

You moved from the Justice Department to the O.S.S., the Office of Strategic Services.

One thing that motivated us was that they had us working on this Croatian organization, called the Croatian Home Defenders, that was the title. The Ustasha? The Ustasha, yes. And the FBI had gotten a bunch of correspondence and so on, and so they had us work on this to analyze and I did the analysis, and then they had me work with a lawyer, and the lawyer finally drew up a recommendation that the organization, which fell into complete extinction, they just and the war came and they knew what happened to the Ustasha and so on, they disappeared. But nevertheless, the lawyer who studied my analysis and the law in the Foreign Agents Registration saw it, decided that this group and some of its individuals should be prosecuted, and his recommendation went up to the top levels of administration at Justice, who decided that in view of everything that they had on their tables, they decided that this Croatian thing was pretty insignificant and did not warrant any prosecution. Well at that point I wondered what the hell I was going to do, because I devoted so much of my time to do that, but I had in the meantime, in the two or three years, met several of the people who were working in various sections of OSS, and one of the newer sections there was very eager to recruit me, and they were going to have me in a very important job, well it involved a lot of things that you’re probably not interested in.

I’m very interested in them!

I would be losing my draft deferment which I had while I was at Justice, but they said, “You’ll just have to volunteer for the Army, and you’ll go for an examination, and we’ll see that you flunk.” And that’s what happened: I went for an examination, and I flunked
the physical. And then there were, they sent me and several others out to camp somewhere in Virginia, I don’t know where it was, for various kinds of testing. Well, by that time, wartime, the rules were that if one agency were going to try to get a person transferred, they would have to get approval, and the OSS people knew that Justice would not grant approval of my being taken over by another agency, and then they finally said, “You could resign.” Eventually, they gave up on that thing, but eventually I simply resigned and went over working for the Foreign Nationalities Branch of OSS, domestic side. And that job ended with the defeat of Germany. But the Research and Analysis section of OSS was very eager to get people, and I was transferred over to the Research and Analysis section of OSS. The war was still on, and when the war with Japan ended, one of my colleagues there in the Research and Analysis section had been an assistant professor at Western Reserve in Cleveland, and he was given a position at Purdue, and he told me, he said, “Look Alex, you could probably get my job that I’m leaving at Western Reserve.” That’s what happened, and after two years there I was still in touch in Washington. While I was still at Justice I finished writing my dissertation, and the professor arranged that I would be granted the degree without going back to the University of California for an examination on the dissertation. So I had my degree, the professor under whom I wrote the dissertation, a guy by the name of Eric Bellquist, was working with the Office of War Information in Washington during most of that time, and he was able to read some of my stuff. He was then transferred to the Department of State, and at one point after I had been at Western Reserve for a couple of years, this was after the war, he got in touch of me: “Would you be interested in going to Belgrade?”

There was a policy of not sending a person back to a country of your ancestry, but Eric Bellquist, when I asked him about that, said, “Well hell, we send all kinds of people to the embassy in London, who’s names are Adams, so he said, ‘Don’t worry about that.’” I was granted a position as first cultural attaché, and the budget for the information program had been cut by Congress, this was in the late 1940’s, because when I reported to Washington for my briefings, this was in about September of ’47 (I went to Belgrade in November), I asked, “Who will be my boss?” And a guy said, “You’re it!” Because [E. Bigelow] Thompson, who was a public affairs officer, was coming home, and because of the budgetary cuts: “We cannot replace him, so you’re going to be the information guy.” And I was, although officially I was known as a cultural attaché or a cultural affairs officer. But then later on, the number two man in the embassy, Robert Borden Reams, said, “We need to promote you.” I was happy about that, because my salary went up from about $6400 each year, to about $8000 every year, which was big money in those days. So I was promoted, and also my title was changed to public affairs officer.

And it was in the last year of my stay there or so, a guy by the name of Harvey Branscomb, who was chancellor of Vanderbilt University, was on a commission that had been appointed, I think it was under Truman, two commissions, one on cultural exchanges and one on information. And Branscomb was appointed on this educational exchanges commission, and so he told them at the Department that he would like to visit a few places, a few embassies, to see what this whole program of cultural exchanges was about. And one of the places he came was Belgrade, and I was sort of his escort, and
some trips around, brief trips, and also arranging certain appointments for him in Belgrade. He was impressed with me, and said he wouldn’t want to talk me out of foreign service, “But if you ever decide to leave the foreign service, let us know, we’d like to be able to offer you a position.” I said, “Dr. Branscomb, I came into this only as a temporary appointment,” in what the Department of State in those days called reserve, foreign service reserve. And I said, “When I’m through here, I’m coming back to go into academic life.” And so out of that grew an immediate offer, quite different from today. In today, when you’re applying for a job you have to go through a whole lot of rigmarole interviews, and sexual and other kinds of orientations and so on. But here I was offered this position as an associate professor, which gave tenure, without ever meeting any of the political science people, the chairman I had not met because Branscomb did not like the chairman, he thought he ought to be replaced. And I had not visited the university. Kind of interesting. That’s where I landed, Vanderbilt in 1950.

And you were at Vanderbilt until just recently.

I was at Vanderbilt for 28 years. I retired in ’78, and in today’s world I could have stayed much longer. Anyway, I had a research fellowship at the Hoover Institution, Stanford, in the offing, so that I was not at all reluctant to retire, I retired with all the honors, in ’78. I was a research fellow there for three years. Then my wife and I decided we’d better find ourselves a spot to retire. So that in a sense is it.

When you were at the Belgrade Embassy, you of course speak Serbian, but did many people speak the language in the embassy?

No, not too many, although there was an effort I think, over here… The Institute. Yes, over here in Arlington. They I think put through new officers, gave them I don’t know exactly how much Serbian, but I recall there was a guy by the name of Charles Stefan, and a guy by the name of Norman Stines. Both of those had gone through, and picked up some, and depending on the officer, some sought while they were there to improve their language. But not too many. Robert Reams, who was number two guy in the embassy, he came – and I was there in November [1947], and so was Charles Stefan and Norman Stines – but Reams came in I believe March of 1948, and his wife happened to be Serbian. Born and reared somewhere in Pennsylvania, and her knowledge of Serbian was reasonably good.

Do you remember what relations were like, do you recall, between the Yugoslav government and the embassy? Was there a lot of back and forth?

Well, relations between the Americans and the regime were about as bad as they could be. And the Ambassador at the time, Cavendish Cannon, who had been a foreign service officer, had been at the Department here in Washington, and I had met him during the war in the State Department here, so my coming there, there was a slight knowledge. But he was one of the first to tell me that if he were walking down the street and he recognized some Serbian person or government official, the best favor he could do for him was to cross the street so he wouldn’t have to run into him and possibly just
exchange a few words, which could hurt him, because the Ambassador felt that he was being followed around. And also, when the Yugoslavs were invited to come to embassy social functions that the Ambassador or Counselor had, the Yugoslavs very often, RSVP meant nothing, they just didn’t respond. But after a while, certain people in the embassy would call them, in charge of the American desk in their department of foreign affairs, to remind him that they’d been invited. And he said, “I’ll see,” which meant that he would check with his superiors, and if his superiors said it was OK, then they would attend.

There were various things that indicated how bad the situation was. I was in a separate building, with the information service. On the ground floor we had some exhibits, photographic exhibits, and on the second floor we had a library with a music section, and the music section was run by a guy by the name of Zhukov, I’ve forgotten his first name, a Russian. He was interested in doing something, so he prepared a little program, and put on a little recording, a little concert of recorded music, and doggonit, at some point there the Yugoslav police would be arresting these young people as they left the building after his concerts. They would take them to the station, and maybe question them, and turn them lose, maybe at some point someone was kept overnight, but it was just a matter of trying to scare people away from the embassy. And of course a lot of people in the regime were eager to come there, not for the music, but to use the library, because they couldn’t get more recent books, the most recent books that they had were pre-war books. So they were particularly [interested in] scientific books.

When the news of break between Stalin and Tito came in, the attitude changed a good deal. I had met, very early on, a guy by the name of Jovan Jovanovich, was from Montenegro, and he had some kind of an office in the tourist agency in Putnik, and was introduced to me one evening as Secretary of the Press Club. Well I learned that the Press Club had dissolved. But nevertheless, I got to see him a few times, and he was cordial enough but always critical about American policy. Then, I think the day after the announcement of the break between Stalin and Tito, I met him on the street. He was very friendly: “Come on, let’s get coffee!” So he takes me to his office and they cook up some Turkish coffee. So there was an indication of the change. But one of the things I guess you’re probably interested in is what was happening before the break.

Yes, do you remember the issues that were talked about between the Yugoslavs and the Americans?

Well, what happened was this. The Ambassador [Cannon] – there was a conference in Rome, and the Ambassador went to the conference, and took along with him Bill Leonhardt, who was then a young foreign service officer, but sort of his right-hand man. This was in May, I guess it was. The guy in charge was Bob Reams. He and a couple of his officers, also newcomers – I mentioned Norman Stines and Charles Stefan – and then he turned also to me, and said, “What’s the meaning of this? The Russians have withdrawn their technical aid mission, without any particular explanation. The press simply reported it. Moreover, Tito’s birthday came along, and no publication of any newspapers of greetings from Moscow.
And then there was another thing that was critical. A conference was scheduled on navigation of the Danube, and so at some point the foreign ministers, a foreign minister by the name of Simić – I’m pretty sure he was not a party man – I don’t know that he became an ambassador, but he was an important figure at least as a front. Maybe the deputy foreign minister was the real foreign minister, a guy from Slovenia. In any case, Simić called in the British Ambassador and he called in Bob Reams, who was chargé because the ambassador was in Rome, and Simić told them, “Well, gentlemen,” there were separate meetings, said about this Danube navigation conference. I think that it was published in the press. I think the Danube conference which was scheduled for Belgrade would not be held there because the Yugoslav government didn’t think that they had adequate facilities. So Simić says to Bob Reams, “This story that we cannot hold the conference here because we don’t have the adequate facilities, that was my idea, with which my government does not agree.” Imagine, the foreign minister saying, “I told you we couldn’t hold it here, but my government” – he means Tito and so on – “don’t agree with that!”

Well, there’s some damn thing wrong there. So the British Ambassador talked to Reams and then Ream called in Stines and me and Stefan, and we added up four or five different kinds of events that suggested a situation between Belgrade and Moscow, a situation that was not good. And Reams drafted a cable to the Department outlining these things, and I think the cable was one page, maybe one page and a half. This was sent to the Department here, suggesting in effect that relations between Moscow and Belgrade were not good, and some rupture in relations could happen. Well, this was looked upon as hearsay. A copy of that telegram had been sent to Moscow, and Moscow disagreed immediately. They couldn’t see any – Tito’s regime had been the most loyal of the satellite regimes, all kinds of things happening. Also the people here in the State Department were doubtful.

After the Ambassador came back from Rome with his foreign service officer, Bill Leonhardt, there was a general meeting to which I was in the Ambassador’s office, there must have been staff members, there must have been fifteen or twenty of us. The ambassador was questioning whether this was a wise thing, to suggest this kind of thing. Bill Leonhardt, he couldn’t see that there would be a break between this most loyal satellite and Moscow. That kind of ended there, but a few days later the Ambassador went to Washington to be briefed, because he was to head the American delegation to the [Danube] conference. In the meantime, it had been announced that the conference would be held in Belgrade. Then several of us, as we were accustomed, drove out to the Belgrade airport to see the ambassador off, and the last chat he had there was with Reams. Reams told us later, the ambassador said, “Bob, I think you’d better start hedging on that telegram. Reams said to the Ambassador, ‘No, Mr. Ambassador, I believe it.’” Well, the Ambassador hadn’t gotten to Washington when the news broke out of Bucharest, expelling the Yugoslav Party from the Cominform! So there were some of the kinds of indicators.
The Danube Conference, when the Yugoslavs said they wanted to hold it in Belgrade. That was seen as the first time that any of the Satellite states had openly defied Stalin, at least of that magnitude?

The withdrawal of the technical aid mission, you could say was indirect, but this was the first concrete thing, when the foreign minister said, “That was my idea, with which my government does not agree.” That was obvious that there was something cooking.

It turned out later that there had been a series of letters, between the two Communist countries. Was there any knowledge of that?

The Yugoslavs released four or five letters between Stalin and Tito and Tito and Kardelj. [Edvard Kardelj was then-President of the Control Commission, later Minister of Foreign Affairs and Vice-President of the Federal Executive Council.] But then we heard from somebody that the Russians had issued some pamphlet or something in Belgrade, so Bob Reams said to me, “Maybe you find out something about this.” So I just walked out on the street about a block and a half to the Soviet information office, and I went in there and I was speaking Serbian, and I think they just thought I was a Yugoslav citizen. I asked about this, and they were very glad to hand me copies of the anti-Tito pamphlet they’d put out. I don’t think I’ve ever told this to anybody. So I was able to take this back to Reams, and I said, “Here you are! This is what the Soviets are doing here.” This was after the split.

One of the final straws for the Soviets seemed to be when Tito and Dimitrov in Bulgaria decided to form their Balkan Federation. Originally Stalin was against it, and he called Dimitrov and he called Tito to come to his court. But Tito did not come, he sent [Tito’s right-hand man, later arrested dissident Milovan] Djilas instead. Was there any knowledge of this, that Tito was being reprimanded in this way?

Well, at some point that came out. Certainly Tito and Dimitrov agreeing on a Balkan Federation, that was certainly not in Stalin’s plan. But at one point, I talked to – this must have been in the late 60’s, after Djilas got out of jail. I talked with Djilas, and he told me of an incident. He said, “Dimitrov was leading a delegation,” to where I don’t remember. They went to a place where the usually met dignitaries, to welcome them. And he shook hands with Dimitrov, and Dimitrov said, “Djilas, hold firm.” Then later on – this was a private thing – when there was a larger group, including Dimitrov’s delegation, Djilas started to say something. Djilas said, “I just started to make light of Stalin’s charges.” And Djilas was surprised, because Dimitrov said, ‘No, Mr. Comrade Djilas, I think Stalin may be right.” Privately, he told him to hold firm, but in front of his delegation, nothing doing.

What was the atmosphere like in the embassy on the day the split occurred? Was there a flurry of activity?
Some people were saying this was the most important thing that had happened since World War II, which was just a few years. And then there were people who said maybe that’s wishful thinking, maybe this was just a Soviet-Yugoslav trick to throw the Americans and the others off the track.

**At the embassy, people had that divide?**

Yes, and that was certainly the attitude of some people here in the State Department, that this was a Soviet trick of some kind. But in the embassy, basically I would say rather cautious optimism, a good feeling. I remember one of the drivers of one of the Yugoslav cars, a local Serb, had greeted me, “Živio Tito,” long live Tito. What he meant was not that he wished Tito a long life, but was hailing Tito for having maybe kicked out the first brick of the Communist edifice.

**Do you recall any of the other issues that the embassy talked about in the first few days? Were they ready to try to exploit the split?**

The basic issue, the most important issue, was a feeling – which I shared, and I think practically everybody else shared, certainly all of the other officers shared – that if there was to be a change, if Tito was overthrown, there was no chance of a democratic successor. If Tito was overthrown, the only victor would be some Soviet stooge. That being the case, the only alternative was either to help Tito survive, or let him perish. So the recommendation out of the embassy was to help Tito survive, and that basically became American policy. **Keep Tito afloat.** Keep Tito afloat, which meant certain assistance, economic and otherwise. Later on, by 1952, there was a military aid mission there, and certainly loans. There was also discussion between the Tito regime and the Americans about getting the Tito regime to cast aside some policies that were failures, and one of the policies that was a failure was the collectivization of agriculture. Eventually there Tito gave way, and permitted people who had been really forced to go to collectives to leave collectives. Sometimes they’d get land back, very often they’d get some land but maybe not the original land they took in.

**Do you recall if around the embassy it was said that if Tito could break with Stalin, then perhaps in Poland, and in Czechoslovakia, they could break with Stalin as well?**

That was certainly the basic right off, the basic feeling that this would be maybe the first step of one satellite breaking away, which then would lead to the break away of other satellites, Poland and Bulgaria and Romania and so on. That latter did not really happen.

**Was there any discussion that it did not happen because Tito had come to power by himself, without the help of the Red Army?**

That certainly was said, although there was some doubt there because when Tito came to Yugoslavia, the first Yugoslav troops were the Mihailovich-Chetnik troops that met them on the Danube. Tito liquidated those people. The Soviet army coming in turned over
Belgrade to Tito. Tito did get considerable help, more Soviet help than he wanted to admit.

When you talk about the policies that the United States helped change in Yugoslavia, you talk about collectivization. Another one would be perhaps the Greek civil war, and Yugoslav aid to Markos, the rebels there, that regime.

Well, Mr. Mehta, that’s a very complex thing. I’ve got something, it just came yesterday, by a former journalist Peter Brock. “Media Cleansing: Uncovering Yugoslavia’s Civil Wars.” Quite bitter, this is a pretty extensive thing, and I’ve just read the introduction. But I know Peter Brock, he was here in Washington and I did get to know him. A very reputable journalist, who was in Yugoslavia before the conflict. What he brings out is what Milosevic has brought out, the extent to which the Vatican and Germany and then subsequently the U.S. did by way of breaking up a country. A friend of mine sent me Milosevic’s introductory statement at his defense. Forty-three pages, tight. But a pretty concise history of various things that happened. And of course, the Serbs especially, are very bitter about the things that were done, because they thought, “Here was Croatia, Slovenia trying to get out, and the hasty recognition by Germany and the Vatican, all of these things led to bad news to the Serbs, who were merely seeking to survive and trying to hold a country together. I hate to go into that, because there are all kinds of angles that you need. I’m going to give you something that I wrote about Kosovo. This was about 1997 I think. It’s really an attempt to elucidate the ethnic and political transformation in Kosovo.

One parallel I see, or perhaps a divergence as it were, is that with all ethnic and nationalist infighting, the infighting of Croatian nationalism and Slovenian infighting and Macedonian and Serbian nationalism, at this time, and how it diverged. After and around 1948, with the Tito-Stalin split, was there a coming together at all, a nationalist sentiment there, that “We are Yugoslavs”?

There was a feeling that Tito was a native, that he didn’t come in as a Soviet agent. And that this would give them all a certain amount of pride. And of course in the official propaganda, the Yugoslav regime did stress the importance of self-government, but in the meantime, things were beginning to loosen after the break. Some things that had been swept under the rug, particularly the nationality problem, began. Initially under Tito, all the various problems, especially of an ethnic nature, all those things had been swept under the rug with the contention, “We’ve solved the situation, our party, our self-government, everybody is equal. Those things are the past.” Yet those things, while swept under the rug, continued to simmer, and with the loosening up of things, each republic began to do things on its own. For example, maybe instead of one republic producing radios and TV’s, maybe several republics, and then they were competing, and trying to undersell each other to foreigners, and this created a hostility. At one point a locomotive from Serbia, when it came to the Croatian border, had to detach the Serbian locomotive and attach a Croatian locomotive. Things really were hurtful.
Did you read my book, *Serbs and Croats*? **I did read it, yes.** I discuss some of things in there, I think I answered a number of these questions now beyond the break. The **Constitution in 1953 and in 1973.** Yes, I think that is critical.

*Just after the break, what kind of talk was there about Soviet intervention into Yugoslavia, of war coming to Yugoslavia?*

There was a fear, and this is I think where some American military aid was important. I was there in ’52, at that point working on my first book, *Tito’s Promised Land.* There was a fear. I happened to be living with Bruce Buttles, who was a foreign service officer and the public affairs officer in the embassy. I’d never met him before, but he invited me to stay with him because his wife and child—I think, I don’t know about child, but his wife anyway—left there, didn’t want to stay in Belgrade for fear of what could happen in a Soviet invasion.

*Do you recall if an invasion was widely thought of as big a possibility, or did the embassy say no, this isn’t going to happen? What was their reading?*

I think the embassy—I don’t know what the embassy thought after I left—I think the embassy felt that was a possibility, but not likely because of Stalin’s cautiousness. One of the things that Tito didn’t like was that Stalin told him he couldn’t help with the problem of Trieste. Stalin said he didn’t want to risk a Third World War.

*A General in Hungary, when he wrote his memoirs—Bela Kiraly—wrote that all planning that he had to do when he was chief of the General Staff was directed towards Yugoslavia, and that he believed the same was true for all the Soviet states. The invasion seemed imminent in 1949 and in 1950, until the Korean War broke out. Was there any indication of this at all in the American Embassy, that there this war planning for Yugoslavia?*

I left there in 1950, in June of 1950. In those initial years, there were doubts about the Soviets coming, but nobody could be sure.

*Were you in Yugoslavia when the Soviets announced that they had developed the atomic bomb, that technology?*

I was here, I had returned to the U.S. Maybe there’s something in the declassified papers. From those, you would get a far better picture.

*My last line of questioning. If I could go back over your biography: you were in academia, you were in the Justice Department, and you were in the Office of Strategic Services, which became the CIA. You were a foreign service reserve officer. This background strongly suggests intelligence work. Were you at all affiliated with the CIA? The CIG?*
No, I was not. And subsequently, I was greatly surprised that nobody, State Department, CIA, anybody – after I had left Belgrade, nobody came to interview me – or soon after my book was published, *Tito’s Promised Land* in 1954. I know that a lot of people thought I was CIA. I’m sure that the Yugoslavs thought I was CIA, I felt that I picked up some information. I didn’t go to Yugoslavia for quite a while, but later, when I did, I felt that I had picked up bits and pieces of information that ought to have been of interest to the intelligence agency.

**Foreign service reserve is generally seen as a “codeword” for CIA…**

It was one of those situations that was used, I suppose, in various ways. It was one way of bringing in somebody for a limited period of time, four years or something. You’re bringing in somebody who had not gone through the regular foreign service officer testing. This was one way of simply utilizing somebody – in my case, the person who really recruited me was doing it basically because he knew I was fluent in the language.

**Were you aware of any CIA agents working in the Belgrade Embassy when you were there?**

No, but it’s an interesting question. I attended a party here in Washington several years after I left the embassy, and I recall the assistant naval attaché, we were discussing this about CIA persons. He said that when he was briefed and going to Belgrade, he was told that there would be a CIA person in the embassy, who might or might not identify himself. “And for a long time,” he said, “we thought you were it!” Not true!

Remaining portions of the interview – less than one typed page – have been redacted at the request of Dr. Dragnich. They contain no significant information on CIA analyses or operations, and are marked by […] characters. Bold […] marks are redacted questions from the interviewer.

[…………………………………………………………………………………………..……………………………………………………………………………………………………]

[………………………………………………………………….] At one time he called me to tell me he liked something I’d written, because I wrote a lot of letters and op-ed pieces in the 1990’s especially.

**Yes, I’ve read some of your op-ed pieces and many of your letters you’ve written online, in the Washington Times and Post.**

I’ve also published some things in a newspaper over in Virginia, and in a newspaper that’s now defunct, the National Banner. I’ve published some things in the Philadelphia Inquirer.

[…………………………………………………………………………………………..]
Were you aware of any of the covert operations that might have been going on?

No. [.................................................................]

[.................................]

[.................................]

[.................................................................]

Thank you very much. I appreciate the interview.

You’re welcome.