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Yugoslavia.

SUBJECT.



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From the Private Secretary

1 July 1981

The Yugoslav Ambassador, Mr. Berisavljevic, called on the Prime Minister at 0915 this morning.

The meeting was largely confined to an exchange of courtesies. Mr. Berisavljevic said that before he arrived here he had been asked by President Tito to "dynamise" relationships between Yugoslavia and the UK. The Prime Minister said that she felt he had been successful, and emphasised in particular the success of Mr. Vrhovec's visit.

In reply to a question from the Prime Minister, Mr. Berisavljevic said that it was the Yugoslav practice to fill the most senior positions in their diplomatic service with politicians. This was a good way of training politicians in the arts of diplomacy, and it was also of benefit to the Yugoslav diplomatic service. Mr. Berisavljevic did not go into any detail about the post he would be taking up on his return to Yugoslavia: he simply said that he would probably be returning to a political post in the Republic of Serbia. This led to a discussion of the complexities of reaching decisions in federal governments. Mr. Berisavljevic said that decisions in Yugoslavia essentially had to be reached by consensus, and that this had reduced the development of tension between nationalised sects in Yugoslavia. The Ambassador then went on to say that Mr. Djuranovic's immediate priority was to stabilise the economy, and that this was the purpose behind the new austerity measures that had

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been introduced.

I may have misunderstood him, but I believe the Ambassador then suggested that Mr. Djuranovic might consider staying in post for some time next year when his appointment as President of the Federal Executive Council expires. Mr. Berisavljevic said that Mr. Djuranovic would have to consider carefully the disadvantages of not following the prescribed system of rotating appointments to his post. The most important of these was that rotation avoided the sort of "petrification" of the Government machine that had occurred in the Soviet Union.

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