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Director of Central Intelligence

# NATIONAL INTELLIGENCE DAILY

Friday, 6 July 1990

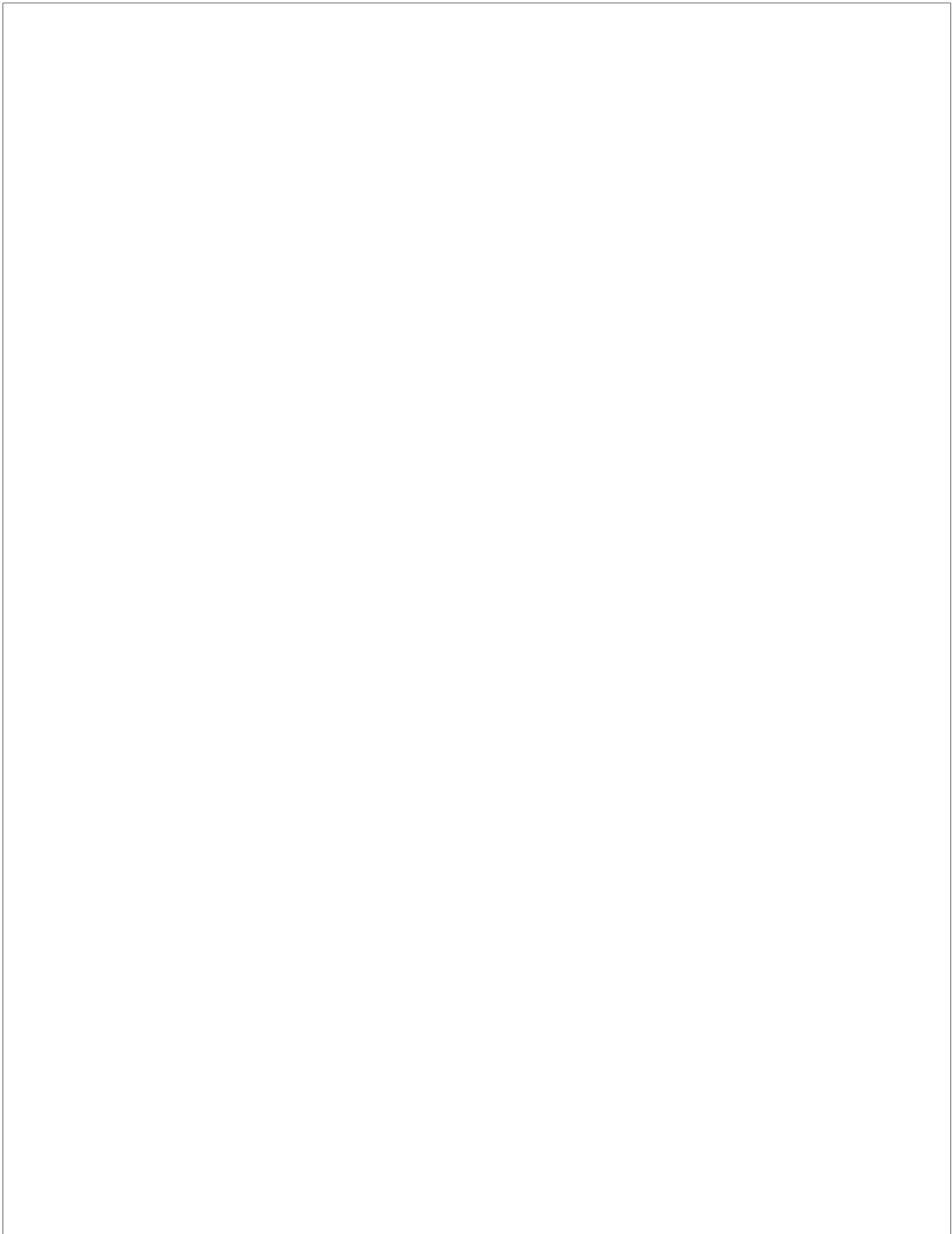


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### **Soviet Media on the Congress: Little Coverage, Limited Impact**

Soviet media have been slow to present details of the proceedings. Although the opening sessions were televised live, only recorded excerpts of subsequent sessions have been shown daily. Taped versions of leaders' speeches have been broadcast, but lesser lights have received only selective coverage. *Pravda* is supposed to carry full versions of all speeches, minus administrative details, but its coverage is lagging more than a day behind; as of yesterday, it had published only the leadership speeches.

Alleging a proreform bias in the media, the delegates established a committee of 13 members to work with the Soviet television service to coordinate coverage of the congress and keep it acceptable to them. Although coverage so far does not appear to be slanted, some of the more dramatic moments—such as Defense Minister Yazov's reported swoon when he addressed the congress on Tuesday or the footstomping that halted Moscow party chief Prokof'yev's speech on Wednesday—were cut from the taped footage.

[redacted] unlike the first session of the Congress of People's Deputies last summer, which was covered in full and commanded tremendous popular attention, coverage of the party congress has met a lukewarm audience. Tapes of the congress have appeared irregularly in late afternoon or close to midnight, and there has been little advance notice of their appearance. Many Soviets apparently prefer to watch the World Cup soccer matches and the Tchaikovsky piano competition.

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USSR:

## Congress Delegates Turn to Debate

*In a move probably intended to diffuse criticism and allow disgruntled delegates to let off steam, the CPSU Congress yesterday broke into discussion sessions where delegates lambasted President Gorbachev's foreign policy and Premier Ryzhkov's economic reforms.*

Delegates chose which session they would attend, and, according to TASS, the discussion of party reform claimed the most delegates: more than 1,200; some 800 attended the session on economic reform. Discussion was heated. Gorbachev's choice to head the session on agricultural matters reportedly lost out to the party's hardline agricultural czar, Yegor Ligachev.

At the meeting on international affairs, several delegates—including a handful of senior military officers led by Major General Nikulin—criticized Gorbachev's foreign policy. Although Presidential Council member Primakov defended Gorbachev's record as "truly triumphant," one delegate scoffed that its greatest success lay in the "ability to give in."

Delegates balked at naming the session on economic reform the commission on the "transition to a market economy." According to TASS, the delegates were nearly unanimous in criticizing the government's efforts at economic reform.

Delegates who attended the session on nationalities agreed that a new union treaty is needed to stabilize relations between Moscow and the republics. At the session on the party's relations with the state, Soviet Justice Minister Veniamin Yakovlev pointed to the danger of "losing control over society" during the transfer of power from the party to state.

**Comment:** Traditionalists continue to dominate debate and have prevailed on several organizational and procedural matters regarding the sessions, but there has yet to be a vote on a key issue. The high attendance at the sessions on party renewal and economic reform supports other evidence that these are the most salient issues for the traditionalists at the congress. They appear to stand a good chance of gaining approval for adjustments to the party program and bylaws that will emphasize the party's vanguard role, dilute support for movement toward markets, and endorse the party's role in economic policy making.

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### **Russian Legislators Showing Unexpected Cohesion**

The republic's new legislative bodies have shown cohesion in the pursuit of greater republic sovereignty under Yel'tsin's leadership, although the economic reform agenda ahead will probably be contentious. The Russian Congress of People's Deputies completed its first session on 22 June; its standing legislature, the republic Supreme Soviet, remains in session. Both have made several assertions of republic autonomy, declaring the republic sovereign on 12 June and asserting the primacy of republic laws over union ones; staking out claims on powers formerly controlled by the Kremlin, including the creation of a KGB and a central bank; and prohibiting republic officials from holding high party and government posts simultaneously.

The selections for elected posts—from chairman down—have brought out serious divisions between Westernizing reformers and traditionalist deputies in both bodies. The concept of greater republic sovereignty, however, has provided all with a common issue.

New Premier Silayev has outlined several economic goals that are likely to engender political conflict with central authorities and other republics and that may pit his constituents against one another. He asserted republic claims to productive assets, including those the Kremlin controls; vowed to charge world prices for Russian goods in trade with other republics; indicated he would permit higher retail prices while suggesting they would not hurt consumers; and promised new emphasis on the rural economy.

Silayev appears to be signaling that the major parts of his agenda fit with Yel'tsin's goals. He spoke positively of Yel'tsin's 500-day plan. Silayev's program will intensify debate on such fundamental issues as the emerging clash of economic interests between the republics and the center, as well as between consumers and producers and farmers and city people.

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USSR:

## Yel'tsin's Stock High in Moscow

*Political maverick Boris Yel'tsin is getting good reviews in Moscow for his performance as president of the Russian Republic.*

Reform-minded politicians and ordinary citizens in Moscow are praising Yel'tsin for his political skill and receptivity to new ideas. He has maintained order in contentious legislative sessions, in particular those dealing with selection for elected posts, and has managed in most cases to push through compromise candidates. Yel'tsin

engineered the election of moderate Ivan Silayev for premier, over a radical reformer, because he thought Silayev an intelligent, experienced leader with a realistic reform program. He has also shown astuteness in manipulating the legislative process; he has had reform-minded candidates selected for legislative committee chairmen this week while traditionalist deputies are at the Soviet party congress.

Since his election, Yel'tsin has tried to portray himself as nonpartisan, withdrawing from the "Democratic Russia" bloc and promising to suspend his party membership after the congress ends, a point on which he vacillates. He appears to have assembled a capable team of advisers, including Moscow soviet chairman Gavriil Popov and several other respected economists, on whom he relies heavily. And Yel'tsin reportedly has secured the assistance of at least one prominent Moscow economic research institute. Nonetheless, initial outlines of his 500-day program for economic reform seem vague and excessively optimistic.

**Comment:** The Russian president appears to be controlling his propensity for erratic behavior. His political honeymoon is due in part, however, to the fact that the attention and pressure have moved from him to the Russian and national party congresses. Yel'tsin's composure will be tested when the legislature debates the nitty-gritty issues of economic reform.

Yel'tsin appears to be broadening his power base to include moderate Russian nationalists as well as radical reformers. He is likely to let radical deputies take the lead on controversial issues, especially economic ones, rather than personally taking radical positions; that tactic will lead to further complaints by reformers that he is abandoning them.

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### Defense in the Soviet Budgetary System

In the Soviet financial system, the "state budget" consists of the general revenues and expenditures of the central government plus those of the republics and local jurisdictions. The "union budget" consists of revenues and expenditures of the central government only. For this year, the state budget is approximately 490 billion rubles, and the union budget is approximately 244 billion rubles. Both are subdivided into major groups, divisions for the ministries and governmental agencies, and detailed expenditure types. The variety of available budget accounts and the number of entities receiving defense funds or undertaking military projects outside the Defense Ministry mean that producing an accurate defense budget may require a level of financial control and automation the Soviets do not have.

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USSR:

**Hinting Defense Spending Higher Than Admitted**

*Recent Soviet statements indicate defense spending may be well above the official figure and probably reflect efforts to develop a more accurate version of the defense budget.*

Foreign Minister Shevardnadze, in a speech to the current party congress to support his argument for defense cuts, said military expenditures are a quarter of the Soviet budget, most likely meaning the state budget. His remark implies that defense spending this year will amount to more than 120 billion rubles. Shevardnadze's claim generally agrees with statements earlier this year by President Gorbachev and Politburo member Ligachev, who said defense spending totaled 18 to 20 percent of national income, implying a defense budget of 110 to 120 billion rubles. Other Soviets have suggested the defense budget is even higher.

Valeriy Ochirov, deputy chairman of the Supreme Soviet's Defense and State Security Committee, told the Soviet press recently that his committee plans to develop a new, more accurate estimate of the defense budget but did not say when.

According to some Soviet officials, including Albert Trifonov of the Military Industrial Commission, the leadership in the past has not really known how much went for defense.

**Comment:** All of these statements imply defense expenditures well above the official budget figure of 71 billion rubles for this year. It is unlikely that Gorbachev, Shevardnadze, and Ligachev were oblivious to the difference. Their statements support the claim a staffer on the Defense and State Security Committee made in April that the committee is computing a more inclusive, price-adjusted defense spending estimate twice the official figure. Such a figure would be consistent with the Intelligence Community's estimate that Soviet defense spending was 130 to 160 billion rubles last year.

The Soviets are probably having some difficulty developing a more accurate defense figure because of poor accounting practices and a complex budgetary system. Late last month, Vladimir Lopatin of the Supreme Soviet's military reform subcommittee told the Soviet press that this is in part because of inaccurate pricing, the distribution of defense spending among the budgets of at least 10 different ministries, and the lack of central accounting for military expenditures of republics and enterprises. While taking the Soviets in the right direction, therefore, these efforts may still not produce a defense budget that can be accepted at face value.

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## ALBANIA:

## Tensions Still Bubbling

*Negotiations between Tirane and foreign embassies harboring asylum seekers have stalled amid signs of more antiregime activity.* [redacted]

Albanian police allowed a second wave of more than 100 asylum seekers to enter several embassies yesterday, but Tirane denied West German and Italian requests to fly in food and other necessities. Western criticism of the situation yesterday, including EC concerns over refugees' safety, induced the Albanian Government to deny there had been deaths during Monday's demonstration. Tirane maintains that all Albanians have a right to travel abroad and that their presence in the embassies is unnecessary. [redacted]

The Albanian Communist Party's Central Committee met yesterday and was expected to approve the emigration of those now awaiting asylum. Press reports claim that leadership changes are being considered and that additional demonstrations are planned. [redacted]

**Comment:** The Albanian Government is trying to shift the burden for defusing the situation to the foreign embassies providing sanctuary. Tirane probably anticipates that allowing more refugees into the embassies while denying food and other necessities will persuade the Western governments to return them. [redacted]

Further demonstrations almost certainly will exacerbate debate within the leadership over the need for a crackdown. Civil disobedience is likely to spread to other major cities, where the regime may employ greater police repression out of view of Western observers. If the situation deteriorates drastically, particularly in Tirane, a power struggle between the hardliners and the moderates under President Alia could ensue. In the event of a showdown, hardliners have closer ties to security forces and would be more likely to emerge on top. [redacted]

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## LIBERIA:

## Taylor Ready To Move

*Rebel and government forces are preparing for the final battle in Monrovia as public order in the capital deteriorates further.*

Sporadic fighting continued yesterday in Monrovia's suburbs of Paynesville and Elwa, but military positions have not changed substantially. Government troops still control St. Paul River Bridge, and the rebels hold most of Paynesville in the south.

Rebel leader Charles Taylor intends to take Monrovia within the next two days. The rebels apparently have withdrawn from the Waterloo checkpoint on the road leading to Sierra Leone near Brewerville.

A large contingent of government soldiers was seen moving out of Camp Schieffelin and passing through Elwa toward Monrovia.

Meanwhile, several hundred men under rival rebel leader Prince Johnson reportedly left Bong Mines two days ago to engage Taylor's forces outside Monrovia, possibly in an effort to get to Doe first. Although the Johnson group has no heavy artillery or vehicles, they are proficient, seasoned fighters.

In the capital, undisciplined government soldiers continue to harass residents and vandalize homes and businesses. At least five civilians have been killed since Wednesday. Some soldiers reportedly are providing cover for thieves in return for a share of the spoils. Brig. Gen. Moses Craig has fled the country, the fifth army general to abandon President Doe.

**Comment:** The apparent abandonment of Camp Schieffelin indicates government troops are consolidating in the capital to face the rebels' advance, but many may take advantage of the escape route opened by the rebels' withdrawal from the Sierra Leone road. As army leaders flee, indiscipline among the troops will increase, jeopardizing any chance of an organized defense of the capital. Their flight may encourage Doe's departure.

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### **Lithuania After the Embargo**

Moscow has restored the flow of oil and natural gas, ordered state suppliers to resume delivery of other embargoed goods, and directed the railroads to resume transport of all cargo destined for Lithuania. The first deliveries included supplies of various kinds of fuel, which will be allocated first to agriculture; other users will receive supplies after the Mazeikiai refinery resumes operation and the republic's internal fuel distribution network is reestablished.

The republic's economic recovery will take several weeks and may be slowed further by the nationwide shortage of railcars, a shortage of tank trucks caused by the removal of many such trucks from the republic during the embargo, and the need to wait for the replacement or return of workers lost to jobs in other republics during the embargo.

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~~Top Secret~~**USSR: Lithuanians Prepare for Talks**

The Lithuanian legislature yesterday decided that it, not the republic's Council of Ministers, will conduct independence negotiations with Moscow; it also approved the formation of a commission to prepare for them. Several Lithuanian officials have said recently that negotiations could begin quickly, but in a Lithuanian radio interview Tuesday President Landsbergis cautioned that preliminary talks about negotiations will be long.

**Comment:** Landsbergis and most legislators probably remain wary of Soviet President Gorbachev's intentions and of their own government's readiness to defend Lithuanian interests with sufficient determination. Before beginning formal negotiations and activating the moratorium on its independence declaration, the legislature probably will insist on Moscow's assurances that the goal of negotiations will be Lithuania's de facto independence and that they will be conducted as between equal partners.

**USSR: Reformers Warn Publicly of Coup Threat**

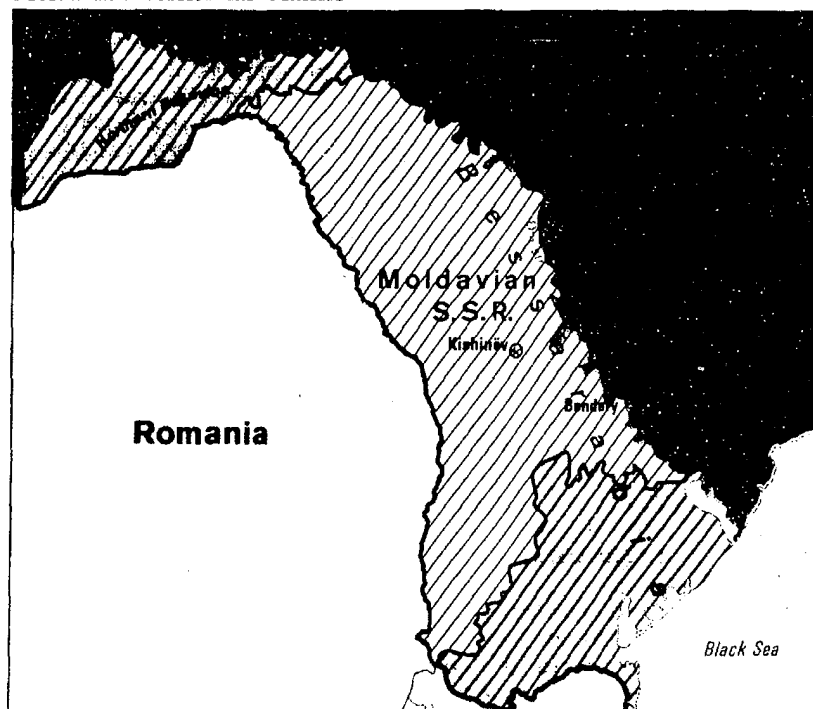
In an open letter, 47 reformers, including USA and Canada Institute chief Arbatov, military reformer Major Lopatin, and sociologist Zaslavskaya, have warned that the Russian party congress revealed an emerging alliance between military officers and party traditionalists. The letter, published Wednesday in *Komsomolskaya Pravda*, said this collaboration could threaten the leadership, noting that "dictatorship is knocking at the door." It pointedly asked, "If new collisions arise in society," whose side will the generals be on? The letter called for immediate, radical military reforms, a smaller professional army, placement of the defense budget under the Supreme Soviet, and the elimination of political officers in the military.




**Comment:** Although Westernizing reformers are no doubt alarmed by the traditionalists' influence at the current Soviet party congress, the letter appears primarily to reflect their efforts toward radical military reform; they have lobbied recently for a ban on party activities in the armed forces. In the weeks before the Soviet party congress, a new spate of rumors in Moscow about the threat of a military coup were fueled by sharp criticism of reform from several senior military officers at the Russian party congress. The traditionalists' dominance of that congress reduces the threat of a coup in the short term but shows the long-term danger of their opposition to democratization.

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## Moldavian Territorial Claims



-  Territory claimed by Moldavian Front for an independent Romanian Republic of Moldova
-  Territory annexed by the Ukrainian Republic in 1940 (Northern Bukovina and southern districts of Bessarabia)
-  Territory claimed by Moldavian Slavs to form a Dnestr Autonomous Soviet Socialist Republic

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~~Top Secret~~**USSR: Moldavian Front Forges Toward Independence**

The Moldavian People's Front Congress, held this week, adopted a platform that calls for the creation of an independent Moldavia, border changes, independence of the Moldavian church from the Russian Orthodox church, and withdrawal of the military, the Communist Party, and the KGB from the republic. Meanwhile, the ethnic Russian majority in the city of Bendery has responded to growing Moldavian separatism by voting overwhelmingly to join other ethnic Russian cities in forming an autonomous republic linked to the Russian Republic.

**Comment:** The Front's platform is similar to the independence movements in the Baltic and Georgian republics. It controls a third of the legislature; its leader, first deputy chairman in the republic's Supreme Soviet, is well placed to press for independence there. Because the Front has yet to attain a majority in the legislature, it is unlikely to push soon for secession. Its long-term goal, however, is a country independent from both the USSR and Romania.

**POLAND: Cabinet Changes Test Political Alignment**

Attempting to regain political momentum he has lost to Lech Walesa, Prime Minister Mazowiecki today will announce a cabinet shakeup, probably including the removal of holdover former Communist ministers. Agriculture Minister Janicki—under fire from farmers—resigned yesterday.

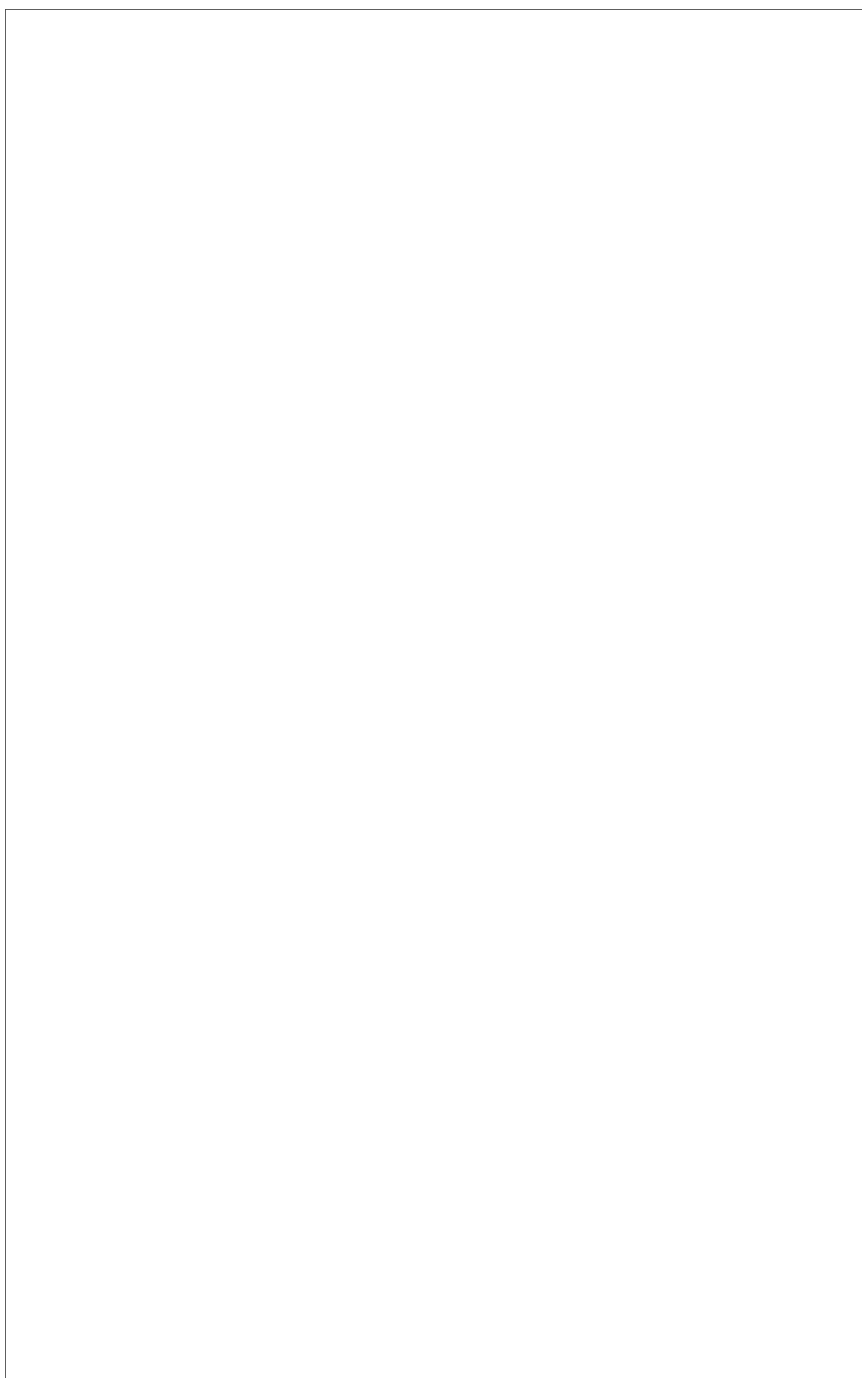
**Comment:** Mazowiecki had avoided altering his cabinet, fearing such a move might unravel the tenuous coalitions within Solidarity and between Solidarity and its Peasants' Party and Democratic Party partners in the legislature. Finance Minister Balcerowicz almost certainly will stay on; his departure would indicate the government was junking its economic program. A new agriculture minister may temporarily appease farmers, among the sharpest critics of economic reform. The anticipated removal of former Communist ministers, particularly General Kiszczak at Interior, will help counter criticism that the government is shielding Communist holdovers but will give encouragement to those seeking to replace President Jaruzelski with Walesa. The cabinet changes require legislative approval, and there is a slim chance the government could fall if enough of its partners defect or if former Communists vote as a bloc for the first time.

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## Bulgaria

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### Mladenov's Authority Slipping

Petur Mladenov was appointed President and Communist Party chief after Todor Zhivkov's ouster in November. Criticism of his dual power later led him to resign the party job. Mladenov will need all his skills as a seasoned party infighter to preserve his remaining position. Even if the current scandal does not force him from the presidency, it will accelerate the shift of authority from the President to Premier Lukanov, another Communist holdover.

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~~Top Secret~~**BULGARIA: Mladenov's Presidency in Jeopardy**

Opposition leaders and student strikers are demanding that President Mladenov resign now that he has publicly admitted authorizing the use of force against antigovernment demonstrators last December. Mladenov's statement was prompted by the recent release of a videotape made during a demonstration in Sofia on 14 December that purports to show him saying, "Let the tanks come."

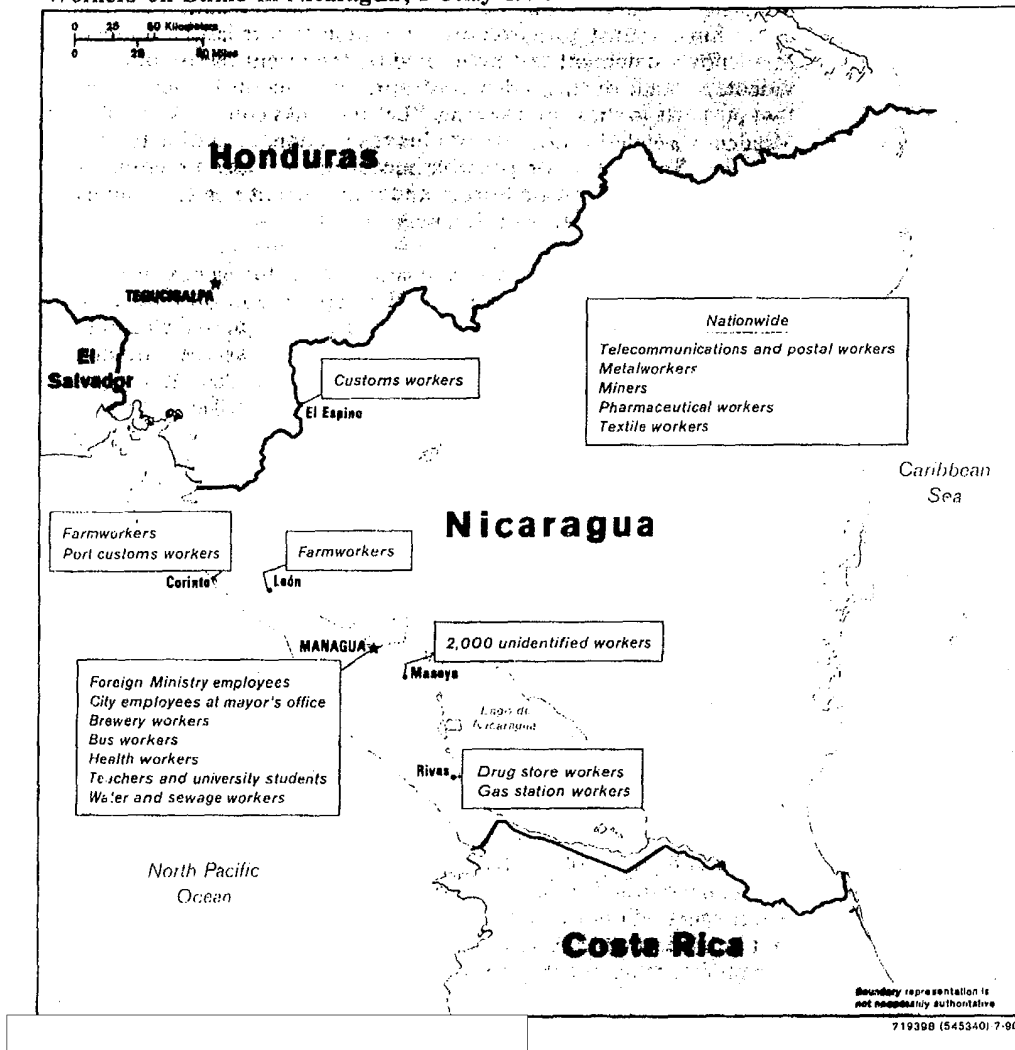
Speculation on possible successors includes a member of the Union of Democratic Forces and a prominent non-Communist member of the Academy of Sciences.

**Comment:** Mladenov's resignation could come during next week's meeting of the National Assembly. His departure might reduce the rifts that have polarized Bulgaria since the Communists' electoral victory last month. The presidency could be the sweetener needed to bring the UDF into a coalition government as the Communists want. The students almost certainly will continue their strikes to keep pressure on Mladenov to resign. Even if he tries to hang on, the UDF has the votes in the legislature to block his reappointment as president next week because a two-thirds majority is required.

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## Workers on Strike in Nicaragua, 5 July 1990

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The Chamorro government appears to be withstanding a Sandinista attempt to paralyze the country through a nationwide strike. Pro-Sandinista unionists ranging from farmhands to postal workers began striking for higher wages and job security on Monday. The Sandinista press had predicted 50,000 workers would participate, and former President Daniel Ortega publicly endorsed the job action. Labor Minister Rosales and democratic labor leaders have called the strike a bust, and the Sandinista press now claims a turnout of only 28,000. Police forces are securing access to public offices and preventing violence. The government briefly detained seven labor leaders after declaring the walkout illegal but yesterday agreed to begin negotiations with the unions.

**Comment:** Sandinista leaders apparently hoped to duplicate a strike in late May, in which public employees virtually shut down the government. The relatively light turnout reflects both the Sandinistas' diminishing control over labor and the government's advance preparations. President Chamorro will have the upper hand in negotiations but may make some concessions in the hope of heading off more trouble.

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### In Brief

#### Middle East

- Egyptian President Mubarak, Syrian President Asad meeting in Cairo at midmonth . . . relations restored last December . . . likely to discuss regional tensions, Arab-Israeli peace process, breakdown of US-PLO dialogue.

#### USSR

- Soviet armed forces to experiment with officers' political education . . . Marxist-Leninist courses replaced by "practical problems," including work with multinational units . . . history course to cover Russian, Soviet armies since 13th century.
- Yazov's report to Soviet party congress cited organized attempts to disrupt spring conscription, noted callup ruined in Armenia . . . claimed armed forces 400,000 short—origin of number unclear . . . alleged abuse of educational deferments.
- Press reports say USSR's Baltic republics will request formal ties to EC's European Parliament . . . citing membership in League of Nations as precedent . . . showing West Europeans need to respond without damaging ties to Gorbachev.

#### Africa

- Recent arrests of several Kenyan politicians, human rights advocates show President Moi determined to squelch budding political debate . . . overreaction likely to fuel ethnic tensions, foreign criticism, spark further challenges.

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### West German CFE Manpower Proposal

Chancellor Kohl, Foreign Minister Genscher, and Defense Minister Stoltenberg reportedly agreed among themselves Tuesday to back what amounts to a 390,000-man ceiling for the armed forces of a united Germany as part of a CFE agreement this fall. Under Bonn's proposal, according to press reports, the CFE treaty would limit national military manpower in each central European country to no more than the combined ceilings on US and Soviet forces stationed in the region, which the Ottawa Agreement in February set at 195,000 men each.

Soviet officials recently suggested a 200,000- to 250,000-man cap on an all-German military and are not likely to be satisfied with Bonn's much higher ceiling. In order to force it down, Moscow might be willing to renegotiate the Ottawa Agreement and accept lower limits on Soviet stationed forces. Only the Bundeswehr would be affected by a 390,000-man ceiling on forces in central Europe. Bonn, which has objected to such "singularized" treatment in the past, now apparently sees the context of a broader geographic area as an acceptable device to satisfy Soviet concerns about the size of the German military. Some Allies are concerned that introducing new CFE proposals now will complicate concluding a treaty by the fall, but an agreement on manpower almost certainly would be a major shot in the arm to the slow-moving negotiations.

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## Special Analysis

CFE:

## Racing the Clock

*The negotiations in Vienna on conventional arms reductions probably cannot resolve the remaining issues without high-level political intervention soon, and even with it a comprehensive treaty may not be ready for signature at a CSCE summit this fall. As a last resort, most NATO and Warsaw Pact members probably would still favor holding a summit if a framework CFE agreement could be reached, in order to ensure discussion of other pressing security issues, but delaying signature of a full CFE treaty might postpone equipment reductions and complicate plans for future arms control talks.*

President Gorbachev almost certainly wants at least a preliminary CFE accord this year if he cannot get a full agreement. Moscow views a CFE agreement as essential to the further development of the CSCE process, its chosen vehicle for establishing a new Pan-European security system. The Soviets are reevaluating the military implications of a CFE treaty in light of German unification and the disintegration of the Warsaw Pact, however, and are likely to bargain hard on the remaining issues, especially on the need to limit Germany's future military strength and to retain a substantial portion of the Pact's residual equipment allotment.

NATO members remain publicly committed to completing the CFE treaty quickly; the Allies are exploring measures to ease Moscow's concerns about a unified Germany and other security issues. Several of them, in particular Paris and London, are nonetheless reluctant to concede too much too soon and argue that, without hard bargaining, Moscow will merely pocket concessions made prematurely.

## Key Issues

Although last month's agreement on the key issue of defining and limiting tanks and armored vehicles generated optimism, the two sides still have formidable differences to overcome.

Moscow's desire to reduce and cap a unified **Germany's military manpower** remains the key obstacle. Most Allies would prefer to defer the issue, in part to avoid complicating CFE. Moscow has sought to achieve its goal in an initial CFE treaty by proposing a ceiling on forces in Central Europe but probably would accept an alternate formula in the current negotiations or a politically binding commitment from NATO to address national manpower ceilings in

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follow-on talks. West German officials have recently said Bonn is willing to propose measures effectively limiting German manpower in the current CFE talks. [redacted]

Moscow is likely to press hard to retain a greater share of the Pact's **military equipment** than NATO's current proposal allows. The Allies probably are prepared to meet the Soviets at least halfway on most categories of equipment, but Paris and London argue such compromises should be reserved until the eleventh hour to extract additional concessions from Moscow. [redacted]

The impasse on **aircraft**—especially land-based naval aviation—is so intractable the issue may eventually be deferred to follow-on talks. The Soviets are unlikely to drop their adamant opposition to capping land-based naval aircraft unless NATO agrees to limit its carrier-based aircraft. Although most Allies strongly want to include Soviet aircraft in the current talks, they are likely to agree to defer the subject if Moscow continues to reject limits on land-based naval aircraft rather than risk delaying the initial CFE agreement further. [redacted]

Less troublesome, but still unresolved, are fundamental differences over the definitions and numbers of military sites to be inspected under a CFE verification regime, as well as procedures for destroying or converting treaty-limited equipment. [redacted]

#### Outlook

Most NATO Allies and Pact members, including the USSR, still strongly favor achieving a full treaty this year, but they probably would accept an interim framework accord. Most of them probably would expect such an agreement to codify armor and artillery ceilings, general destruction and verification principles, a ceiling on US and Soviet stationed forces, and commitments to establish national manpower ceilings and continue negotiations on aircraft. With such a document in hand, European leaders almost certainly would be willing to convene a CSCE summit this fall. [redacted]

Such an interim solution, however, almost certainly would create new problems. Neither alliance is likely to begin destroying equipment until a full-blown CFE treaty, including a detailed verification and destruction regime, is in place. Subsequent CFE negotiations would face an especially short deadline because most Allies want to open arms control negotiations to all 35 CSCE participants after the CSCE Review Conference in Helsinki in 1992. Negotiations on short-range nuclear forces are currently dependent on completion of a CFE agreement and could also be delayed. [redacted]

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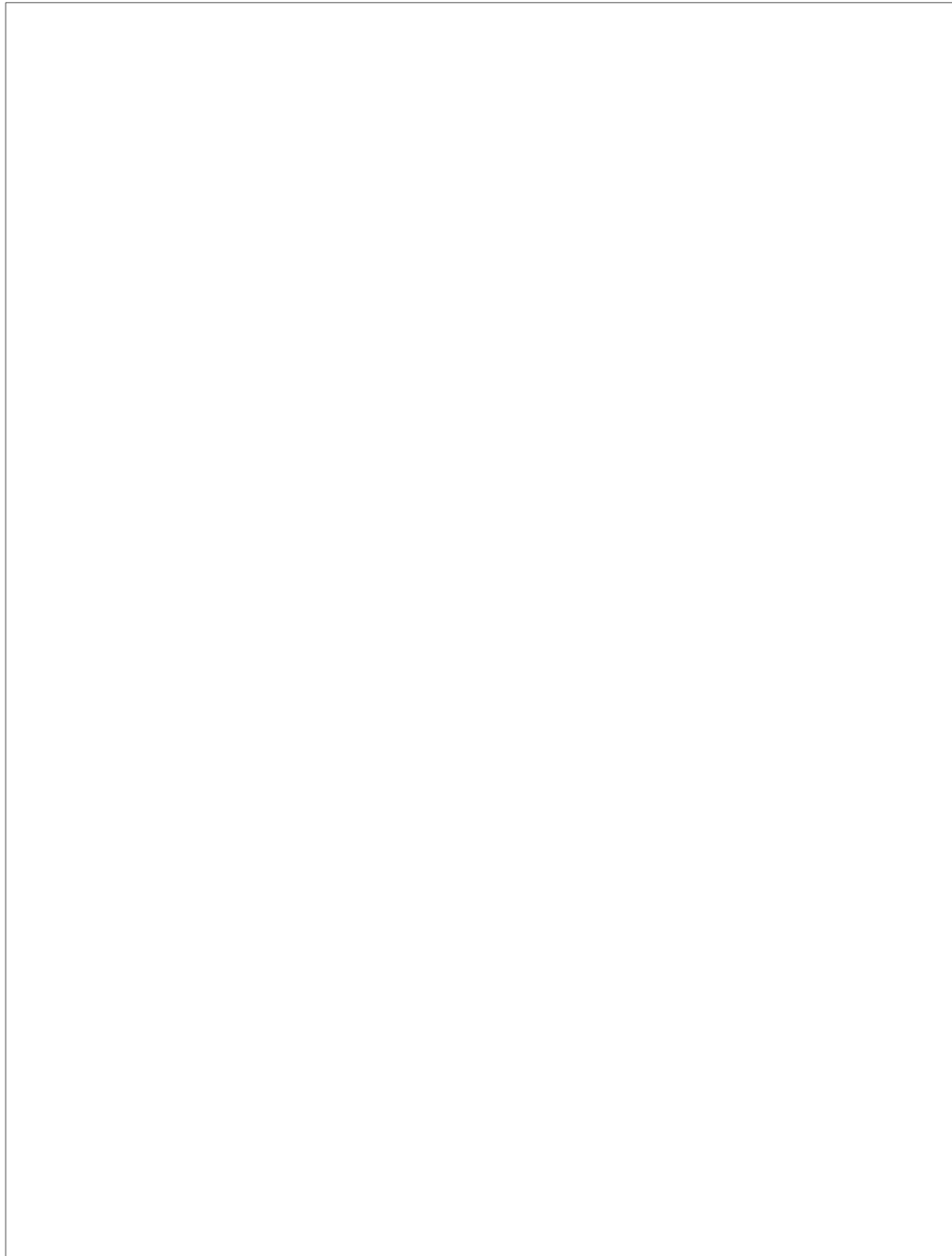


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