

Yugoslavia National Policy Is To Get Best From Two Worlds

(Editor's note: Recent news from Brussels that Communist Yugoslavia had been making feelers for an association with the West European Common Market raised questions as to whether President Tito was "going capitalist." Tito has confused people before, both communists and non-communists. This dispatch, assembled by UPI reporters in Belgrade, Brussels, Frankfurt and London, examines this latest maneuver and the reasons for it.)

By United Press International
Ever since he seized power in World War II, President Josip Broz Tito of Yugoslavia has made a nation-

al policy of seeking the best of two worlds - East and West.

He is pursuing this policy now in sounding out what advantages there might be for communist Yugoslavia from an association with the capitalist common market of West Europe.

No formal application for joining has yet come from Belgrade, but observers in Brussels, seat of the six-nation common market, think there may be one. And they think, too, that the common market nations - France, West Germany, Italy, Holland, Belgium and Luxembourg - would react favorably.

Could Hold Advantages
A trade partnership could hold advantages for both sides, politically as well as economically.

This is how the matter is viewed in Brussels:
- Because Yugoslavia's general economic development is below that of the common market "six," it would not be likely to be granted full partnership but rather given association status, as has already been done with Greece. The details would have to be iron-

ed out in talks that might take up to a year after formal application was made.

A customs union would have to be gradually established so that selected Yugoslav goods could enter the common market countries tariff and quota free, and vice versa.

Could Offer Loans
It is possible the six would offer Yugoslavia development loans - Greece for example is getting \$125 million over the first five years of its associate status.

- If Yugoslavia ignored or contested the common market, it would be up against tariffs and quotas imposed by the six on imports of non-member goods. This could have the effect of pricing the Yugoslavs out of the West European market and forcing them to find new markets elsewhere - mostly to the east.

This in turn probably would, in the Brussels view, shove Yugoslavia more strongly into the Soviet orbit. Obviously, western Europe doesn't want this to happen so there would be political advantages to encouraging Yugoslavia's bid.

Economic Advantages
- There are economic advantages for the six, as well. With the removal of tariffs and quotas by Yugoslavia on goods from the common market partners, the six would gain a new customer for a wider variety of exports and would sell more of them because they would be cheaper to the Yugoslav consumer.

From the Yugoslav standpoint, the situation is this:
- The country, with a relatively low standard of living, needs both to increase its exports and be able to import more for less money. An association with the common market presumably would enable Yugoslavia to sell its member countries more minerals (chiefly lead and copper), timber and - aiming mainly at the Italian and West German markets - more fresh fruits and vegetables.

Well-Equipped Shipyards
Yugoslavia also has well-equipped shipyards with lower labor costs prevailing than in Western Europe and believes it could snare some business from higher-priced British, German and even Dutch ship-builders.

- Yugoslavia's chief imports are cotton and wool, coke, crude oil, raw materials for industry, lard, sugar and, above all, wheat. The country grows only three of the four million tons it needs to feed its people every year. It has had to import wheat every year since the war except in 1959 when it had an exceptionally rich harvest.

- Generally speaking, in sounding out the common market nations, Yugoslavia is aiming at expanding export markets to a much wider field, to Asia, Africa, Latin America.

Farther Than Europe

The products it hopes to sell farther afield than Europe include tobacco, meat and meat products (many canned varieties of Yugoslav meat already can be found on British and some other continental store shelves), and also precision tools for small factories, farm machinery - and smoked plums. Only Canada out-produces Yugoslavia in smoked plums.

Yugoslavia itself is a communist country with some capitalistic overtones. The mixture shows itself in its agriculture. The Soviet Union and its satellites have collectivized their farms, but in Yugoslavia about 80 per cent of farm land remains in the hands of private farmers making a comfortable living.

There are restrictions on this agricultural free enterprise. By law no farmer may own more than 10 hectares of land - about 24 acres. And he must depend on the

state farms for use of tractors and similar equipment which cannot be privately owned.

From time to time there have been reports even the small hectare limit was to be lowered, but at present there is even more agitation to enlarge the private farms.

According to western experts, Tito has pocketbook reasons for encouraging some free enterprise on the farms while all industry remains state-owned. These observers say the state, or collectivized, farms lose money and require considerable financial priming. The private farms pay their own way and strengthen the economy.

In general, the small farmers seem satisfied. UPI questioned two of them near Belgrade.

Pantelija Jovicic, who owns 13 acres, said: "Cooperation (with the state farm ministry) is very useful when it is in the hands of honest people. My field yields much more now, in some cases double, than it did before the war."
Milan Pavlovic who farms 18 acres with his two teenage sons, said: "I am living today on my own land with my two sons much better than I ever lived with my father in old Yugoslavia."

But if most Yugoslavs are eating better, they lack many conveniences the people of the common market countries take for granted - and can afford. That's where the country's trade problems come in. Yugoslavia must now import more than it exports - or even can export.

It needs the imports to feed itself and improve the lot of its citizens; it also has to be able to increase them to get more of the materials required to produce a greater quantity of money-making exports.

Has Financial Struggle

By western standards, the Yugoslav wage-earner has a financial struggle. Estimated income of the average Yugoslav worker is between \$22 and \$33 a month. Monthly rent for a two-room flat in the capital, Belgrade, ranges from \$2.60 per month for the very poorest to about \$21 in a new apartment house.

Bread costs seven cents a pound. A pound of beef costs 50 cents, or about half a day's pay. A decent suit takes more than a full month's earnings.

Even at the top of the earning scale, incomes are low to western eyes. A successful Belgrade lawyer can earn about \$135 a month.

There is general agreement, in Brussels and elsewhere in Europe, that in flirting with western trading markets, Tito is not in the least relaxing his system of "Nationalist Communism."

Rather, say long-term observers of Tito's Yugoslavia, he is simply being practical according to his own lights.

It is partly this willingness to get the most advantage from both sides in the cold war that has brought Tito the wrath of the Chinese Communists who call him a renegade and a traitor.

Accounts for Trouble

It also has accounted for the troubles he has had with Moscow, although Soviet Premier Nikita Khrushchev, also a practical man, currently is wooing Belgrade.

A Common Market negotiator told UPI: "The main thing to remember is that if Tito makes overtures to us, he is doing it for what he hopes to get out of it. We listen to him for the same reason; business goes both ways. But Tito is the same dedicated Communist he always has been and all dealings with him must be considered in this context. If there was a war he wouldn't be on our side."

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