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The Outlook for the Next Year***



Director of
Central
Intelligence

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The Republics of the Former USSR: The Outlook for the Next Year

Special National Intelligence Estimate

*This Special National Intelligence Estimate represents
the views of the Director of Central Intelligence
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US Intelligence Community.*

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The Republics of the Former USSR: The Outlook for the Next Year ~~(CONF)~~

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The Director of Naval Intelligence,
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Scope Note

The Republics of the Former USSR: The Outlook for the Next Year (C NF)

This Estimate examines the key factors that will determine developments in the USSR (excluding the Baltic states) over the next year and the possible alternative outcomes. It focuses primarily on the question of interrepublic relations within and outside a union. Although many internal factors will be important determinants of the long-term course of political and economic development of the republics, this Estimate does not attempt to assess internal republic issues in any detail. Such issues will become more important and will be the focus of much of our future estimative work. ~~(C NF)~~

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Figure 1
Scenarios for the Republics of the Former
USSR Over the Next Year

Confederation	<p>Republics agree on economic union and political confederation. Republics coordinate economic, defense, and foreign policies. Republic governments remain stable despite economic problems. Efforts at market reforms accelerate.</p>
Loose Association	<p>Political/economic reform process continues. Several republics, including Ukraine, go their own way. Loose common market formed. Russia forms limited political association with several republics. Economic problems intensify, threaten legitimacy of some republic leaders.</p>
Disintegration	<p>Minimal economic and political cooperation; confederation collapses. Relations between republics become increasingly hostile. Separatist sentiment grows sharply in Russia. Economic distress deepens sharply, causing large-scale social unrest. Nationalism in republics grows, authoritarian movements gain strength.</p>

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Key Judgments

The USSR and its Communist system are dead. What *ultimately* replaces them will not be known within the next year, but several trends are evident:

- Overall, there will be a high level of instability.
- The economy will get much worse, making a bold approach toward economic reform more necessary but politically riskier and harder to do.
- Russia and Ukraine will make credible attempts at applying democratic political principles at all levels of government and shifting to market economics; most other republics probably will not.
- Ethnic turmoil will increase as nationalism grows and ethnic minorities resist the authority of newly dominant ethnic majorities.
- Defense spending and military forces will be reduced, and republics will participate in collective defense decisions and exercise greater authority over defense matters within their own borders.
- Foreign policy will be increasingly fragmented, with the republics conducting their own bilateral relations and to some extent their own diplomacy in multilateral forums.
- Yel'tsin will be the most powerful national leader; Gorbachev will have only limited power to act independently and could not win an election without Yel'tsin's support.
- The West will face increased pleas for economic assistance from individual republics as well as from the central government, giving Western countries increased opportunity to promote economic and political reform, but increasing requirements for close coordination of Western aid efforts. ~~(S-1)~~

Over the next 12 months, the interplay of several variables will be critical to determining whether the new system evolves in a relatively peaceful manner and in a democratic direction. Three variables are especially important:

- The *economy* will be the most critical variable. We do not believe that economic conditions this winter will lead to widespread starvation or massive social unrest. If economic hardships are significantly worse than we expect, however, governments at all levels would lose popular support and authoritarian alternatives would become more attractive.

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- *Russia* is of paramount importance not only to the fate of the fragile confederal structures that are being built but also to the prospects for democracy and for the transformation to a market economy. Continued progress by Russia in these areas or a relapse into authoritarianism, which is less likely during the next year, will decisively affect the course of reform in the other republics.
- If *Ukraine* chooses the path of independence without participating in a confederation—a strong possibility at this point—the viability of a confederation of other republics would be diminished significantly. This development would increase the risk of ethnic conflict between Ukrainians and the Russian minority in the republic and of disputes with Russia over borders and control of military forces on Ukrainian territory. ~~(S-1)~~

Over the next year, we believe that three basic scenarios capture the likely evolution of republic relationships:

- Boyer*
- *Confederation*: This scenario is the preferred outcome of Gorbachev and Yel'tsin. There would be a weak central authority but close cooperation among the republics in the political, economic, and military spheres. Russia and Ukraine, at least, would lay the groundwork for democratization and a market economy. Nuclear weapons would be controlled operationally by the center. Lines of authority would be relatively clear, and foreign governments could identify and deal with the appropriate levels of government on different policy questions. This scenario would provide the West the advantage of greater predictability. It would also provide increased confidence that nuclear weapons would remain under centralized control, arms control would remain on track, economic assistance to the republics could be more effectively managed, and the democratization process would advance.
 - *Loose Association*: The process of political and economic reform continues, but several republics, including Ukraine, establish independence and participate in a loose common market. Although Russia and many of the associated states try to coordinate foreign and military policy, the republics basically pursue independent policies in these areas. Ukraine and other non-Russian republics probably would agree to removal or elimination of strategic nuclear weapons on their territory. Some republics would try to obtain some control over the tactical nuclear weapons on their territories. The potential for divergent foreign and national security policies would increase, but all the key republics would pursue pro-Western foreign policies, and armed forces would be scaled back significantly. Follow-on arms control negotiations for even deeper cuts in nuclear and conventional forces would go forward, although perhaps

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more slowly than in a confederation scenario. Implementation and verification of the START and CFE treaties would be complicated. The West would face competing demands for massive assistance, although some mechanism for coordination would exist. ~~(C/NF)~~

- *Disintegration:* Cooperation among the republics breaks down at all levels, and the last remnants of a political center disappear. Nationalism becomes more virulent, and economic conditions become increasingly chaotic. As a result, political stability erodes, and conditions are ripe for rightwing coups and authoritarian government in many republics, including Russia and Ukraine. The disposition of nuclear weapons would be contentious, as some republics seek to assert operational control over nuclear weapons on their territory. There would be an increased risk of such weapons falling into terrorist hands and even of their use within the borders of the former USSR. The West probably would be unable to implement and verify arms control agreements. Republics would attempt to involve the West in interrepublic disputes, while demands for Western aid would continue. ~~(C/NF)~~

Reality is likely to be more complex than any of these scenarios, and elements of all three are likely to be encountered. In our view, it is likely that conditions 12 months from now will most closely resemble the "loose association" scenario. Although the economic situation is grave and the republics are having serious problems in reaching agreement on key economic issues, most understand that they cannot survive on their own. This awareness argues strongly for some kind of economic association that will move, however haltingly, toward a common-market-type system. ~~(C/NF)~~

We believe the "confederation" scenario is less likely because of the unwillingness of many republics to cede some of their political sovereignty and power to a confederal government. Ukraine will be the key: forces supporting independence with some form of cooperation are currently favored to win the December elections, but their strength is eroding and a vote for those favoring separatism is possible. Even if Ukraine is willing to work toward a new union, difficulties over political and economic approaches and burgeoning nationalism will make it difficult for the republics to agree on a confederal political structure. Potentially the most explosive of these forces is unrest among Russian minorities in non-Russian republics. ~~(C/NF)~~

The least likely scenario within the time frame of this Estimate is "disintegration." Beyond the year, however, this scenario becomes more likely if elected governments fail to stem the deterioration of economic conditions. ~~(C/NF)~~

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Table 1
Implications of the Scenarios
for Key National Security Issues

Issues	Scenarios		
	Confederation	Loose Association	Disintegration
Foreign economic relations	Center would coordinate/facilitate assistance.	Multiple requests for aid.	Western aid vital, but republics lack means to pay.
	Most aid channeled to republics.	Republics more eager for aid to overcome economic plight.	Internal strife complicates aid efforts.
Military policy	Continued sharp cuts in defense spending.	Ukraine begins setting up republic army.	No unified military command.
	Unified military command.	Unitary command retained; increasingly under Russian control.	Most republics begin setting up own armies.
	Most republics establish small "national guards."	Defense spending cut sharply.	Defense spending still limited by economic realities.
Foreign policy	Foreign policies proliferate, but generally coordinated.	Republics insist on right to conduct own affairs.	Numerous foreign policies.
	Central leaders remain primary interlocutors with West.	Most seek to expand contacts with West, integration into regional/ international forums.	Little if any coordination.
	Center frames broad issues, but flexibility limited because of need for consensus.	Russia dominates policy.	Ability, desire to enter into good faith agreements doubtful.
Arms control	Prospects for ratifying START, CFE good.	Ukrainian independence poses risks to START, CFE.	Renegotiation of START, CFE required.
	Verification unlikely to be disrupted.	Negotiations more complicated; verification uncertain.	Ability to reach future agreements in doubt.
	Readiness to negotiate mutual deep reductions in forces; unilateral cuts likely.	Most republics remain committed to deep force cuts; Russia likely to reduce strategic forces unilaterally.	Willingness to make deep force cuts uncertain because of tensions between republics.
Control of nuclear weapons	Unified control system remains, but republics exercise joint control over weapons stationed on their territory.	Confederation members agree to keep centralized control.	Centralized control imperiled.
		Ukraine attempts to retain control of some weapons.	Ukraine, other republics insist on retaining some weapons.

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The United States and other Western countries would have influence on developments across the former USSR in either the "confederation" or "loose association" scenario. Russia and most other republic governments will be highly receptive to Western advice on and technical assistance for internal and external reform in exchange for economic assistance. Western influence would be the most effective in those republics, especially Russia, pushing for democratization and marketization.

If the situation moved toward a "disintegration" scenario, Western opportunities to influence the direction of change would diminish significantly with the growth of xenophobic nationalism and would be limited to those republics, if any, resisting the trend toward authoritarianism. (C NF)

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Discussion

Aftermath of the Coup

The failed coup has created the most favorable opportunity for political democracy and a market economy in the history of the former USSR. The main institutional obstacles to fundamental changes in the system have been severely weakened, and the preconditions for self-determination of republics have been established. (C-~~NF~~)

Russia has eclipsed the central government as the most powerful entity in the system, and Yel'tsin is now the country's most influential leader. At the same time, the abortive coup has accelerated the breakup of the union. Republic governments are attempting to assert supreme authority on their territories, but their political legitimacy and their ability to fill the power vacuum left by the weakened center varies widely. Most republics are participating in ongoing negotiations toward political, economic, and military cooperation. (C-~~NF~~)

Key Variables

The failure of the coup has not guaranteed the success of democratic change and marketization. Democratic norms and market relations will take many years, if not decades, to develop. In the short term, continued progress toward these goals will depend on developments in several key areas. (C-~~NF~~)

Continuing Economic Disarray

Over the course of this Estimate, the accelerated deterioration of economic performance will result in further sharp declines in output, greater financial instability, increasing unemployment, and growing problems in the distribution of food and fuel. Negative economic trends now in train will not permit early reversal of the economic slide, regardless of the economic policies that are undertaken. (C-~~NF~~)

Table 2 Percent change
Soviet Official Indicators of Economic Performance in First Half of 1991, as Compared With 1990 ^a

	First Quarter	Second Quarter
GNP	-8	-12
Industrial output	-5	-7
Oil	-9	-10
Natural gas	0.3	0.2
Coal	-11	-11
Agricultural output	-13	-9
Personal incomes ^b	24	63
Retail prices ^c	25	96
Retail sales	0.2	-25

^a Except as noted, rates of change are calculated from ruble values in prices Soviets claim are constant.

^b Calculated from ruble values in current prices.

^c Calculated by dividing retail sales in current prices by sales in prices Soviets claim are constant.

This table is Unclassified.

In the first six months of 1991:

- GNP dropped 10 percent as output fell in most sectors of the economy, in some cases at a very rapid rate. We believe it could decline by approximately 20 percent by the end of the year.
- Widespread shortages affected not only such consumer goods as food and medicine but also vital industrial inputs.
- Projections for the combined central and republic budget deficit for the year climbed to 10 to 15 percent of GNP.
- The inflation rate rapidly approached triple digits.
- Foreign trade contracted sharply; imports dropped 50 percent. (C-~~NF~~)

~~Secret~~**The Private Sector: Bright Spot on the Horizon**

In contrast to the rest of the economy, the private sector continues to exhibit encouraging signs of growth. During the first half of 1991 the number of industrial enterprises leased from the state grew by over 50 percent to 3,700, and the number of small-scale peasant farms climbed by more than 70 percent to 70,000. New restrictions took a slight toll on cooperatives, but they still numbered 255,000. Nonstate sources providing services to these fledgling enterprises also grew during the first six months, with independent commodity exchanges reaching 300 and commercial banks totaling 1,500. The Soviets report that they have concluded more than 3,000 joint ventures that employ more than 100,000 Soviet citizens, although probably less than one-third are actually operating. ~~(C/NF)~~

While the emergence of market-oriented institutions—new cooperatives, commodity exchanges, commercial banks, joint ventures, and a growing entrepreneurial class—is encouraging, they are still too weak and limited to compensate for the negative effects on everyday life of the breakdown of the command economy. ~~(C/NF)~~

The Problems of Divisiveness. The coup has brought even greater disarray to policymaking, thus hindering restoration of macroeconomic stability and rapid implementation of structural reform. Political turmoil at the center and inside the individual republics makes it unlikely that a strong consensus on economic policy will be reached. ~~(C/NF)~~

Maintaining Interrepublic Trade. Declining output places a premium on reducing chokepoints in distribution. Economic linkages are numerous—11 of the 12 republics plus the Baltic states rely on imports from each other for at least 50 percent of their national income. In addition, the IMF estimates that 30 to 40 percent of industrial output consists of products for which there is only one manufacturer. Even foreign

Table 3 Billion US \$
Estimated Soviet Hard Currency
Financing Requirements

	1990	First Half 1991	Second Half 1991	1991
Revenues	38.4	17.8	15.8	33.6
Exports	35.6	14.6	13.7	28.3
Other ^a	2.8	3.2	2.1	5.3
Expenditures	63.6	27.8	26.3	54.1
Imports	35.2	12.5	17.7	30.2
Debt service	10.0	7.0	5.2	12.2
Repayment of short-term debt	10.1	5.2	1.3	6.5
Other	8.3	3.1	2.1	5.2
Financing requirement	25.1	10.0	10.5	20.5
Financing sources	25.1	10.0	10.5	20.5
Borrowing	10.5	6.1	8.2	14.3
Official ^b	8.1	6.0	8.0	14.0
Commercial	2.4	0.1	0.2	0.3
Gold sales	4.5	2.0	2.0	4.0
Drawdown of reserves	6.0	1.6	0.3	1.9
Payment arrears	4.1	0.3	0.0	0.3

^a Includes net inflows from former soft currency partners, invisibles, and asset earnings.

^b Assuming for 1991 that the Soviets will be able to draw on existing official credit lines to meet general, balance-of-payment financing. This may not be the case, given that most credits are tied to export purchases, some credit lines are tied up with other bureaucratic redtape, and many banks are unwilling to extend loans even with extensive official guarantees.

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trade flows depend on cooperation because key ports and pipelines are concentrated in a few republics. ~~(C/NF)~~

Worsening Hard Currency Woes. The continuing contraction of imports will further diminish vital supplies. Large-scale debt restructuring or rescheduling, if not debt default, appears imminent. The USSR has yet to service about \$5 billion in debt over the remainder of the year and already is more than \$4 billion in arrears. ~~(C/NF)~~

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Continuing Monetary and Fiscal Instability. The collapse of the center will not necessarily lead to lower expenditures or a reduction in the deficit. Indeed, budget deficits of both the central and republic governments, lack of constraints on new lending internally, and republican drives for their own currencies will make it difficult to rein in the growth of the money supply. ~~(C-NE)~~

Uncertain Pace of Reforms. A Polish-style shock approach is unlikely anywhere in the short run because of its high costs in terms of unemployment and inflation. Moreover, pressures to reverse the economic decline will push many republic policymakers toward the use of administrative decrees rather than marketizing reforms. ~~(C-NE)~~

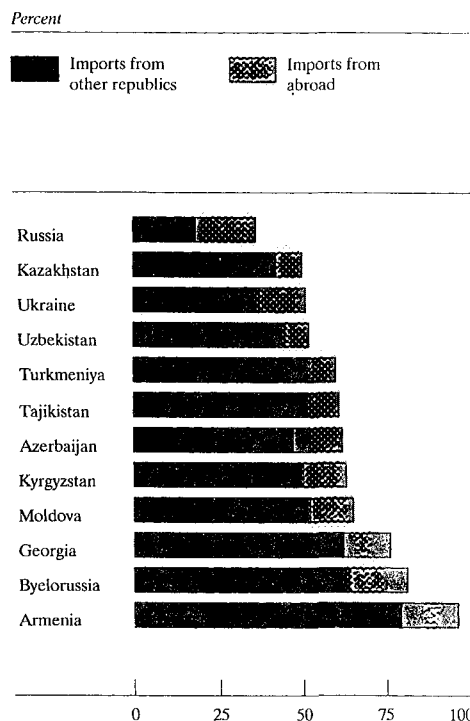
Stepped-Up Demilitarization. Military reductions will accelerate, although most political leaders and the High Command wish to avoid a chaotic reduction. Defense industry procurement and production will be hit hard by budget cutbacks and the rising prices of inputs. ~~(C-NE)~~

Differing Impacts on Republics. Russia, thanks to its vast resources, is best positioned to cope with economic crises. It has leverage with the other republics in trading for food and manufactured goods and in seeking foreign goods and financing. On the downside, Russia faces serious distribution problems, especially in getting food to cities in the north, Far East, and the Urals. Despite Russia's vast energy resources, fuel shortages are likely as a result of distribution and labor problems. ~~(C-NE)~~

Elsewhere, the problems will vary:

- Only Kazakhstan, Azerbaijan, and Turkmeniya are net energy exporters among the remaining republics. Moldova, Armenia, Byelorussia, and Georgia would be particularly hard hit by supply disruptions and/or price hikes.
- All republics face reductions in food supplies and other consumer goods as cross-border trade and foreign imports decline. Uzbekistan and Tajikistan are likely to suffer the most. At greatest risk in all republics are pensioners, the poor, and large families, who must rely on poorly stocked state stores because they cannot afford to buy food through higher priced alternative channels.

Figure 2
Republic Imports as Percentage of
Net Material Product, 1988^a



^a These figures are calculated from official Soviet data in domestic administered prices; the value of each republic's imports is divided by the value of its net material product (national income used), a measure that differs from GNP in excluding depreciation and most consumer services.

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Table 4
Oil, Gas, and Coal Balances of the Republics

	Crude Oil	Petroleum Products	Natural Gas	Coal
Russia	X	X	X	O
Ukraine	O	O	O	X
Byelorussia	O	X	O	O
Kazakhstan	X	O	O	X
Moldova	--	O	O	O
Armenia	--	O	O	O
Azerbaijan	O	X	O	O
Georgia	O	O	O	=
Kyrgyzstan	--	O	O	O
Tajikistan	--	O	O	O
Turkmeniya	X	=	X	O
Uzbekistan	O	O	X	O

Note: X = net exporter
 O = net importer
 -- Neither imports nor exports because it has no refining capacity
 = production equals consumption.

This table is Unclassified.

- Declining output and lower budgets will cause unemployment in all republics. Ukraine—like Russia—has extensive defense industries vulnerable to cuts in defense spending. (C-11F)

While the economic news is mostly gloomy and many observers in and out of the former USSR fear catastrophe, in our view, conditions are not likely to lead to widespread famine, epidemics, or numerous deaths from freezing. While pockets of extreme economic distress—including malnutrition—could emerge, distribution will be more of a problem than production. Absent development of adversarial relations among the republics, however, the food and fuel crises this winter should be manageable. (C-11F)

Popular Mood

Public euphoria over the collapse of the centralized Communist state has lent legitimacy to some republic governments and bought them some time to grapple with economic problems. Others, most notably Geor-

Table 5
Soviet Food Situation: Surplus or Deficit of Selected Foods ^a

	Meat	Milk ^b	Grain ^c	Potatoes ^c	Vegetables
Russia	--	--	--	--	--
Ukraine	+	+	+	+	+
Byelorussia	+	+	--	+	+
Kazakhstan	+	+	+	Even	--
Moldova	+	+	--	--	+
Armenia	--	--	--	+	+
Azerbaijan	--	--	--	--	+
Georgia	--	--	--	--	+
Kyrgyzstan	Even	--	--	--	+
Tajikistan	--	--	--	Even	--
Turkmeniya	--	--	--	--	--
Uzbekistan	--	--	--	--	+

^a Based on official Soviet statistics for production and consumption of major food products for 1988. Pluses indicate that area produces more than sufficient quantities based on historical consumption levels. Minuses indicate an area produces less.

^b Includes butter.

^c Adjusted for feed use.

This table is Unclassified.

gia and Azerbaijan, have been thrown into disarray because of public displeasure with their leaders' posture during the coup. Legitimacy of some governments will increase as elections are held in several republics and localities this fall. This will probably be sufficient to sustain these governments politically over the next year. (C-11F)

How long popular support for elected governments and democratic principles will endure under harsh economic conditions is highly uncertain. Voter support for Yel'tsin and other democrats, as well as popular opposition to the attempted coup, were based largely on antipathy toward Communism. Now that democratically elected leaders are being held accountable for the economy, their public support will erode as conditions worsen. Political forces arguing for authoritarian solutions will gain increased support in Russia during the year, but not political power. (C-11F)

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Soviet Food Supplies: Between Feast and Famine

The decline in Soviet food production this year is aggravating food shortages, and food supplies will diminish in the months ahead. Widespread famine appears unlikely, however, barring a much more serious breakdown in the economic system. On the supply side:

- This year's estimated grain crop of 185 million tons is down 50 million tons from last year but is only about 10 million tons below the average harvest for the last decade.
- Soviet data show that overall food production was down about 8 percent in the first six months of the year, as compared with the same period in 1990. Output of potatoes and vegetables will be higher than last year, but the production of meat and milk will be down for the second consecutive year.
- Imports of substantial quantities of foodstuffs and feed continue despite the hard currency crunch.
- Republics, cities, and enterprises have been lining up bilateral barter agreements for food in exchange for consumer goods, energy, and raw materials. (C-INT)

Nevertheless, severe food shortages probably will develop in some localities, due largely to distribution problems:

- The disintegration of authority and increasing republic autarky have left officials preoccupied with political solutions and requests for Western food assistance at the expense of the harvesting and handling of this year's farm production.
- Widespread panic buying and hoarding the last two years have left wholesale and retail inventories of food at their lowest levels in several years. Although this implies private stocks are up, they are unevenly distributed.
- Hoarding is also occurring in the countryside and by various republics. Farms and local officials are refusing to sell grain because they think prices may soon be raised or decontrolled.
- Ukraine and several other republics have banned the export of harvested grain and other foodstuffs, at least until internal needs are met. Many republics have erected border customs posts to control the movement of goods. (C-INT)

Public readiness for a market economy is even less certain. Although opinion polls show rising support for marketization, popular understanding of this concept and willingness to endure the pain remain in doubt. It is very likely that large-scale public demonstrations and work stoppages will occur if major market reform measures are pursued vigorously. (C-INT)

The public's disdain for Communism has seriously weakened the party, but it has not yet destroyed it. In parts of Central Asia and the Transcaucasus, where democratic movements are weak, Communist Party structures are being transformed into instruments of control under the banner of nationalism. At the center

and in the Slavic republics, Communists will continue to lose their influence over policymaking, although in the short term they may retain considerable influence over policy implementation. (C-INT)

Republic Cooperation

Despite the "independence fever" that has swept the USSR, the "10 + 1" process recognizes the need to maintain some links and a mechanism to facilitate continuing cooperation.¹ Interrepublic cooperation

¹ 10 + 1 refers to the agreement among 10 republics plus Gorbachev, ratified at the recent Congress of People's Deputies, to accept the interim governmental structures and to move toward cooperation on political, economic, and military issues. (U)

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**Table 6
Possible Ethnic Flashpoints
Over the Next Year**

	Potential for Significant Violence		
	High	Medium	Low
Moldova			
Ethnic Ukrainian and Russian minorities	X		
Turkic Gagauz minority	X		
Central Asia			
Ethnic Russian minorities in Uzbekistan, Tajikistan, and Kyrgyzstan		X	
Ethnic Russians in Kazakhstan			X
Islamic fundamentalism			X
Transcaucasus			
Armenian enclave of Nagorno-Karabakh	X		
Azeri exclave of Nakhchivan'			X
Nationalist opposition to Azerbaijan government	X		
Opposition to Georgian President Gamsakhurdia	X		
Ukraine			
Ethnic Russians in Crimea, eastern Ukraine			X
Ethnic Poles in western Ukraine			X
Uniate-Orthodox religious tensions			X
Russia			
Separatists in Tataria		X	
Chechen-Ingush nationalists		X	
Ossetian unification movement	X		
Access to Kaliningrad through Lithuania			X

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also is required to contain such explosive social and political issues as the status and rights of ethnic minorities and the permanence of republic borders. Interethnic conflict is on the rise and will be aggravated significantly if the republics accelerate their unilateral moves toward independence. The sorting out of relations between the republics will take most of the decade, however. ~~(C-INT)~~

Diminishing Role of the Center

Whatever cooperative arrangements emerge, the republics do not want to re-create a central government with independent power. *Central institutions will be vehicles for coordinating interrepublic cooperation and for reaching and carrying out collective decisions. Over the next year:*

- A central government will probably play a coordinating role in the area of defense, with republics acting collectively through a state-council-like structure to determine defense policy. Republics will attempt to oversee the activities of central forces within their borders. Some republics such as Ukraine will establish territorial defense forces of their own.
- A central government will probably continue to take the lead on broad foreign policy and national security issues. The republics, especially Russia, will exert greater influence on all matters, and they will conduct their own policies toward countries and regions. They will also take increasing responsibility for foreign economic relations. Mixed signals and contradictory policies are sure to result.
- The center's economic role will depend on the outcome of debate over the proposed economic union. Most decisions on monetary policy, debt repayment, and other key questions probably will be coordinated, but there are strong differences between and within republics over the powers of the center on these questions. The center will be able to issue directives or impose an economic reform blueprint, but only as the agent of the larger republics. However, enforcement of republic compliance with these directives will be problematical, given the compromise nature of the central structures. ~~(C-INT)~~

Gorbachev's power has diminished greatly along with that of the center. He will probably play an important role during the next year as facilitator of the coordination process and mediator of disputes between republics. His international stature also makes it likely he will remain a conduit to the West. As long as

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Table 7
Competing Visions of Economic Union

	Yavlinskiy	Saburov	Shatalin
Degree of unity	Federation of most former republics. Full members agree to all treaty provisions. Associate members accept coordinated monetary, budget, and tax policy.	Federation of core former republics. Others may participate as partial members in a customs union.	Economic community of former republics and some East European states. Members choose full, associate, or observer status.
Provisions for union market	One external customs. Goal is free movement of goods, capital, and labor. Economic laws harmonized.	Goal is one external customs, free movement of goods. Economic laws harmonized.	Goal is one external customs, free movement of goods, and perhaps labor. Economic laws harmonized.
Monetary policy	Ruble is common currency. Members may introduce own currency by special agreement.	Ruble is common currency for core states. Other members may have own by special agreement.	Members may have own currencies.
Fiscal policy	One tax system for all members. Limited budget for center formed from members' dues.	Members coordinate independent tax policies. Fund some national programs.	Members encouraged to coordinate independent tax policies. Fund few activities for center.
Price policy	Gradual, coordinated liberalization. Interim maintenance of state orders.	Phased transition to world prices.	Not specified.
Foreign economic relations	Foreign debt serviced jointly, new debt incurred individually or jointly.	Republics service foreign debt and receive new assistance. Republics conduct trade.	Republics may service debt alone or jointly. Each conducts trade.

This table is ~~Confidential~~ ~~NOFORN~~.

he stays aligned with Yel'tsin and the republics remain committed to working within a common institutional framework, he will be viewed as a valuable player and will continue to have some influence on the course of events. Non-Russian republics may also consider Gorbachev a potential counterweight to Yel'tsin, but a serious split between the two would be likely to spell the end of what remains of Gorbachev's power. Gorbachev could not win an election for the presidency once a new constitution is written without strong support from Yel'tsin and other key republic leaders. ~~(S)~~

Russia's Preeminence

Russia is critical to the outcome of the ongoing transformation. There can be no confederation without Russia, and, without progress toward democracy in Russia, the prospects for its development in the remaining republics are significantly diminished. Without a healthy Russian economy, the prospects for economic recovery elsewhere are bleak. ~~(S)~~

Political trends in Russia favor fundamental change. Yel'tsin has done more than other republic leaders to strengthen democratic institutions, and his advisers and allies have a record of support for democracy and economic reform. Moreover, his popularity and dynamic style of leadership make bold action to propel the republic forward more likely in the next year. ~~(S)~~

The depth and durability of the Russian leadership's commitment to democracy and market principles has yet to be tested, however, and some important uncertainties remain:

- Yel'tsin's propensity to rule by decree has raised concerns among fellow democrats over his commitment to constitutional order and due process.
- Although Yel'tsin and most other leaders of the republic have broken with the Communist Party, their centralizing instincts could die hard. ~~(S)~~

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~~Secret~~**What if Yel'tsin Leaves the Scene?****In Russia**

Yel'tsin's absence from the Russian leadership would result in factional infighting among democrats and a slowing of reform measures that require a strong leader to keep the public on board. Russian institutions have had time to sink some roots, however, and the coup deepened the democratic direction of Russian policies. Any successor would probably not change course but would almost certainly have greater difficulty reaching a consensus and implementing reform throughout Russia. ~~(C/NF)~~

Vice President Rutskoy would assume the presidency until new elections are held. Who would win an election is not clear. St. Petersburg Mayor Sobchak ranks a distant second in most recent public opinion polls, but his popularity would probably rise with Yel'tsin gone because of name recognition. Other officials such as Rutskoy, former Russian Prime Minister Silayev, KGB Chief Bakatin, Moscow Mayor Popov and Movement for Democratic Reform leader Aleksandr Yakovlev have registered in polls, but all lack Yel'tsin's grassroots support. ~~(C/NF)~~

In the Economy

The loss of Yel'tsin's guiding hand would slow current negotiations to preserve an economic union as well as Russia's own progress toward economic reform. It would also make implementing austerity measures much more politically risky. Without Yel'tsin's commitment to maintaining interrepublic economic relations—including a single currency and common tariffs and monetary policy—forceful advocates of autonomy within Russia would push for the republic's independence. ~~(C/NF)~~

At the Center

Yel'tsin's absence from the political scene would probably raise Gorbachev's standing—as the only other leader with significant national recognition—but without Yel'tsin behind him, he may have a more difficult time working out agreements with other republic leaders. Yel'tsin's cooperation with Gorbachev has been a driving force behind progress on the union treaty. Without Yel'tsin, voices in the Russian government advocating a "go it alone" strategy may gain prominence and Russia may not have the same ability to jawbone other republic leaders into supporting some union structures. ~~(C/NF)~~

The growing assertiveness of "autonomous" regions, particularly Tatarskaya, threatens the governability and cohesiveness of the Russian Republic. Their status has been problematic for Yel'tsin since the beginning of the union treaty process. When local elections occur in Russia, the leaders of these regions are likely to grow even more assertive as they seek to satisfy their constituents. Some conflict with Yel'tsin's appointed plenipotentiaries is certain. Local leaders will almost certainly try to exploit a weakening of Yel'tsin's political position or that of Russia vis-a-vis other republics. ~~(C/NF)~~

Russian nationalism, already a formidable force in republic politics, will grow over the next year and would be fanned by mistreatment of Russian minor-

ities in other republics. Nationalist extremists are currently a small element on the Russian political spectrum, but their influence may grow markedly if public support for the current government erodes more than we anticipate. An increase in the political influence of antidemocratic Russian nationalism would heighten the fear in the other republics of resurgent Russian imperialism. ~~(C/NF)~~

Ukraine Heads Toward Independence

The durability and effectiveness of a new union depends heavily on the role of Ukraine. Kravchuk and other Ukrainian leaders seem inclined toward participating in a confederation agreement, but they are

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under strong pressure from nationalist forces to pursue independence. As the 1 December presidential election and referendum on independence approach, Kravchuk will look for opportunities to demonstrate his commitment to protecting Ukrainian sovereignty, even if it means publicly supporting withdrawal from the "10 + 1" process and going for complete independence. ~~(C/NF)~~

Ukraine is almost certain to approve the independence resolution in December. We do not know how complete the break with Russia and other republics will be. If Kravchuk wins the presidential election, Ukraine will probably agree to at least associate status in a confederation and continue a measure of cooperation on economic and military issues. A sharper break would probably occur if his opponent wins and would have serious consequences:

- A disruption of trade links between Ukraine and other republics would have a major impact. Ukraine depends on Russia for imports of crude oil and other energy supplies. Russia and other republics depend heavily on Ukraine for food.
- Opposition to total independence by Russians, Russified Ukrainians, and other ethnic groups living in Ukraine would pose a serious threat to political stability, raise border issues with Russia, spark violent incidents, and at a minimum make bilateral cooperation more difficult.
- Disagreement over control of military assets on Ukrainian territory probably would intensify. Ukraine would probably reverse its position on removing nuclear weapons from the republic and demand that they be put under command and control of the Ukrainian military. It would also take steps toward creating a large republic standing army, and demand that all union forces withdraw from the republic. ~~(C/NF)~~

Three Alternative Scenarios

The large number of variables could eventually lead to widely differing political, economic, and military outcomes in the former USSR. We believe three scenarios—*confederation*, *loose association*, and *dis-*

The Heated Presidential Race in Ukraine

The presidential election scheduled for 1 December in Ukraine has spawned a heated race between parliamentary chairman Leonid Kravchuk and his nationalist opponents. Kravchuk is currently the frontrunner. Although tainted by his Communist past and his perceived indecisiveness during the coup attempt, his strengths as a consensus builder and astute politician have kept his position strong. Moreover, his vision of an independent Ukraine as part of a loose economic association and a collective security arrangement probably appeals to the majority of the voters. Kravchuk wants to bridge regional differences between the Russified east and the nationalistic west. He could fall behind the nationalist momentum, however, and become vulnerable to a more charismatic, nationalist opponent. ~~(C/NF)~~

The leading challenger, endorsed by the nationalist organization Rukh, is Vyacheslav Chornovil. He and other nationalist candidates support the goal of complete independence within 18 months. Chornovil has expressed reluctance to hand over to Russia nuclear weapons situated on Ukrainian territory. The increasing strength of anti-Communist, separatist sentiment since the coup has bolstered Chornovil's prospects, but he and other nationalist candidates, such as Lev Lukyanenko, do not have as much support in the populous eastern and southern Ukraine. ~~(C/NF)~~

integration—capture the range of possibilities over the next year or so. Elements of all three are likely to be encountered. ~~(C/NF)~~

Confederation

This scenario is the preferred outcome of Gorbachev and Yel'tsin. The leading republics agree on and implement a workable framework for close cooperation. The framework allows each republic to set its

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~~Secret~~**Indicators of Confederation**

- Agreements between 10 republic leaders and Gorbachev on economic union and economic reform.
- Rapid movement toward agreement on constitution establishing confederation's political structures and power-sharing arrangements.
- Nationalist elements in republics fail to press demands for independence, agree to abide by terms of confederation.
- Yel'tsin and Gorbachev continue to cooperate.
- Economic problems do not intensify dramatically; no large-scale labor unrest.

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own basic political and economic course, but it provides for a coordinated approach to monetary and financial policy, interrepublic trade, debt repayment, foreign affairs, and defense. Lines of authority are clarified, and foreign governments can identify and deal with the appropriate levels of government on different policy questions. Republic governments remain stable through the food and fuel crises this winter, and democratic institutions and practices in Slavic areas at least gain strength. ~~(C/NF)~~

Internal Implications. Economic. While the republics would suffer the consequences of economic trends evident before the abortive coup, the damage would be contained and the longer-term prospects for stabilizing and reforming the economy would improve:

- The republics would not enact disruptive measures, such as tariffs, exorbitant energy and commodity price hikes, and cancellation of contracts.
- Some control over the money supply would be ensured, with a single currency remaining the means of interrepublic exchange. If republic currencies were allowed, a union banking agreement would restrain the printing of money.
- Coordination of fiscal policies could begin to arrest the growth of budget deficits. Agreement on republic and local tax contributions to the center would facilitate narrowing the central budgetary gap.

- Some republics—particularly Russia—would press ahead more vigorously toward a market economy, although Polish-style “shock therapy” would not be tried in the next year.

- Some old-style administrative approaches aimed at stabilization, including state orders and wage and price controls, would remain, but the overall environment for foreign investment and membership in international economic organizations would be improved. ~~(C/NF)~~

Political. This scenario would provide the best prospects for political stability and, therefore, democratic change throughout the confederation. Interrepublic cooperation would help prevent interethnic tensions from escalating into violent conflicts within or between republics. ~~(C/NF)~~

An agreement to establish a confederal political structure would enable a central government to continue to exist and do business with foreign governments, but the center would not dominate the republics. The sphere of central responsibilities would be greatly reduced, as would the central bureaucracy and the power of the presidency. The authority of these institutions would be enhanced by popular elections. ~~(C/NF)~~

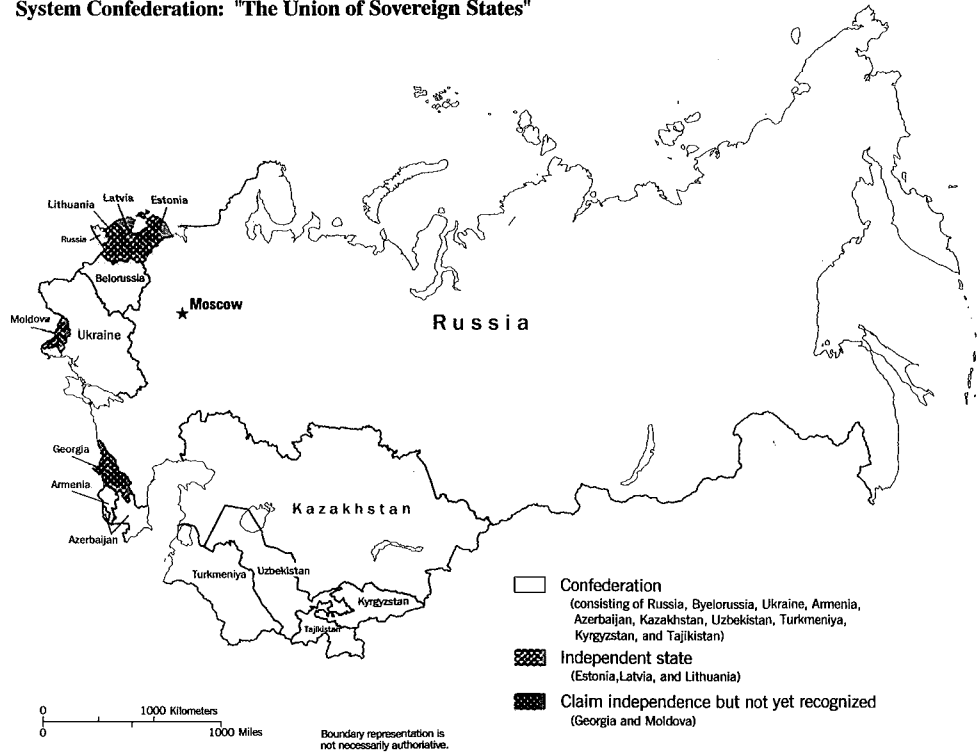
Russia would be the most powerful state in the confederation. All major policies of the center would require Russia's concurrence, but the other republic members would try to use central structures to check Russian dominance. ~~(C/NF)~~

Gorbachev, in alliance with Yel'tsin, would be a key player in the negotiations on the economic and political framework for interrepublic cooperation, at least until elections are held. As head of the interim government, he and his foreign ministry would remain the chief interlocutors with foreign governments, but he would not have the power to make major foreign policy decisions without the republics' concurrence. ~~(C/NF)~~

Military. Military reform would accelerate. Under this scenario, a common decisionmaking structure would allow for a reasonably coherent and controlled

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Figure 3
System Confederation: "The Union of Sovereign States"



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force reduction as well as restructuring. A unified command over strategic and general purpose forces would be retained, preserving the stability of the armed forces and providing the strongest guarantees for the security of nuclear weapons. The center would also retain operational control of smaller air and naval forces and rapid reaction ground forces, backed up by republic-controlled reserves. ~~(C/NF)~~

The republics probably would spend less of their own money in establishing their own military forces. Although the military under a unified command would

have some influence in government circles, they would not be able to protect the armed forces from drastic reductions. ~~(C/NF)~~

Implications for the West. This scenario would provide a more predictable path to the future. A new confederal union would remain a major military power, but would be strongly committed to reducing the defense burden through negotiations and unilateral cuts. The prospects would be good for ratifying the

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CFE and START agreements, as would the chances that implementation and verification of arms control agreements would not be disrupted. (C NF)

The West inevitably would have to deal with a proliferation of foreign policies as republics seek representation in international forums. Under this scenario, however, it is less likely that these foreign policies would work at cross-purposes. (C NF)

The smaller threat of political instability and interpublic conflict under this scenario would reduce but not eliminate the risks to Western engagement. As economic performance continued to decline, at least in the short term, the outlook for Western trade and investment would remain poor. Debt default might be averted, but large-scale debt restructuring would be likely. (C NF)

With demands for aid increasing from all republics, Western governments would have to channel most assistance directly to them. A union agreement, however, would facilitate interpublic coordination in the allocation and distribution of assistance and make the economic and political climate more favorable for foreign investment. (C NF)

Under this scenario, the republics would exert their independence in bilateral relations but would allow the central foreign ministry to represent their interests in arms control and other multilateral republic matters. They would retain responsibility for framing the discussion of foreign policy questions in interpublic bodies, for communicating Western proposals to those bodies, and for negotiating with Western partners. While Gorbachev remains president, his experience, international stature, and skills at persuasion would give him considerable influence in determining the outcome of collective decisions. (C NF)

Loose Association

In this scenario, the process of political and economic reform continues, but several republics—most important, Ukraine—go their own way. The republics—including some that have opted for independence—form a loose common market, but implementation of common economic policies is hindered by the absence of strong political ties among all the republics. Vary-

Indicators of Loose Association:

- Agreement is reached on forming a loose economic union.
- Russia, other republics, conclude series of bilateral agreements on economic and political cooperation.
- Strong vote for Ukrainian independence in 1 December referendum leads to severing of ties to confederation.
- Chornovil defeats Kravchuk in presidential election.

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ing degrees of political cooperation exist, however: several republics, most likely those of central Asia and possibly Byelorussia, agree to association with Russia. Although Russia and the associated states try to coordinate foreign and military policy, the republics basically pursue independent policies in these areas. (C NF)

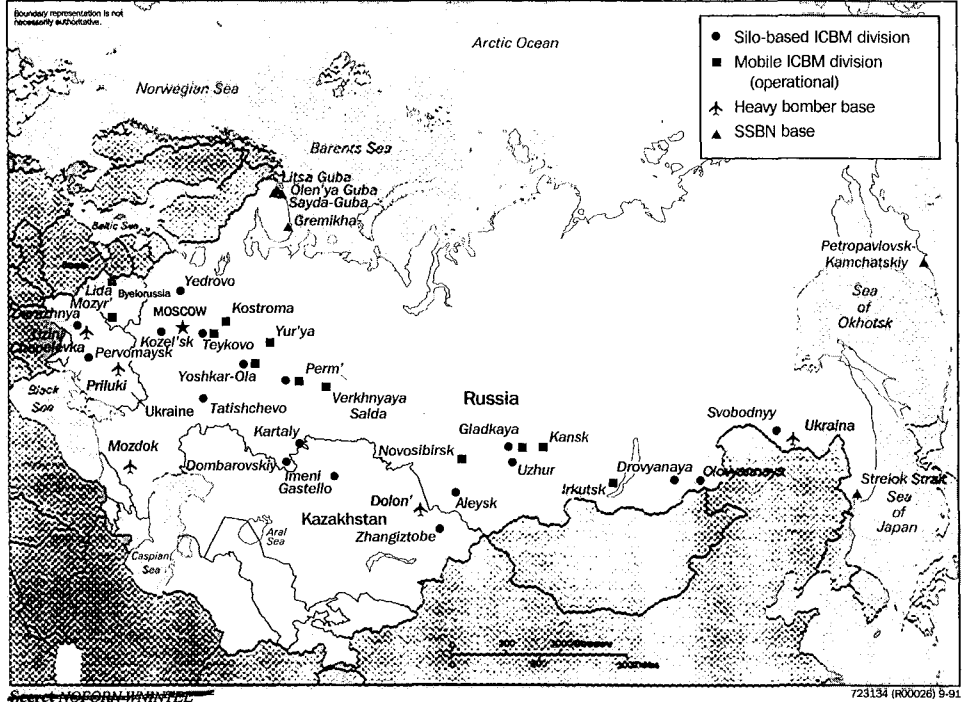
Internal Implications. Economic. The republics would reach broad agreements covering fiscal and monetary targets, a common currency, and foreign debt repayment. The republics are unlikely, however, to reach consensus on the details needed to effectively carry out all of the provisions of the common market. Trade disruptions and shortages would intensify because of the lack of strong enforcement mechanisms, the differing pace of economic reforms within each republic, and growing republic protectionism. Under these circumstances, republic administrative decrees aimed at stabilization would increase; necessary, but unpopular, steps toward marketization would slow. (C NF)

Political. Russian dominance of any political association would heighten fears among other republic leaders of Russian hegemonism. Even if Russia did not behave toward these republics in a heavy-handed fashion, fears of Russian domination would jeopardize the long-term survival of this association. The legitimacy of some republic leaders would become more

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Figure 4
Republic Distribution of Soviet Strategic Offensive Forces



fragile as they failed to halt their republics' economic slide. This would lead to increased popular discontent and pressures to adopt more authoritarian measures. Gorbachev's political role would be minimal. (C.N.F.)

Military. Russia and the associated republics could agree to smaller centrally commanded strategic and general purpose forces, but the non-Russian republics would expand the "national guard" units under their control to counterbalance a Russian-dominated army. Ukraine would press ahead with forming its own armed forces and would seek removal of central forces remaining in the republic. Ukrainian and other non-Russian republic leaders probably would agree to

removal or destruction of strategic weapons on their territory. Some republic leaders might insist on obtaining control of the tactical nuclear arsenal on their territories as a hedge against Russian imperialism. (C.N.F.)

Implications for the West. Western governments would be dealing mostly with Russia and Ukraine as those republics tried to develop democratic governments and market economies. The other republics, however, would be sensitive to Western, Russian, or Ukrainian conduct that suggested their interests could be ignored. Because the republics would insist on

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conducting a significant portion of their own foreign affairs, there would be greater difficulty in negotiating and ensuring compliance with international agreements. At the same time, most republics would be eager to expand their contacts and cooperation with the West, primarily for economic reasons. The individual republics would be even more eager for economic assistance given the difficulty of negotiating effective mechanisms for interrepublic economic cooperation. They would also seek membership in regional and international organizations and pursue collective security agreements. (C/NF)

Russia and its associates would adhere to arms control agreements and pursue follow-on negotiations aimed at ensuring even deeper force cuts. Ukraine's decision to build up its own forces would endanger the implementation and verification of existing treaties. (C/NF)

Disintegration

Efforts to form a new confederation and an economic community fail. Interrepublic cooperation is modest and bilateral. Animosity between republics rises sharply, and, as nationalism becomes a more virulent force, threats and counterthreats crop up over border disputes. Separatist movements in the republics gain popular strength, and the integrity of the Russian Republic is undermined as some ethnic minorities pursue their independence. Republics assume control over economic resources and establish strict border and tariff controls, but leaders cannot cope with mounting economic and political problems. Nationalist, authoritarian politicians and political parties gain strength. The potential for rightwing coups in key republics increases. (C/NF)

Internal Implications. Economic. The republics would be left to their own devices. For a short time, Russian leaders would have the popular support and political will to attempt economic reforms, but serious food shortages exacerbated by barriers to interrepublic trade would soon erode their legitimacy. Other republic leaders would be overwhelmed by economic problems and look outward for assistance. Central Asian republics would look toward the Middle East for help. The success of efforts in Russia and the other democratically oriented republics would depend largely on the conclusion of trade agreements with the West

Indicators of Disintegration:

- Negotiations on political and economic cooperation collapse.
- Economic conditions deteriorate sharply: numerous incidents of food shortages, perhaps famine, provoke large-scale strikes.
- Rivalries between republic leaders intensify sharply; threats and counterthreats exchanged over treatment of national minorities within republics.
- Sharp growth in popularity of authoritarian political parties/movements calling for establishment of authoritarian regimes within republics.

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and the other breakaway republics, but negotiations probably would be prolonged. The pressure of time would be intense, however, because of mounting economic chaos. (C/NF)

Political. The inability of the Russian leadership to hold the confederation together would encourage national groups within its borders to assert their sovereignty in a scramble to seize control of critical economic resources. At the same time, Russian minorities in other republics, fearing hostile treatment, would attempt to migrate or seek unification with Russia, thereby increasing the prospects for civil strife. (C/NF)

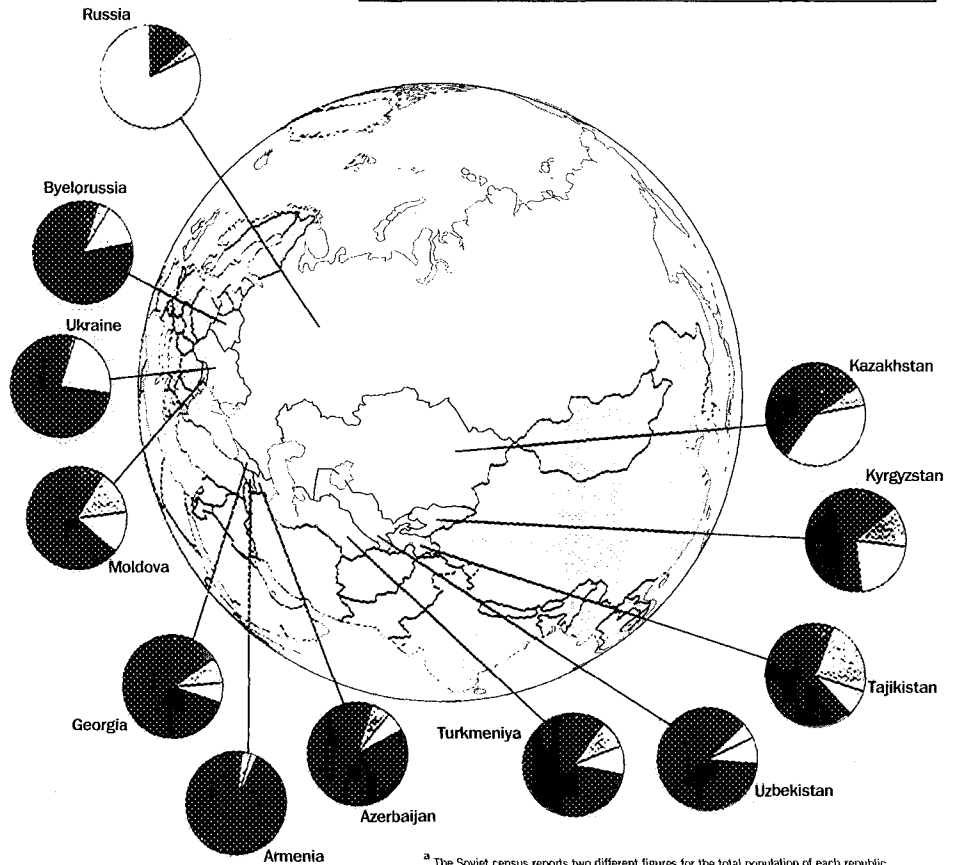
Xenophobic Russian nationalism would gain in strength as economic conditions worsened and as societal tensions increased. Leaders in the less democratically oriented republics of Central Asia, confronted by popular unrest and economic disorder, would quickly institute even more authoritarian measures. Over time, the fragmentation of the former USSR into a number of independent republics, some

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Figure 5
Comparative Nationalities,
by Republic

Republic	Russian (percent)	Other Nationality (percent)	Total Republic Population (thousands) ^a
Russia	-	82	147,002
Byelorussia	78	13	10,149
Ukraine	73	22	51,449
Moldova	64	13	4,332
Georgia	70	6	5,396
Armenia	93	2	3,304
Azerbaijan	83	6	7,020
Kazakhstan	40	38	16,463
Turkmeniya	72	9	3,512
Tajikistan	62	8	5,090
Uzbekistan	71	8	19,808
Kyrgyzstan	52	21	4,258



^a The Soviet census reports two different figures for the total population of each republic. One is based on the number of people in the republic on the day the census was conducted. This map uses the other, which is based on the number of people reporting the republic as their place of permanent residence.

Boundary representation is not necessarily authoritative.

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10. (Continued)

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of them politically unstable and hostile toward one another, would increase the likelihood of serious civil conflict. ~~(C/NF)~~

Military. Russia would assume immediate control of the conventional and nuclear forces on its territory and probably would try to do so over some assets in other republics. Non-Russian republics would move quickly to establish their own armed forces for protection against Russia, against one another, or against other states along their borders. Economic difficulties would limit their size and capabilities, however. Russia would still be under strong pressure to continue to cut military spending in an effort to overcome its economic problems. ~~(C/NF)~~

The risk of serious civil conflict would rise as the republics attempted to assert authority over military installations and units within their territory. Many commanders and soldiers would have to decide to whom they owed their allegiance; their willingness to submit to a new authority or lay down their arms would be an open question. ~~(C/NF)~~

The disposition of nuclear weapons would be a much more contentious issue in this scenario. As each republic looked to its own security, some republics with nuclear weapons would seek to assert operational control over them, rather than turning them all over to Russia. Authoritarian political leaders, unconstrained by central authority or even a loose confederation, would view nuclear weapons as a means of enhancing the status of their republic in the eyes of the world. ~~(C/NF)~~

The probability of military intervention in politics would increase as political instability deepened. An alliance between military leaders and nationalists would form that would threaten the constitutional order. ~~(C/NF)~~

Implications for the West. The fragmentation of the former USSR would confront the West with grave dangers because of the chaos and unpredictability of events within the republics. The disappearance of reliable central control over nuclear weapons in some

republics, as well as uncertainty over their disposition, would increase the prospect of nuclear weapons falling into terrorist hands. The risk would mount of an accident involving such weapons within the former boundaries of the USSR or even their use in inter-republic conflict. Use against the outside world would be much less likely. The danger that nuclear materials and expertise would find their way to other states seeking to develop nuclear weapons would become greater. ~~(C/NF)~~

Conflict within or between republics would pose serious risks for the West because violence could easily spill across international boundaries. Long-quiet border disputes probably would reappear, and the proliferation of republic armies would increase the likelihood that states would seek to resolve such disputes by force. Western countries and international organizations, such as the UN and CSCE, would be drawn into efforts to end such disputes given the possible stakes involved. ~~(C/NF)~~

This scenario would make implementing and verifying arms control agreements, particularly CFE, virtually impossible. The West would confront numerous uncoordinated foreign policies rather than one, and the willingness of many of the new states to enter into agreements in good faith would be questionable. Agreements on conventional forces in Europe probably would have to be renegotiated. It is doubtful, moreover, that the former members of the USSR could reach an agreement on reallocation of forces to comply with the CFE force ceilings. The START agreement would also be endangered if Ukraine, Byelorussia, or Kazakhstan attempted to retain control over strategic nuclear weapons on their territory. ~~(C/NF)~~

All the republics would call on the West to provide assistance to ameliorate the great economic hardships, but most republics could not pay for it and many would have domestic policies that would discourage providing it. Strife within and between republics would complicate aid efforts. ~~(C/NF)~~

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Prospects for Scenarios

Reality is likely to be more complex than any of three scenarios we have discussed in this Estimate. We believe, however, that they capture the broad range of possibilities. In our view, it is likely that conditions 12 months from now will most closely resemble the "loose association" scenario. Although the economic situation is grave and the republics are having serious problems in reaching agreement on key economic issues, most understand that they cannot survive on their own. This awareness argues strongly for some kind of economic association that will move, however haltingly, toward a common market-type system.

~~(C/NF)~~

We believe the "confederation" scenario is less likely. Ukraine will be the key: forces supporting confederation are currently favored to win the December elections, but their strength may be eroding and an upset is possible. Even if Ukraine is willing to work toward a new union, centrifugal forces may overwhelm the republics. Potentially the most explosive of these forces is unrest among the Russian minorities living outside the Russian Republic. A new center could offer little in the way of incentives to gain republic support. Although many republics would like to see a counterweight to Russia, they have no interest in buying into a strengthened center to get it.

The least likely scenario within the time frame of this Estimate is "disintegration." Most republic governments have sufficient public support to sustain themselves through the difficult months ahead, and they understand the need for continued cooperation with other republics. Forces of reaction are too weak at present and their political prospects over the next year are poor unless an economic catastrophe occurs. Beyond the next year, however, this scenario becomes more likely if elected governments fail to stem the deterioration of economic conditions.

Receptivity to Western influence is greater than ever before. Central, republic, and even local leaders are eager for emergency economic assistance, and for

Western help and expertise in laying the foundations of a market economy, building democratic political institutions, and reducing the burden of defense.

~~(C/NF)~~

Over the next year, the possibility of a catastrophic winter poses the most serious threat to the successful transformation of the old system. Western food assistance, targeted at key population centers and effectively distributed, would reduce the danger that popular anger over food shortages would destabilize democratic governments. If widely visible, such assistance could promote goodwill toward the West.

Getting the aid to where it is most needed, however, will not be an easy undertaking. Potentially serious shortages this winter of food, fuel, and medicines are scattered over large geographic areas. Well-documented problems with communications, transportation, and storage, as well as bureaucratic inefficiencies and black-marketeering, will hamper assistance efforts.

Western policies that would alleviate economic hardship and increase hope for better times ahead could help stave off further political fragmentation and instability. These include: a coordinated debt restructuring package, new credits, accelerated steps toward IMF membership, and a ruble stabilization fund.

~~(C/NF)~~



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Figure 6
The Republics on the Issues

- Yes
- ▲ No
- Unknown

Political Issues

- Democratic reformers in control
- Commitment to free elections
- Independence declared
- Commitment to human rights for all republic residents

	Armenia	Azerbaijan	Byelorussia	Georgia	Kazakhstan	Kyrgyzstan	Moldova	Russia	Tajikistan	Turkmeniya	Ukraine	Uzbekistan
Democratic reformers in control	●	▲	▲	▲	▲	●	●	●	▲	▲	●	▲
Commitment to free elections	●	▲	▲	●	■	●	●	●	■	▲	●	▲
Independence declared	▲	●	●	●	▲	●	●	▲	●	▲	●	●
Commitment to human rights for all republic residents	▲	▲	●	▲	●	●	●	●	■	▲	●	▲

Economic Issues

- Commitment to market reforms
- Independent reform program emerging
- Commitment to independent monetary system
- Independent foreign economic relations

Commitment to market reforms	●	■	▲	▲	●	●	●	▲	▲	▲	▲	▲
Independent reform program emerging	●	▲	●	▲	●	●	●	▲ ^a	▲	▲	●	▲
Commitment to independent monetary system	▲	▲	▲	●	▲	▲	▲	▲	▲	▲	●	▲
Independent foreign economic relations	●	●	●	●	●	●	●	●	●	●	●	●

^a Russia's precoup reform program is "on hold" pending discussions on new center-republic institutions but important reform elements, for example, land reform, are already in place.

Foreign Policy/Security Issues

- Independent foreign policy
- Declaration of nuclear free status
- Declaration of military neutrality
- Seeking membership in regional/international bodies

Independent foreign policy	●	●	●	●	▲	■	●	●	▲	▲	●	■
Declaration of nuclear free status	▲	▲	●	●	▲	▲	●	▲	▲	●	●	▲
Declaration of military neutrality	▲	▲	●	▲	▲	▲	▲	▲	▲	▲	●	▲
Seeking membership in regional/international bodies	●	●	●	●	▲	▲	●	▲	▲	●	●	▲

Stability Factors

- Serious ethnic unrest
- Strong local separatist movements
- Current conflict with other republics

Serious ethnic unrest	●	●	▲	●	▲	●	●	▲	▲ ^b	▲	▲	●
Strong local separatist movements	▲	●	▲	●	■	▲	●	●	▲	▲	▲	▲
Current conflict with other republics	●	●	▲	▲	▲	●	▲	▲	▲ ^c	▲	▲	■

^b Several areas of serious unrest, but these are localized and do not threaten Russia as a whole.

^c Ethnic and territorial tensions exist, but so far no direct clashes or conflicts.

Military Issues

- Independent defense ministry
- Forming own military
- Claims to military installations on territory

Independent defense ministry	●	●	▲	●	▲	▲	●	●	▲	▲	●	●
Forming own military	●	●	^d	●	●	▲	●	●	▲	▲	●	●
Claims to military installations on territory	■	■	▲	●	▲	▲	■	▲	▲	▲	●	▲

^d Internal troops only.

^e At this point, only a small national guard.

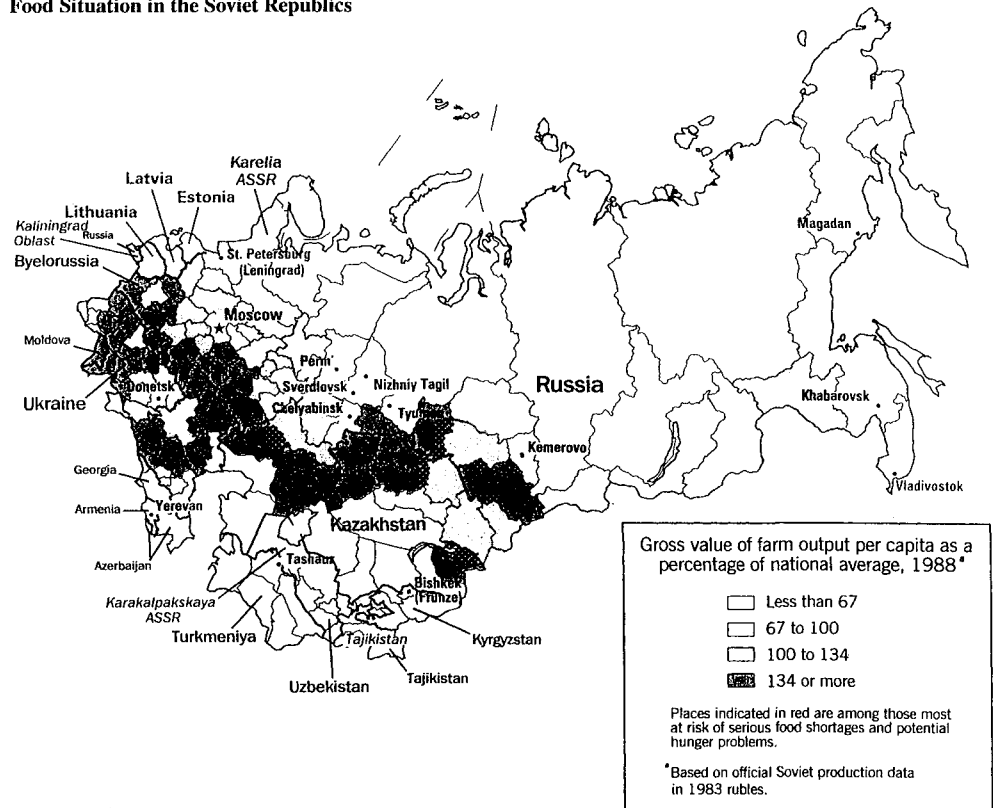
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Figure 7
Food Situation in the Soviet Republics



Boundary representation is not necessarily authoritative.

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In either the "confederation" or the "loose association" scenarios, the West would have influence on subsequent developments by focusing primarily on Russia and Ukraine. Russia would be the principal player in decisionmaking for defense policy and arms

control. It would have the best chance among the republics of carrying out economic reform and political democratization. The West could coax, but not compel, Ukraine toward a more cooperative approach with Russia and other republics as well as toward more democratic processes in internal policies. Tensions over such issues as borders, minority rights,

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10. (Continued)

economic relations, and military forces could be reduced with the help of Western "good offices" [REDACTED]
[REDACTED] Thus, to the extent that Western involvement facilitated cooperation, it could affect developments elsewhere. (C NF)

Western influence would be most limited under the "disintegration" scenario. If authoritarian regimes came to power in the republics, they would want Western economic assistance and cooperation, but they would resist [REDACTED] demanding respect for human rights and democratic freedoms. It would be especially difficult to promote republic cooperation in working out common problems. As nationalist sentiment grew stronger, anti-Western feelings would become more pronounced. (C NF)