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SUBJECT: INR COMMONWEALTH - EAST EUROPEAN REVIEW  
MAY 26 - JUNE 2.

NAZARBAYEV DOES WASHINGTON

REVIEW AUTHORITY: Frank  
Perez, Senior Reviewer

KAZAKHSTAN'S PRESIDENT NAZARBAYEV ARRIVED IN WASHINGTON WITH TWO OBJECTIVES: TO EXPLOIT THE NUCLEAR ISSUE TO ENHANCE HIS REPUBLIC'S SECURITY AND TO SECURE FOR IT ECONOMIC AID AND ASSISTANCE. THE PRESIDENT IS A CAUTIOUS GAMBLER; ON SECURITY AND ECONOMIC ISSUES HE DOES NOT LIKE TO PLAY HIS CARDS UNTIL HE IS SURE OF THEIR WORTH. AND EVEN THEN HATES TO GIVE UP WORTHLESS CARDS FOR NOTHING. HE RECOGNIZED THAT THE USG WOULD NOT MOVE TO OTHER QUESTIONS UNTIL THE NUCLEAR ISSUE WAS RESOLVED, BUT HOPED TO MANEUVER ON IT TO AVOID FORECLOSING ANY OPTION IN ANY AREA. (C)

ETHNIC BALANCING ACT. THE FUNDAMENTAL SECURITY CONCERN  
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IN KAZAKHSTAN--TERRITORIAL INTEGRITY--STEMS FROM ITS MULTI-ETHNIC MAKEUP: FORTY PER CENT OF THE POPULATION IS RUSSIAN AND CONCENTRATED IN THE NORTHERN PROVINCES. BEFORE THE BOLSHEVIK REVOLUTION, GUIDE BOOKS CALLED THE AREA SOUTHERN SIBERIA; EVEN NOW, SOME ETHNOGRAPHERS DO NOT INCLUDE KAZAKHSTAN AMONG THE CENTRAL ASIAN REPUBLICS. ALTHOUGH NAZARBAYEV FREQUENTLY MENTIONS CHINA, HIS SECURITY FOCUS IS DIRECTED NORTHWARD. (C)

FURTHERMORE, HIS POLICIES TOWARD RUSSIA ARE NECESSARILY MORE NUANCED THAN, FOR EXAMPLE, THOSE OF UKRAINE. ON ONE HAND, HE MUST FIRMLY ESTABLISH ALMA ATA'S SOVEREIGNTY LEST YELTSIN BE TEMPTED TO STAGE A RAID ON THE NORTHERN PROVINCES. ON THE OTHER HAND, HE CANNOT AFFORD A CONFRONTATION THAT WOULD FORCE KAZAKHSTAN'S PREDOMINANTLY RUSSIAN REGIONS TO CHOOSE SIDES. NAZARBAYEV'S SOLUTION HAS BEEN TO STEER HIS OWN COURSE, DISTANCING HIMSELF FROM YELTSIN'S POLICIES WHEN NECESSARY, WHILE AT THE SAME TIME CONSTANTLY REASSURING THE RUSSIANS BY ESPOUSING COOPERATION AND JOINT EFFORT BY THE REPUBLICS UNDER THE CIS BANNER. (C)

IMAGE BUILDING. NAZARBAYEV'S OWN STATURE AND THE SIZE AND UNIQUE NATURE OF HIS REPUBLIC HAVE MADE HIM IN THE EYES OF MANY THE LEADER OF THE CENTRAL ASIANS, A ROLE HE CULTIVATES AS PART OF HIS STRATEGY FOR LIVING WITH RUSSIA. HE SPEAKS FOR CENTRAL ASIA IN CIS COUNCILS HAS ATTEMPTED TO MEDIATE IN CONFLICTS SUCH AS NAGORNO-KARABAKH, AND GENERALLY PORTRAYS KAZAKHSTAN AS THE SENIOR REPUBLIC IN THE REGION. THERE IS A DEGREE OF BLUFF IN THIS: THE UZBEKS--WHO OUTNUMBER ETHNIC KAZAKHS

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MORE THAN TWO-TO-ONE--HAVE HISTORICALLY BEEN THE DOMINANT NATIONALITY IN CENTRAL ASIA. NAZARBAYEV IN ANY EVENT USED HIS WASHINGTON TRIP TO PROJECT AN IMAGE OF KAZAKHSTAN AS A WESTERN-ORIENTED REPUBLIC CAPABLE OF PLAYING ON THE WORLD STAGE. (C)

PLAYING THE NUCLEAR CARD. NAZARBAYEV'S ASSERTION OF AUTHORITY OVER THE STRATEGIC WEAPONS ON KAZAKHSTAN'S TERRITORY (WITH THE IMPLIED THREAT OF THE USE OF FORCE TO BLOCK ANY ATTEMPT TO REMOVE THEM) HELPED ESTABLISH ALMA ATA AS AN INDEPENDENT VOICE IN INTERNATIONAL

SECURITY AFFAIRS. BUT WHILE HE RECENTLY CREATED SEPARATE ARMED FORCES FOR KAZAKHSTAN, HE HAS MADE NO MOVE TO ESTABLISH REAL CONTROL OVER STRATEGIC SYSTEMS, AND HAS REGULARLY ARGUED FOR THEIR CONTROL BY CIS FORCES UNDER COMMON JURISDICTION. (U)

THIS STRATEGY HAS WORKED REASONABLY WELL WITHIN THE CIS. MOSCOW HAS HELD BACK FROM ANY SERIOUS EFFORT TO BUDGE NAZARBAYEV FROM HIS NUCLEAR STANCE. AND THE CIS HIGH COMMAND APPEARS TO HOLD HIM IN HIGH REGARD--MARSHAL SHAPOSHNIKOV RECENTLY PRAISED NAZARBAYEV AND YELTSIN FOR THEIR UNWAVERING SUPPORT. (C)

NAZARBAYEV HAS ALSO SOUGHT TO ASSERT CONTROL OVER CIS SPACE LAUNCH FACILITIES AT BAYKONUR, USING A SIMILAR APPROACH. THE KAZAKHS COULD NOT USE THE FACILITIES WITHOUT RUSSIAN HELP, AND TOO MUCH PRESSURE COULD PROMPT MOSCOW TO STIR UP THE NORTHERN PROVINCES. BUT AT THE SAME TIME, NAZARBAYEV MAINTAINS STRONG LEVERAGE OVER  
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BAYKONUR SINCE ALTERNATE LAUNCH FACILITIES AT PLESETSK IN RUSSIA ARE NOT AS CAPABLE. APPLYING THIS LEVERAGE AS HE HAS WITH NUCLEAR WEAPONS, NAZARBAYEV REPORTEDLY "BLOCKED" A SPACE LAUNCH IN APRIL, AFTER HAVING AGREED TO JOINT CONTROL OVER BAYKONUR. (C)

NAZARBAYEV'S LEGAL STANCE ON NUCLEAR WEAPONS HAS BEEN CONSISTENT: KAZAKHSTAN IS A NUCLEAR WEAPONS STATE AS A MATTER OF FACT. HIS TACTICS HAVE, HOWEVER, VARIED, RANGING FROM ALLEGATIONS OF A US DOUBLE STANDARD TOWARD KAZAKHSTAN VIS-A-VIS OTHER NUCLEAR POWERS, TO REQUESTS FOR US SECURITY GUARANTEES. BUT THE FACT THAT KRAVCHUK ACCEPTED US CONDITIONS FOR BECOMING A PARTY TO START INCLUDING ACCESSION TO THE NPT AS A NONNUCLEAR WEAPONS STATE, LEFT NAZARBAYEV EFFECTIVELY ISOLATED AND INCREASED PRESSURE ON HIM TO COME TO AN AGREEMENT. UNLIKE KRAVCHUK. HOWEVER, HE WAS UNDER NO CONSTRAINTS FROM HIS LEGISLATURE OR ANY COMPETING POLITICAL FIGURES.

NOR WAS HE PUSHED INTO HIS STANCE ON NUCLEAR WEAPONS BY NATIONALISTS. RATHER, NAZARBAYEV TOOK THE LEAD ON THE ISSUE--EVEN BEFORE KRAVCHUK--BECAUSE OF HIS APPRECIATION FOR THE BARGAINING POTENTIAL OF NUCLEAR WEAPONS. (C)

MANEUVERING IN WASHINGTON AND MOSCOW. NAZARBAYEV ATTEMPTED DURING HIS VISIT TO SHIFT HIS STANCE WITHOUT GIVING UP ALL HIS NUCLEAR OPTIONS, SIMPLY PROMISING THAT ALL STRATEGIC WEAPONS WOULD BE REMOVED FROM KAZAKH TERRITORY BY THE END OF THE SEVEN-YEAR START REDUCTION PERIOD--BUT THEN SUGGESTED THAT RUSSIAN STRATEGIC WEAPONS MIGHT BE REDEPLOYED IN KAZAKHSTAN AFTER THE REDUCTION PERIOD. (C)

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HE HAS SINCE GIVEN VARIOUS REASONS FOR HIS CHANGE OF POSITION ON THE NPT QUESTION. IN HIS MAY 26 REPORT TO THE KAZAKH SUPREME SOVIET ON THE VISIT, NAZARBAYEV SOUGHT TO PUT THE BEST FACE POSSIBLE ON IT, SAYING THAT THE UNITED STATES HAS BECOME "KAZAKHSTAN'S RELIABLE PARTNER FOR A LONG-TERM PERSPECTIVE," AND ADDING THAT AS A RESULT OF HIS VISIT KAZAKHSTAN'S SECURITY IS NOW ENSURED. (C)

THE MOST IMPORTANT JUSTIFICATION, HOWEVER, PROBABLY LIES IN HIS REFERENCES TO THE RUSSIAN-KAZAKH RELATIONSHIP. NAZARBAYEV CONSULTED WITH YELTSIN IMMEDIATELY BEFORE AND AFTER HIS US TRIP. BEFORE DEPARTURE HE CALLED RUSSIA "OUR MILITARY AND POLITICAL ALLY," AND SAID THE COLLECTIVE SECURITY TREATY ACHIEVED WITH RUSSIA AND FOUR OTHER REPUBLICS AT THE CIS SUMMIT IN TASHKENT ON MAY 15 MADE IT POSSIBLE FOR KAZAKHSTAN TO BECOME A NONNUCLEAR STATE. THE BILATERAL COOPERATION TREATY SIGNED WITH RUSSIA MAY 24, AFTER THE VISIT, IS A LARGER STEP: NAZARBAYEV TERMED IT THE "FIRST LARGE-SCALE INTER-STATE TREATY" REACHED AMONG THE REPUBLICS, AND SAID KAZAKH SECURITY HENCEFORTH WOULD BE UNDER RUSSIA'S NUCLEAR UMBRELLA. (C)

ECONOMIC ISSUES. NAZARBAYEV'S SECOND OBJECTIVE IN VISITING THE US WAS TO SECURE ASSISTANCE FOR, AND INVESTMENT IN, KAZAKHSTAN, AND AS EXPECTED, HE MADE MUCH OF THE BILATERAL ECONOMIC AGREEMENTS COMPLETED, AND THAT WITH CHEVRON TO DEVELOP THE TENGIZ OIL FIELD. HE ALSO LOBBIED AT EACH STOP FOR PRIVATE SECTOR INVOLVEMENT IN

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DEVELOPING INDUSTRIES BASED ON KAZAKHSTAN'S MANY RESOURCES. (C)

IN HIS EFFORTS TO DRUM UP ENTHUSIASM FOR INVESTMENT NAZARBAYEV HAS PLAYED UP ECONOMIC LEGISLATION PASSED IN ALMA ATA IN RECENT MONTHS BUT HAS BEEN VAGUE ON THE EXTENT AND TIMETABLE FOR ECONOMIC REFORM. INDEED, THE REPUBLIC LEADERSHIP HAD ONLY RUDIMENTARY IDEAS ON HOW TO SHIFT TO A MARKET ECONOMY. THE KAZAKHS APPARENTLY INTEND TO RETAIN SOME OF THE LARGEST STATE FARMS. AND STATE CORPORATIONS HAVE ALREADY BEEN FORMED BY COMMUNIST-ERA APPARATCHIKS IN A NUMBER OF INDUSTRIES AS A WAY OF SAFEGUARDING THEIR CONTINUED POWER AND

PROSPERITY. (C) (JHALL)

RUSSIA: CORRUPTION THREATENS REFORM

CORRUPTION HAS BECOME SO WIDESPREAD IN RUSSIA THAT IT THREATENS THE CREDIBILITY OF THE GOVERNMENT'S ECONOMIC REFORM PROGRAM, AND THE ABSENCE OF LEGISLATION TO DEAL WITH IT IS FRUSTRATING EFFORTS TO CONTAIN THE PROBLEM. (C)

SEVENTY YEARS OF COMMUNISM, WITH ITS WIDESPREAD SCARCITIES. STATE OWNERSHIP OF MOST OF THE ECONOMY, AND WEAK LEGAL SYSTEM--INCLUDING THE VIRTUAL ABSENCE OF ANY NOTION OF CONFLICT OF INTEREST--ONLY DEEPENED A PROBLEM ENDEMIC THROUGHOUT RUSSIAN HISTORY. OFFICIALS AND PUBLIC ALIKE ARE NOW SERIOUSLY ALARMED AT THE EFFECTS OF A RAPID INCREASE IN CRIME AND CORRUPTION. INFLUENCE  
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PEDDLING, BRIBERY, RACKETEERING AND EMBEZZLEMENT HAVE BECOME SO PERVASIVE THAT STATE SECRETARY BURBULIS HAS CALLED THE STRUGGLE AGAINST ORGANIZED CRIME AND CORRUPTION AN "EMERGENCY PROBLEM." YELTSIN WARNED THE CONGRESS OF PEOPLES DEPUTIES THAT CORRUPTION WAS INFLICTING "TANGIBLE DAMAGE UPON THE FORMATION OF CIVILIZED MARKET RELATIONS." (C)

MORE BROADLY, OFFICIALS FEAR THAT CORRUPTION IS UNDERMINING PUBLIC SUPPORT FOR MARKETIZING THE ECONOMY. THEY CITE THE WIDESPREAD POPULAR PERCEPTIONS THAT ECONOMIC REFORM IS RESULTING IN POVERTY FOR THE MASSES AND FANTASTIC WEALTH FOR A POWERFUL FEW, AND THAT THOSE PUSHING THE REFORM EFFORT ARE DOING SO FOR THEIR OWN PERSONAL, RATHER THAN PUBLIC GAIN. (C)

CRIME AND CORRUPTION PAY. INSTANCES OF ECONOMIC CRIME AND CORRUPTION ON THE PART OF STATE OFFICIALS AND ENTERPRISE DIRECTORS ARE COMING TO LIGHT WITH

INCREASINGLY FREQUENCY. THEY INCLUDE INSIDER-TRADING  
REAL ESTATE DEALS, DIVERSION OF FOOD AND CONSUMER GOODS  
FROM STATE SUPPLY CHANNELS TO THE PRIVATE SECTOR.  
ILLEGAL SALES OF MILITARY EQUIPMENT AND PROPERTY.  
COUNTERFEITING OF RUBLES AND FOREIGN BANKNOTES, ABUSES  
IN THE SALE OF EXPORT LICENSES, AND FINANCIAL  
TRANSACTIONS BETWEEN ENTERPRISES WHICH STILL RUN COUNTER  
TO RUSSIAN LAW. (U)

RUSSIAN AND FOREIGN BUSINESSMEN COMPLAIN THAT  
BRIBE-TAKING HAS NOW REACHED UNPRECEDENTED PROPORTIONS  
AND THAT THE NEW BUREAUCRATS ARE DEMANDING MUCH LARGER  
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BRIBES THAN DID THEIR COMMUNIST PREDECESSORS. MOSCOW  
MAYOR POPOV HIMSELF A TARGET OF CORRUPTION CHARGES  
RECENTLY SUGGESTED THAT SINCE BRIBES WERE A FACT OF  
LIFE, SOMEONE SHOULD PUBLISH A PRICE LIST. A PRIMARY  
CAUSE FOR ESCALATING PAYOFF DEMANDS APPEARS TO BE  
OFFICIALS' FEAR FOR THEIR OWN FUTURE IN AN INCREASINGLY  
UNSTABLE POLITICAL AND ECONOMIC ENVIRONMENT.  
FURTHERMORE, SOME GOVERNMENT POLICIES. SUCH AS THE NEED  
TO RENEW EXPORT LICENSES QUARTERLY. ACTUALLY HELP  
PROMOTE BRIBERY AND CORRUPTION. (C)

PRIVATIZATION EFFORTS MEANWHILE ARE FALLING PREY TO  
WIDESPREAD "NOMENKLATURA PRIVATIZATION," A PRACTICE  
WHEREBY WELL-PLACED OFFICIALS AND DIRECTORS EXPROPRIATE  
STATE PROPERTY FOR THEMSELVES BY MEANS OF FICTITIOUS  
PRIVATIZATION OF ENTERPRISES. WHILE PRIVATIZATION TSAR  
CHUBAYS HAS PLAYED DOWN CHARGES THAT THE NOMENKLATURA IS  
CUTTING THE PUBLIC OUT OF THE PRIVATIZATION PROCESS. HE  
ACKNOWLEDGES THAT ONLY A LARGE SCALE FIGHT AGAINST  
CORRUPTION CAN PUT AN END TO THE PRACTICE. ESTABLISHED  
CRIMINAL ORGANIZATIONS ARE ALSO WELL PLACED TO BENEFIT  
FROM PRIVATIZATION DUE TO THEIR LONG TRADITION OF  
OPERATING IN THE PRIVATE BUSINESS SECTOR, SOME ASPECTS  
OF WHICH REMAIN ILLEGAL. (C)

FIGHTING BACK. ON APRIL 4. YELTSIN SIGNED A DECREE  
DESIGNED TO FIGHT CORRUPTION IN THE CIVIL SERVICES. IT  
IS TO REMAIN IN FORCE UNTIL A LAW ON STATE SERVICE IN  
THE RUSSIAN FEDERATION IS ADOPTED. ALTHOUGH THE MEASURE  
DOES NOT DEFINE CORRUPTION, IT PROHIBITS CIVIL SERVANTS  
FROM ANY AND ALL INVOLVEMENT IN BUSINESS ACTIVITIES  
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INCLUDING USING THEIR POSITION TO ENGAGE IN BUSINESS,

AND REQUIRES PERSONAL INCOME DISCLOSURES FOR SENIOR OFFICIALS. MANY ASSERT THE DECREE IS INADEQUATE; ECONOMISTS YAVLINSKIY AND SHATALIN CALL FOR MEASURES THAT WOULD ELIMINATE FACTORS WHICH CONTRIBUTE TO CORRUPTION--LOW WAGES FOR STATE EMPLOYEES, FOR EXAMPLE--RATHER THAN ON SANCTIONS AGAINST INDIVIDUAL STATE EMPLOYEES. (C)

BUT OTHER THAN YELTSIN'S DECREE, THERE IS CURRENTLY NO RUSSIAN LEGISLATION TO FIGHT CORRUPTION. SUPREME SOVIET CHAIRMAN KHASBULATOV HAS ANNOUNCED PARLIAMENT'S INTENTION TO ADOPT A STRICT ANTI-CORRUPTION LAW WHICH MAY, INTER ALIA, ALLOW CITIZENS THEMSELVES TO INSTIGATE PROCEEDINGS AGAINST CORRUPT OFFICIALS, INSTEAD OF RELYING ON STATE PROCURATORS WHO HAVE CLOSE TIES TO LOCAL ADMINISTRATIONS. (U)

SECURITY MINISTER BARANNIKOV AND INTERIOR MINISTER YERIN HAVE SAID THAT COUNTERING ECONOMIC CRIME, INCLUDING CORRUPTION, IS NOW THEIR RESPECTIVE ORGANIZATIONS' MAIN TASK. BUT THE WIDESPREAD USE OF BRIBES, EVEN AMONG LAW ENFORCEMENT OFFICERS, AS WELL AS THE CURRENT LACK OF LEGISLATION PROHIBITING THEM, MAKES PROSECUTION DIFFICULT. (C) (BJOSELYN)

ESTABLISHING A RUSSIAN MILITARY

ON MAY 7, BORIS YELTSIN SIGNED A DECREE FORMALLY ESTABLISHING THE RUSSIAN ARMED FORCES. HIS INTENTION IN FORMING A MILITARY AND AN OFFICER CORPS CONSOLIDATED  
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AROUND RUSSIA RATHER THAN THE CIS WAS TO BRING STABILITY AND A SENSE OF PURPOSE TO A DEMORALIZED ESTABLISHMENT. BUT ALTHOUGH THE DECREE HAD BEEN EXPECTED FOR SEVERAL MONTHS, ITS ISSUANCE DID NOT END THE UNCERTAINTY ABOUT THE FUTURE SIZE AND SHAPE OF THE RUSSIAN MILITARY AND ITS RELATIONSHIP WITH THE CIS. (C)

FOLLOWING THE CIS'S FORMATION LAST YEAR, YELTSIN HAD OPPOSED A SEPARATE ARMY IN ORDER TO GIVE THE CIS MILITARY A CHANCE; HE WAS ALSO CONCERNED THAT A PRECIPITOUS BREAKUP OF THE SOVIET COMMAND AND CONTROL STRUCTURE WOULD CAUSE OFFICER DISCONTENT. FURTHERMORE, HE VIEWS A MILITARY AS NECESSARY TO CONSOLIDATE A SENSE OF RUSSIAN STATEHOOD; HIS DECREE REFERRED TO THE PROUD HISTORY OF THE RUSSIAN ARMED FORCES. A RUSSIAN MILITARY WILL ALSO PROVIDE HIM MORE LEVERAGE IN POLITICAL AND MILITARY DISCUSSIONS WITH THE FORMER REPUBLICS. (C)

THE DECREE FORMALLY ESTABLISHES YELTSIN AS SUPREME COMMANDER. GENERAL PAVEL GRACHEV, APPOINTED DEFENSE

MINISTER ON MAY 18, EXERCISES DAY-TO-DAY CONTROL. THE PRE-EXISTING SOVIET/CIS MINISTRY OF DEFENSE AND GENERAL STAFF COMMAND AND CONTROL STRUCTURE IS TO BE RETAINED, BUT THEIR FUNCTIONS AND RELATIONSHIPS REORDERED. THE DECREE INSTRUCTS THE RUSSIAN DEFENSE MINISTRY TO SUBMIT PROPOSALS WITHIN A MONTH ON HOW TO MANAGE THE TRANSITION ACROSS THE RANGE OF ISSUES. GRACHEV ALSO HAS BEEN ORDERED TO COORDINATE WITH CIS COMMANDER SHAPOSHNIKOV ON THE DELIMITATION OF FUNCTIONS BETWEEN THE RUSSIAN MOD

AND THE CIS HIGH COMMAND. (C)  
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REARRANGING THE APPARATUS. THE RUSSIAN DEFENSE MINISTRY CURRENTLY INCLUDES ONLY TWO TOP OFFICIALS: DEFENSE MINISTER GRACHEV AND FIRST DEPUTY MINISTER ANDREI KOKOSHIN. WHO IS AN ACADEMIC. MILITARY REFORMERS LOBBIED FOR DIRECT TRANSITION TO A CIVILIAN DEFENSE MINISTER. BUT YELTSIN PROBABLY SAW COUP HERO GRACHEV AS APPEALING TO BOTH REFORMERS AND THE CONSERVATIVE MILITARY APPARATUS. (HE ALSO PROBABLY BELIEVES THE LATTER IS NOT PSYCHOLOGICALLY READY FOR A CIVILIAN BOSS.) IN THE FUTURE, THE NEW RUSSIAN FEDERATION SECURITY COUNCIL IS LIKELY TO PLAY A SIGNIFICANT ROLE IN MILITARY POLICYMAKING; YELTSIN HAS ALREADY GRANTED IT MAJOR POWERS IN THAT REALM. LEGISLATIVE OVERSIGHT REMAINS UNCLEAR, BUT THE MAY 7 DECREE INSTRUCTS THE SUPREME SOVIET TO ADOPT LEGISLATION ON THE NEW ARMED FORCES. (C)

YELTSIN'S CAUTION IN SETTING UP A SEPARATE RUSSIAN MILITARY POLICYMAKING APPARATUS IS DUE IN PART TO FEAR OF ALIENATING THE THOUSANDS OF GENERAL STAFF AND DEFENSE MINISTRY OFFICIALS OF THE FORMER USSR WHO REMAIN IN PLACE. EVEN THOUGH THE NEW RUSSIAN APPARATUS WILL BE BASED ON UNION STRUCTURES. CUTBACKS IN THE BLOATED MILITARY BUREAUCRACIES WILL MEAN THE DISCHARGE OF MANY. YELTSIN IS LIKELY TO AVOID AS LONG AS POSSIBLE MAKING THE TOUGH DECISIONS NEEDED FOR THE TRANSITION FROM A USSR TO A RUSSIAN MILITARY ESTABLISHMENT AND HOLD AS LONG AS POSSIBLE TO A GRADUAL APPROACH. (C)

DOCTRINE, STRATEGY. AND FORCE STRUCTURE. THERE ARE TWO  
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CONTENDING VISIONS OF THE MILITARY THREAT TO RUSSIA  
INSIDE THE RUSSIAN ESTABLISHMENT. THE DOMINANT SCHOOL



HOLDS THAT THE GREATEST THREATS WILL BE IN THE REALM OF LOW-INTENSITY CONFLICT AND MINOR BORDER CLASHES LARGELY IN THE SOUTH OF THE COUNTRY. THE SECOND SCHOOL IS MORE CONCERNED WITH THE WESTERN FORMER REPUBLICS--PRIMARILY UKRAINE--AS WELL AS NATO AND OTHERS IN THE WEST. THE OUTCOME OF THIS DEBATE WILL HAVE PROFOUND IMPLICATIONS FOR DOCTRINE, STRATEGY, AND FORCE STRUCTURE. (C)

EVEN WITHOUT A FIRM DEFINITION OF THE THREAT, A DECISION HAS APPARENTLY BEEN MADE TO FORM A 100,000-PERSON RAPID REACTION FORCE COMPOSED LARGELY OF AIRBORNE AND NAVAL INFANTRY (MARINE) UNITS. IT WOULD BE USED TO RESPOND TO FAST-BREAKING SITUATIONS BEFORE HEAVIER FORCES COULD BE BROUGHT TO BEAR. IT COULD ALSO HANDLE LOW-INTENSITY CONFLICTS INAPPROPRIATE FOR HEAVY ARMORED FORCES. THE ESTABLISHMENT OF SUCH A FORCE WILL REQUIRE NEW, MORE WESTERN MILITARY PRACTICES AND PROBABLY LEAD RUSSIA TO SEEK FURTHER MILITARY-TO-MILITARY CONTACTS WITH THE WEST. (C)

UNDER YELTSIN'S DECREE, THE RUSSIAN MOD AND THE RUSSIAN MFA ARE TO NEGOTIATE WITH OTHER STATES TO DETERMINE THE STATUS OF FORCES OUTSIDE RUSSIA. THIS IS AN URGENT REQUIREMENT BECAUSE THE RUSSIAN MILITARY IS CURRENTLY ILL-DEPLOYED TO MEET ITS FUTURE REQUIREMENTS. MORE THAN HALF THE UNITS NEEDED TO ESTABLISH THE REACTION FORCE ARE OUTSIDE RUSSIA AND MANY ARE CLAIMED BY OTHER REPUBLICS. (C) (JWILLIAMS/PMA/M:MSTOUT)

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CRIMEA - BONE OF CONTENTION

THE MAY 5 VOTE FOR INDEPENDENCE IN THE CRIMEA OPENED A PANDORA'S BOX OF CONTRADICTIONARY CLAIMS AND CONTENTIONS THAT HAS POLARIZED THE LOCAL POPULATION AND MADE UKRAINIAN-RUSSIAN DEALINGS ON OTHER ISSUES, INCLUDING THE BLACK SEA FLEET, EVEN MORE CONTENTIOUS THAN THEY ALREADY WERE. (C)

THE ACT OF INDEPENDENCE ADOPTED BY THE CRIMEAN SUPREME SOVIET ON MAY 5 STIPULATED THAT CRIMEAN LAWS HAVE SUPREMACY IN THE PENINSULA AND THAT RELATIONS WITH UKRAINE WOULD BE GOVERNED BY BILATERAL TREATIES. THE ACT, AS WELL AS A SECOND RESOLUTION THAT SPECIFIED CRIMEA WAS AN INDEPENDENT STATE WHICH COULD ENTER INTO UNION WITH OTHER STATES (I.E., RUSSIA) WERE TO BE PUT TO A REFERENDUM ON AUGUST 2. ON MAY 6, HOWEVER, THE PARLIAMENT ADDED TO CRIMEA'S JUST ADOPTED CONSTITUTION A PROVISION STIPULATING THAT CRIMEA WAS PART OF THE UKRAINIAN STATE. ON MAY 14, THE UKRAINIAN PARLIAMENT DECLARED THE ACT UNCONSTITUTIONAL SETTING THE STAGE FOR

DEBATES IN BOTH THE CRIMEAN AND RUSSIAN PARLIAMENTS A WEEK LATER. ON MAY 20. THE CRIMEANS REVOKED THEIR ACT OF INDEPENDENCE AND LEFT THE REFERENDUM IN DOUBT. A DAY LATER, THE RUSSIAN PARLIAMENT DECLARED THE 1954 GIFT OF THE CRIMEA TO UKRAINE ILLEGAL BUT EMPHASIZED MOSCOW HAD NO TERRITORIAL CLAIMS ON KIEV. (U)

THE REFERENDUM, IF HELD, WILL BE THE THIRD IN THE PENINSULA IN LESS THAN TWO YEARS. THE FIRST, EARLY IN

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1991, APPROVED CREATION OF AN AUTONOMOUS CRIMEAN REPUBLIC; THE SECOND WAS THE DECEMBER REFERENDUM CONFIRMING UKRAINE'S DECLARATION OF INDEPENDENCE. WHICH 54 PERCENT OF THE CRIMEAN VOTERS APPROVED. NEGOTIATIONS MEANWHILE HAD BEEN UNDERWAY BETWEEN KIEV AND SIMFEROPOL OVER GREATER AUTONOMY FOR THE CRIMEA, THE RESULTS OF WHICH THE UKRAINIAN PARLIAMENT APPROVED. BUT THE CRIMEANS CONSIDERED INADEQUATE. (U)

COLLISION COURSE? THE CRIMEA HAS BEEN A FOCUS OF TENSIONS BETWEEN RUSSIA AND UKRAINE EVER SINCE KIEV BEGAN TO ASSERT ITS INDEPENDENCE. THE ONLY REGION OF UKRAINE WHERE ETHNIC RUSSIANS FORM A MAJORITY OF THE POPULATION, IT IS ALSO THE HEADQUARTERS OF THE BLACK SEA FLEET WHICH UKRAINE NOW CLAIMS FOR ITSELF. ALTHOUGH THEORETICALLY DIVISION OF THE FLEET IS A SEPARATE ISSUE, IN PRACTICE UKRAINE'S CLAIM TO THE FLEET STIMULATED A CHALLENGE FROM MOSCOW TO KIEV'S RIGHT TO THE CRIMEA, WHICH HAD BEEN ADMINISTRATIVELY A PART OF THE RUSSIAN FEDERATION UNTIL 1954. MOSCOW RAISED THE MATTER AS A BARGAINING CHIP AGAINST UKRAINIAN ASSERTIONS OF INDEPENDENCE, ARGUING ON HISTORIC GROUNDS--THAT RUSSIAN TSARS HAD WRESTED THE PENINSULA FROM THE OTTOMANS AND BUILT THE BLACK SEA FLEET, AND ON ETHNIC GROUNDS--THAT THE MAJORITY IN THE PENINSULA WERE RUSSIAN AND THEREFORE SHOULD BE PART OF RUSSIA. THIS CASE COLLIDED WITH UKRAINE'S INSISTENCE THAT ITS TERRITORY WAS INVOLABLE, AND THAT ALL PEOPLE ON THAT TERRITORY WERE UKRAINIAN CITIZENS, REGARDLESS OF ETHNICITY. (C)

TWO-THIRDS OF THE POPULATION IN CRIMEA IS ETHNICALLY  
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RUSSIAN; OF THE APPROXIMATELY 25 PERCENT ETHNIC UKRAINIANS. NEARLY 50 PERCENT CONSIDER RUSSIAN THEIR NATIVE LANGUAGE. BY NOW ABOUT 200,000 CRIMEAN

TATARS--DEPORTED IN 1944 TO CENTRAL ASIA--HAVE MADE THEIR WAY BACK, AND ANOTHER 400,000 WOULD LIKE TO RETURN. TO THE EXTENT THAT PUBLIC OPINION POLLS ARE A GUIDE, A PLURALITY OF THE POPULATION FAVORS THE STATUS QUO, I.E., THAT OF AN AUTONOMOUS REPUBLIC WHICH IS PART OF UKRAINE. NEVERTHELESS, A SIZABLE AND VOCAL MINORITY ORGANIZED IN THE CRIMEAN REPUBLICAN MOVEMENT WANTS CRIMEA TO BECOME PART OF RUSSIA; IT IS THIS GROUP WHICH COLLECTED 250,000 SIGNATURES TO FORCE A REFERENDUM ON SECESSION.

THE CRIMEAN TATARS, WHO HAVE ORGANIZED THEIR OWN PARLIAMENT, PRESUMABLY WANT AN INDEPENDENT REPUBLIC OF

WHICH THEY WOULD BE THE TITULAR NATIONALITY. SHORT OF THAT THEY FAVOR A CRIMEA THAT IS PART OF UKRAINE. THE FORMER CRIMEAN COMMUNIST APPARATUS ALSO PLAYS A ROLE. THE OLD PARTY ELITE FEARS A LOSS OF ECONOMIC AND POLITICAL STATUS IN A NEW UKRAINE--OR A NEW RUSSIA--AND MAY BE TAKING ADVANTAGE OF THE SECESSION ISSUE TO GET THE BEST POSSIBLE DEAL FOR ITSELF. (C)

PROSPECTS. THE CRIMEAN DECLARATION OF INDEPENDENCE CAME IN THE MIDST OF SO FAR INCONCLUSIVE NEGOTIATIONS BETWEEN MOSCOW AND KIEV ON THE DIVISION OF THE BLACK SEA FLEET. THE REACTION BY UKRAINIAN OFFICIALS TO THE DECLARATION WAS UNIFORMLY NEGATIVE; DEPUTY CHAIRMAN OF THE KIEV PARLIAMENT AND MAIN NEGOTIATOR V. GRINEV EVEN  
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SPECULATED THAT KIEV MIGHT DISSOLVE THE CRIMEAN PARLIAMENT AND IMPOSE PRESIDENTIAL RULE ON MAY 15, KRAVCHUK DENIED ANY INTENTION OF DOING SO. CRIMEA'S SUBSEQUENT ACTIONS SUGGEST THE THREAT NONETHELESS WORKED.

THE UKRAINIAN POSITION, WHICH IS POPULAR IN THE REPUBLIC, IS THAT ACQUIESCENCE IN CRIMEAN SECESSION WOULD SET A PRECEDENT FOR OTHER TERRITORIAL CLAIMS THAT WOULD THREATEN UKRAINE'S INDEPENDENT EXISTENCE. RUSSIA'S DECLARING THE 1954 TRANSFER ILLEGAL SETS THE STAGE FOR ANOTHER ROUND OF HAGGERING IF NOT CONFRONTATION. BOTH SIDES FACE DOMESTIC PRESSURE TO REMAIN FIRM. KEY WILL BE CRIMEA'S ABILITY TO KEEP ITS OWN SEPARATISTS IN CHECK WHILE DRIVING THE BEST BARGAIN IT CAN WITH KIEV. (C) (SSLUZAR)

TAJIKISTAN AFTER THE REVOLUTION

THE COALITION OF ISLAMIC AND NON-COMMUNIST FORCES THAT TOOK TO THE STREETS IN MARCH NOW RUNS TAJIKISTAN, WITH THE COUNTRY'S SPIRITUAL LEADER THE PRIMARY POWER BROKER

BEHIND THE SCENES. ISLAM WILL CERTAINLY PLAY AN INCREASINGLY IMPORTANT ROLE IN THE FUTURE BUT THE LEADERSHIP UNDERSTANDS THAT ANY ATTEMPT TO IMPOSE A THEOCRATIC STATE WOULD FRAGMENT TAJIKISTAN'S TERRITORIAL INTEGRITY AND FURTHER IMPOVERISH THIS POOREST OF THE NEWLY INDEPENDENT CIS STATES. (C)

THE NEW REGIME IN DUSHANBE RETAINED PRESIDENT NABIYEV AS A FIGUREHEAD, MAINLY TO PRESERVE NATIONAL UNITY AND  
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PREVENT HIS FELLOW CLANSMEN FROM SECEDING. THE PLAN IS THAT HE BE A TRANSITIONAL FIGURE UNTIL NEW PARLIAMENTARY ELECTIONS ARE HELD IN DECEMBER. DESPITE HIS PAST AS TAJIKISTAN'S LEADING COMMUNIST FUNCTIONARY, NABIYEV DOES ENJOY A CERTAIN AMOUNT OF LEGITIMACY, HAVING WON ELECTIONS LAST NOVEMBER (EVEN THOUGH THEY WERE RIGGED.) HE ALSO COMMANDS A CONSIDERABLE FOLLOWING IN THE RELATIVELY AFFLUENT NORTHERN PROVINCE OF KHOJAND AND IN THE KULYAB REGION SOUTH OF DUSHANBE. TOGETHER, THE TWO AREAS ARE THE SOURCE OF 75 PERCENT OF TAJIKISTAN'S NATIONAL BUDGET. ARMED GROUPS ARE RUMORED TO BE ORGANIZING IN THESE STRONGHOLDS, AND SOME ELEMENTS HAVE CROSSED INTO AFGHANISTAN IN SEARCH OF ARMS AND AMMUNITION. (C)

THE NEW TEAM. THE COALITION THAT BROUGHT DOWN THE OLD REGIME IS COMPRISED OF THREE SOMEWHAT DISPARATE GROUPS, UNITED FOR THE MOMENT ON THE NEED FOR DEMOCRATIZING TAJIKISTAN. THE SECULAR DEMOCRATIC PARTY LED BY SHODMAN YUSUPOV, WAS--AT LEAST UNTIL RECENTLY--WILLING TO WORK WITH NABIYEV. THE ISLAMIC RENAISSANCE PARTY (IRP) BANNED UNTIL LAST FALL, ALSO PROFESSES A COMMITMENT TO DEMOCRACY, BUT REPRESENTS A MORE MILITANT CONSTITUENCY, SOME OF WHICH OPENLY CALLS FOR AN ISLAMIC REPUBLIC. THE THIRD MEMBER OF THE COALITION IS THE NATIONALIST RASTAKHEZ MOVEMENT, WHICH APPEARS TO BE INCREASINGLY MARGINAL. (C)

PLAYING AN IMPORTANT MODERATING ROLE DURING THE RECENT UNREST WAS AKBAR TURAJONZODA, BETTER KNOWN AS THE KAZI KALON, OR GRAND JUDGE. LONGSTANDING TENSIONS ARE  
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RUMORED TO EXIST BETWEEN THE KAZI AND THE IRP, WITH THE KAZI A STRONG ADVOCATE OF KEEPING NABIYEV ON AS PRESIDENT. THE KAZI REFRAINED FROM TAKING A POSITION IN THE NEW GOVERNMENT' THOUGH IT IS CLEAR THAT HE WILL

WIELD CONSIDERABLE POWER BEHIND THE SCENES. HE HAS AVOIDED ADVOCATING AN ISLAMIC REPUBLIC, CLAIMING THAT AFTER 70 YEARS OF SOVIET RULE THE PEOPLE ARE NOT READY, AND THAT AN ISLAMIC STATE WILL BECOME POSSIBLE ONLY WHEN COMMITTED MUSLIMS CONSTITUTE 50 PERCENT OR MORE OF THE POPULATION. (C)

THE IRANIAN CONNECTION. THE COALITION PARTIES IN DUSHANBE SEE IRAN AS A CULTURAL AND LINGUISTIC ALLY WHO COULD HELP COUNTER THE THREAT OF DOMINATION POSED BY TAJIKISTAN'S TURKISH-SPEAKING NEIGHBORS. THOUGH ALL PARTIES, INCLUDING THE IRP, PROFESS TO REJECT THE IRANIAN MODEL, THE IRP OFTEN EXPRESSES SYMPATHY WITH IRAN'S ISLAMIC GOVERNMENT, AND SOME ACCUSE IT OF RECEIVING FINANCIAL AID FROM TEHRAN. IRANIAN LEADERS AND MEDIA HAVE HAD LITTLE TO SAY IN PUBLIC ABOUT THE REVOLUTION IN TAJIKISTAN, AND IRANIAN REPRESENTATIVES ON THE SCENE HAVE BEEN CIRCUMSPECT, BUT IRAN APPEARS TO BE PROMOTING GREATER BILATERAL CONTACTS WHEREVER POSSIBLE. (C)

UNEASY FUTURE. WHILE THE NEW POLITICAL ARRANGEMENT IN TAJIKISTAN APPEARS TO BE HOLDING THE HOLD IS PRECARIOUS. SHOULD MILITANT ELEMENTS IN THE IRP OVERRULE THE KAZI AND SUCCEED IN REMOVING NABIYEV, THE PRESIDENT'S CLANSMEN IN KHOJAND, WHO RECENTLY CARTED OFF A CACHE OF WEAPONS FROM DUSHANBE, ARE LIKELY TO MAKE A  
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SERIOUS MOVE TOWARD SECESSION, EVEN IF THIS MEANT ARMED CONFLICT WITH DUSHANBE. SOME OF THE LOCAL MUSLIM LEADERS ARE ALSO AT ODDS WITH EACH OTHER: THE RECENT BLOODSHED IN KULYAB, WHERE DEMONSTRATIONS CONTINUE, RESULTED FROM FIGHTING BETWEEN FOLLOWERS OF TWO RIVAL MOSQUES. SUCH TENSIONS ARE LIKELY TO BE INTENSIFIED BY FOOD SHORTAGES EXPECTED THIS SUMMER. HEAVY RAINS. AND DISRUPTED PLANTING BECAUSE OF THE POLITICAL UNREST, HAVE REDUCED HARVEST PROSPECTS. (C)

IN ANY EVENT, WHATEVER INROADS--REAL OR IMAGINED--IRAN MAKES IN TAJIKISTAN ARE CERTAIN TO EXERCISE THE COUNTRY'S CIS NEIGHBORS AND COMPLICATE IRANIAN EFFORTS TO EXPAND STATE-TO-STATE RELATIONS THROUGHOUT THE CIS. UZBEKISTAN'S KARIMOV, WORRIED ABOUT ISLAMIC RADICALS IN THE FERGANA VALLEY, HAS BLAMED IRAN FOR THE EVENTS IN TAJIKISTAN AND REPORTEDLY DEMANDED OF FOREIGN MINISTER VELAYATI THAT IRANIAN AGENTS CEASE AND DESIST. KAZAKH AND RUSSIAN COMMENTATORS HAVE ALSO EXPRESSED CONCERN ABOUT THE POSSIBILITY OF AN ISLAMIC FUNDAMENTALIST GOVERNMENT COMING TO POWER IN TAJIKISTAN. AND THE TAJIK REVOLUTION APPARENTLY HAS INCREASED RUSSIA'S APPRECIATION OF THE VALUE OF EXPANDED COOPERATION WITH

THE CENTRAL ASIAN STATES--WITNESS YELTSIN'S OVERTURES TO KARIMOV AND NAZARBAYEV AT THE MAY 15 CIS SUMMIT IN TASHKENT. (C) (RDANIN)

GEORGIA: SHEVARDNADZE'S CHOICES

THE MAY 20 KILLING OF 36 SOUTH OSSETIAN REFUGEES BY RENEGADE GEORGIAN GUERRILLAS WAS ONLY THE LATEST  
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INCIDENT OF VIOLENCE TO PLAGUE GEORGIA. SHEVARDNADZE HAS ENJOYED SOME INITIAL SUCCESS IN WINNING OVER MOST LOCAL POLITICAL GROUPS, BUT ALL HIS SKILL WILL BE NEEDED TO PREVENT GEORGIA'S SEVERAL MINORITY CRISES FROM ESCALATING INTO WIDESPREAD CIVIL WAR. (C)

OVER THE PAST TWO MONTHS HE HAS MANAGED TO BUILD SUPPORT FOR THE 40-ODD MEMBER STATE COUNCIL AMONG MOST GEORGIANS, AND ELIMINATED ANY MAJOR MILITARY THREAT BY ARMED GAMSAKHURDIA EXTREMISTS. BUT GAMSAKHURDIA SUPPORTERS CONTINUE TO STAGE PROTEST DEMONSTRATIONS NOT ONLY IN THE WESTERN PROVINCES, BUT IN TBILISI ITSELF. THEIR ATTACKS ON BRIDGES AND DAMS AND THREATS OF TERRORIST ACTS IN THE CAPITAL. AS WELL AS SPORADIC ETHNIC CLASHES AND ECONOMIC DIFFICULTIES, HAVE PUSHED SHEVARDNADZE HIMSELF TO DOUBT THE CHANCES OF LONG-TERM STABILIZATION. (C)

THREATS AND CHALLENGES. AS LONG AS THE STATE COUNCIL'S ARMED FORCES REMAIN MORE OR LESS WILLING TO COOPERATE, THE PRESENT TBILISI GOVERNMENT MAY BE ABLE TO MAINTAIN SUFFICIENT LAW AND ORDER TO ALLOW POWER TO BE TURNED OVER PEACEFULLY TO THE NEW PARLIAMENT SCHEDULED TO BE ELECTED THIS OCTOBER. THE TWO STATE COUNCIL PRESIDUM MEMBERS WHO CONTROL THE ARMED FORCES--NATIONAL GUARDS CHAIRMAN AND NEWLY APPOINTED DEFENSE MINISTER KITOVANI, AND PARAMILITARY "MKHEDRIONI" LEADER IOSELIANI--OFTEN DISAGREE, BUT THE THREAT OF COMMON ENEMIES, E.G. PRO-GAMSAKHURDIA MILITANTS AND MINORITIES, SO FAR CONTINUES TO OUTWEIGH THEIR DIFFERENCES. (C)

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FAR MORE THREATENING TO TBILISI THAN ANTI-GOVERNMENT PROTESTS OR LACK OF MILITARY COOPERATION WOULD BE AN ESCALATION OF THE WAR IN SOUTH OSSETIA, NOW A LIKELY PROSPECT CONSIDERING THE RECENT MASSACRE AND LOCAL VIOLATIONS OF THE CEASEFIRE SHEVARDNADZE BROKERED THERE

IN MID-MAY. THEN THE STATE COUNCIL ARMED FORCES WOULD HAVE TO FIGHT BOTH OSSETIANS AND PRO-GAMSAKHURDIA FORCES, WHICH WOULD SEVERELY STRAIN THE LEADERSHIP'S MILITARY RESOURCES. THE STATE COUNCIL'S ARMED FORCES ARE ALREADY IN DEFENSIVE POSITIONS AROUND TBILISI AND DEPLOYED IN SOME PARTS OF WESTERN GEORGIA. (NATIONAL GUARDS AND MKHEDRIONI FIELD ABOUT 2,000 TROOPS). (C)

MINORITY CRISES DECISIVE. HOW GEORGIA RESOLVES ITS MINORITY PROBLEMS WILL ULTIMATELY DETERMINE WHETHER IT TURNS AUTHORITARIAN IN THE INTEREST OF STABILITY (ASSUMING TBILISI CAN MUSTER THE NECESSARY MILITARY

FORCES) OR BREAKS UP INTO SMALLER STATES OR UNITS. (TBILISI ALSO FACES A POTENTIALLY VIOLENT SOVEREIGNTY CRISIS IN THE NORTHWESTERN ABKHAZ AUTONOMOUS REPUBLIC WHERE MANY GAMSAKHURDIA SUPPORTERS ARE CONCENTRATED.) (C)

SHEVARDNADZE IS TRYING TO CREATE A THIRD ALTERNATIVE--A DEMOCRACY THAT PRESERVES GEORGIA'S GEORGRAPHIC INTEGRITY WHILE ALLOWING MINORITY TERRITORIAL AUTONOMY--AND HAS PROMISED GEORGIA'S MINORITIES THEIR DIFFERENCES WITH TBILISI WOULD BE RESOLVED THROUGH NEGOTIATIONS. HE MAY' HOWEVER, FIND AS DID THE SOVIET UNION THAT ONLY FORCE CAN HOLD GEORGIA TOGETHER. HAVING WATCHED THE RESULTS OF MOSCOW'S POLICIES TOWARD FORMER SOVIET MINORITIES,  
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INCLUDING THE GEORGIANS, OVER THE LAST THREE YEARS, SHEVARDNADZE PRESUMABLY APPRECIATES THAT, IN THE ABSENCE OF TOTAL REPRESSION--AN OPTION HE NEITHER WISHES TO CONSIDER OR HAS THE RESOURCES TO ENFORCE--THE USE OF FORCE AGAINST LOCAL MINORITIES ONLY FUELS INDEPENDENCE MOVEMENTS AND/OR VIOLENCE. (C) (TDAVIS)  
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MACEDONIA'S VULNERABILITIES

PRESIDENT GLIGOROV PRESIDES OVER AN INCREASINGLY UNSTABLE GOVERNMENT WHOSE ABILITY TO IMPLEMENT POLICY DEPENDS UPON COOPERATION BETWEEN HIS PARTY OF DEMOCRATIC TRANSFORMATION--THE FORMER COMMUNISTS--AND THE SOCIALIST ALLIANCE OF REFORM FORCES, WHICH TOGETHER CONTROL ONLY 45 PERCENT OF THE SEATS IN PARLIAMENT. (U)

THE LARGEST PARLIMENTARY PARTY, THE NATIONALIST INTERNAL MACEDONIAN REVOLUTIONARY ORGANIZATION (IMRO), WHILE CONTINUING TO HOLD SEVERAL CABINET PORTFOLIOS HAS DIVIDED INTO "PRO-BULGARIAN" AND "GREATER MACEDONIAN" FACTIONS. IT OPPOSES GLIGOROV'S EFFORTS TO REACH ACCOMMODATIONS WITH SERBIA, GREECE, AND MACEDONIA'S ALBANIAN MINORITY. IMRO AND THE ALBANIAN PARTY OF

DEMOCRATIC PROSPERITY (PDP) CONTROL OVER HALF OF THE SEATS IN PARLIAMENT BUT ARE NOT ON SPEAKING TERMS. DESPITE IMRO'S FRAGMENTATION, NATIONALIST SENTIMENT AGAINST SERBIA, GREECE, AND ALBANIA IS INTENSIFYING RAPIDLY. THIS NATIONALISM, REINFORCED BY WORSENING ECONOMIC CONDITIONS. PROBABLY HAS MADE IT IMPOSSIBLE FOR GLIGOROV TO MAKE ANY CONCESSION TO ATHENS ON MACEDONIA'S  
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NAME. (C)

GLIGOROV'S ROOM FOR MANEUVER IN IMPROVING RELATIONS WITH THE ALBANIAN MINORITY IS EVEN MORE CIRCUMSCRIBED. UNDER PRESSURE FROM ALBANIAN PRESIDENT BERISHA, PDP LEADER HALILI RECENTLY DISAVOWED HIS PARTY'S EARLIER INTENTION TO ESTABLISH AN INDEPENDENT REPUBLIC IN WESTERN MACEDONIA, BUT THE PDP INSISTS ON A LEVEL OF AUTONOMY--INCLUDING EQUAL NATIONAL STATUS FOR ALBANIANS--UNACCEPTABLE TO NEARLY ALL SLAVIC MACEDONIANS. GLIGOROV HAS BEEN SEVERELY CRITICIZED FOR MEETING WITH KOSOVO ALBANIAN LEADER RUGOVA AND RECEIVING ECONOMIC DELEGATIONS FROM TIRANA. (C)

ECONOMIC FACTORS. THE MACEDONIAN ECONOMY--THE POOREST OF ALL THE FORMER YUGOSLAV REPUBLICS--IS REELING FROM A CONTINUING BLOCKADE BY SERBIA (PARTICULARLY AFFECTING FOODSTUFFS) AND GREECE'S EXTENSIVE, IF NOT SYSTEMATIC, HARRASSMENT OF CROSS-BORDER TRADE. SHORTAGES OF FOOD, FUEL. AND MEDICINE DO NOT YET APPEAR TO HAVE REACHED CRITICAL LEVELS GENERALLY, BUT SEEM RELATIVELY MORE SEVERE IN ALBANIAN COMMUNITIES IN THE NORTHWEST. SERBIA'S RECESSION HAS CURTAILED ORDERS FOR MACEDONIAN INDUSTRIAL RAW MATERIALS, AND HARD CURRENCY ALLOCATIONS FROM THE NATIONAL BANK OF YUGOSLAVIA HAD VIRTUALLY CEASED EVEN BEFORE INTRODUCTION OF THE MACEDONIA'S NEW CURRENCY, THE "DENAR", ON APRIL 26. THOUGH THIS STEP WAS JUSTIFIED AS A DEFENSE MECHANISM AGAINST IMPORTED HYPERINFLATION FROM "YUGOSLAVIA," THE INITIAL EXCHANGE RATE IS TOO HIGH TO BE SUSTAINED, GIVEN FOREIGN EXCHANGE RESERVES ESTIMATED AT ONLY US DOLS 60 MILLION. AND THE  
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ABSENCE OF NORMAL TRADING RELATIONSHIPS WITH MACEDONIA'S TWO PRINCIPAL PARTNERS. NOR CAN SUBSTANTIAL PRIVATE SECTOR CAPITAL INFLOWS BE EXPECTED IN THE FORESEEABLE FUTURE. (C)

SECURITY CONCERNS. MACEDONIA HAS ONLY A RUDIMENTARY



INFANTRY FORCE WHICH, WHEN AT STRENGTH, WOULD HAVE ONLY 12-16 THOUSAND MEN UNDER ARMS. RECRUITMENT OF THIS FORCE--EVENTUALLY TO BE COMPOSED LARGELY OF CONSCRIPTS--BEGAN IN EARLY APRIL, AS THE JNA COMPLETED ITS WITHDRAWAL. THE MACEDONIANS HAVE NO ARMOR ARTILLERY, OR OTHER SIGNIFICANT MILITARY ASSETS. THE JNA, BY CONTRAST, HAS ONE CORPS IN KOSOVO AND 2-3 MORE IN SOUTHERN SERBIA. THOUGH THERE IS NO EVIDENCE OF SIGNIFICANT BULGARIAN MILITARY DEPLOYMENTS TO THE MACEDONIAN BORDER BULGARIAN OFFICIALS IN RECENT WEEKS HAVE VOICED CONCERN THAT THE YUGOSLAV CONFLICT IS ON THE VERGE OF SPREADING INTO KOSOVO AND MACEDONIA AND THAT SERBIA MAY BE CONTEMPLATING AN INVASION OF MACEDONIA.

THE MACEDONIANS ALSO FACE A POTENTIAL THREAT FROM THEIR OWN ALBANIAN COMMUNITY, WHICH REPORTEDLY HAS BEEN TELLING POTENTIAL RECRUITS TO REFUSE CALL-UP ORDERS. BOTH THE MACEDONIAN AND ALBANIAN POPULATIONS TRADITIONALLY WERE WELL SUPPLIED WITH PERSONAL WEAPONS. (C) (NLANG)

HUNGARY/CZECHOSLOVAKIA: THE DANUBE DAM

BARRING A LAST-MINUTE FACE-SAVING OUT FOR BOTH COUNTRIES, HUNGARY'S DECISION TO SCRUB THE 1977  
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BILATERAL TREATY TO BUILD A HYDROELECTIC SYSTEM ON THE DANUBE TOOK EFFECT MAY 25. PRAGUE REFUSED TO HALT WORK ON THE NEW CANAL NOT COVERED BY THE TREATY BUT NEEDED TO DIVERT THE DANUBE--WHICH MARKS THE INTERSTATE BORDER--TO THE SLOVAK SIDE IN ORDER TO START UP THE DAM'S OPERATIONS. THE DECISION TO ABROGATE FOLLOWED NUMEROUS AND ESSENTIALLY FRUITLESS TALKS AIMED AT FINDING A MUTUALLY ACCEPTABLE SOLUTION. (C)

AT THE HEART OF THE DISPUTE IS WHETHER TO COMPLETE THE TWIN DAM PROJECT AS PRAGUE INSISTS, OR ABANDON IT ALTOGETHER BECAUSE OF ITS ALLEGED CATASTROPHIC ENVIRONMENTAL IMPACT, A POSITION HELD BY BUDAPEST AND SOME ENVIRONMENTALISTS. BUDAPEST HALTED ITS PART OF THE PROJECT IN 1989; PRAGUE/BRATISLAVA INSIST THAT TO RECOUP THEIR HEFTY INVESTMENT, THEIR PART OF THE DAM WILL BE PUT INTO OPERATION BY OCTOBER THIS YEAR. HUNGARY ALSO ASSERTS THAT THE RIVER DIVERSION INVOLVED WOULD ALTER THE NATURE OF THE BORDER IN VIOLATION OF THE TRIANON/PARIS TREATIES DELINEATING IT. SERIOUS AS THE ENVIRONMENTAL DAMAGE MAY BE, THE BORDER CHANGE, IF CARRIED OUT, WOULD ALMOST CERTAINLY INTERNATIONALIZE THE DISPUTE. (C)

THE DIVERSION IS "UNACCEPTABLE" TO BUDAPEST AND WOULD

COMPEL ANTALL, ALREADY CRITICIZED FOR LETTING THE DISPUTE DRAG ON FOR TWO YEARS, TO BRING IT BEFORE THE INTERNATIONAL COURT OF JUSTICE, THE CSCE, OR EVEN THE UN. THE DAM ISSUE, WHICH SPAWNED HUNGARY'S ENVIRONMENTAL LOBBY IN THE MID-1980S AND IS THE ONLY ONE ENJOYING CROSS-PARTY SUPPORT, COULD BECOME ANTALL'S  
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ALBATROSS IF HIS HANDLING OF IT IS PERCEIVED AS A LOSS OF FACE FOR HUNGARY. TO COMPLICATE MATTERS, THE PROJECT ALLEGEDLY WOULD NOT ONLY ENDANGER FARMING AND DEVASTATE WETLANDS BY CONTAMINATING A DEPLETED WATER

TABLE ALONG THE DANUBE. BUT ALSO SCATTER THE COMPACT ETHNIC HUNGARIAN COMMUNITY IN SOUTHERN SLOVAKIA. (C)

THE LEGAL WRANGLING ITSELF COULD BE INTERMINABLE. PRAGUE INSISTS THE TREATY REMAINS VALID BECAUSE IT HAS NO PROVISION FOR UNILATERAL ABROGATION. NOTING THAT BOTH JOINED THE VIENNA CONVENTION AFTER 1977. BUDAPEST CLAIMS OTHERWISE. PRAGUE ALSO ACCUSES BUDAPEST OF HAVING ALREADY VIOLATED THE TREATY IN 1989, WHEN THE THEN-NEMETH GOVERNMENT UNDER POPULAR PRESSURE, SUSPENDED CONSTRUCTION ON A SECOND DAM FURTHER DOWNSTREAM. JUST NORTH OF BUDAPEST. BUDAPEST NOW CLAIMS THE TREATY IS INVALID ANYWAY SINCE IT WAS NEVER SUBMITTED TO THE PARLIAMENT. (C)

PRAGUE PUSHED AHEAD WITH THE PROJECT ON ITS SIDE IN PART TO AUGMENT ITS ENERGY NEEDS AND MAKE BRATISLAVA A MAJOR RIVER PORT. CZECHOSLOVAKIA'S PORTION IS ABOUT 90 PERCENT COMPLETE, AND ABANDONING IT WOULD MEAN FOREGOING SORELY NEEDED ENERGY, LOSS OF SOME US DOLS 800 MILLION INVESTMENT. AND FURTHER EXPENDITURE THAT WOULD BE NEEDED TO REHABILITATE THE AREA. (C)

WITH BOTH GOVERNMENTS INCREASINGLY GIVEN TO GRANDSTANDING TO COURT INTERNATIONAL OPINION, PUBLIC POSTURING HAS TENDED TO SQUEEZE OUT OF PUBLIC DISCOURSE  
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THE MORE IMPORTANT SUBSTANTIVE ISSUES, WHICH CENTER AROUND POTENTIAL ENVIRONMENTAL DAMAGE AND ENERGY NEEDS. EVEN THOUGH THE STAKES ARE HIGH FOR ALL INVOLVED, NONE CAN AFFORD TO BE SEEN GIVING IN. AND YET WITH POSITIONS POLES APART, RESOLUTION WILL REQUIRE WHAT BOTH SIDES REGARD AS EITHER POLITICALLY, ENVIRONMENTALLY, OR ECONOMICALLY UNPALATABLE CONCESSIONS. (C) (FFOLDVARY)

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