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Special Analysis

BULGARIA: **Election Will Be Close**

Bulgaria's main opposition group, the Union of Democratic Forces, is gaining momentum and may even defeat the ruling Bulgarian Socialist Party, the former Communists, in what promises to be a close election Sunday. Regardless of which party wins, the most likely outcome will be an unstable coalition government that will face a myriad of difficult and divisive political, economic, and ethnic problems.

The election for the National Assembly has become a two-party race between the UDF—a coalition of 16 opposition groups—and the BSP. Of the other 40 some parties and groups, only the Agrarian Party, which is struggling to overcome its 40-year association with the Communist Party, has a chance to draw significant nationwide support. An ethnic Turkish group, an ultranationalist coalition, and several splinter socialist parties probably will win a few seats. Runoff elections will be held on 17 June in constituencies where no party wins a majority.

Race Narrowing

The UDF apparently has made gains in recent weeks; it has capitalized on discontent over growing shortages of food and consumer goods, strong anti-Communist sentiment, and increased access to the media to offset the BSP's superior resources and organization. Seventy-five percent of respondents in a recent poll blame the BSP for the country's current problems. Although most polls show the BSP has a 7- to 10-percent lead, they almost certainly underestimate potential support for the UDF from the large number of undecided voters and the extent to which many Bulgarians are still afraid to express their views openly. More than 40 percent of the respondents in one poll said they feared the BSP.

Fair Election Likely

the voting will be heavily monitored by international and UDF observer teams to help keep it fair. Prime Minister Lukanov and other BSP leaders appear to realize international economic support hinges on a fair election. They have told party and government officials to obey electoral regulations and guarantee fairness, although they may not be able to ensure compliance by unreformed local authorities.

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Bulgaria: BSP and UDF Face Off

Bulgarian Socialist Party

The ruling Bulgarian Socialist Party, founded in 1919 and renamed in April to distance itself from its Communist past, is trying to stay ahead of political changes that have overwhelmed other Communist parties in Eastern Europe. The BSP credits itself with initiating economic reform, reducing the military forces, and prosecuting individuals guilty of abuses during the regime of former party leader Todor Zhivkov. Its platform calls for a multiparty legislature, measured transition to a mixed economy, basic human rights, agricultural and industrial reform, a reduced term of military service, continued Warsaw Pact membership, and improved relations with Western Europe and the US. Support for the BSP is strongest among the middle aged and elderly.

Union of Democratic Forces

The UDF, founded in December, is an umbrella organization comprising small groups that have banded together to defeat the Communists and establish democracy. The UDF blames the BSP for the country's political and economic bankruptcy and denounces its leaders as corrupt. The UDF's electoral platform calls for a multiparty democratic government with independent legislative, executive, and judicial branches; human rights as defined by the European Social Charter; minority rights and religious freedom; rapid transition to a free market economic system; depoliticization of the Army; and reassessment of Warsaw Pact and CEMA membership.

The UDF has strong support among urban young people but lacks access to rural Bulgarians. Significant member parties include the Nikola Petkov Agrarian Party, the Social Democratic Party, Ecoglasnost, the Discussion Club for Glasnost and Democracy, the Green Party, Radical Democratic Party, and the Podkrepa Independent Trade Union (on the ticket as independents).

WEST GERMANY: Kohl in US, Ready To Take On USSR

Kohl arrives determined that an all-German election take place this year even without Soviet agreement to German NATO membership. But he still expects the two-plus-four talks to sanction German membership in NATO and formally end Four-Power rights.

Kohl is increasingly concerned that West German businessmen will not invest in East Germany until there is political unity and that delays will raise the costs of unity. He also believes his chances for victory in an all-German election will be helped by current divisions in the opposition SPD and its on-again/off-again stand on the treaty implementing German economic and monetary union.

Comment: Kohl wants the Soviets to bless unity, but he and other senior officials almost certainly are frustrated that a host of economic sweeteners and Western flexibility on a range of security issues, such as SNF modernization and restructuring NATO's relations with CSCE, have not won Soviet acceptance of full German membership in NATO. Nonetheless, the Chancellor is putting a positive spin on the results of last week's summit and Secretary Baker's current European trip, and he almost certainly is not prepared to advocate significant new concessions.

Kohl seems prepared, if need be, to proceed with German unity in the face of Soviet opposition and no outcome in the two-plus-four talks. He believes time is working against his election prospects and that Moscow has no choice but to accept unification and eventually withdraw all Soviet forces. Kohl may be open to taking a tougher public line if Gorbachev does not become more flexible after the Soviet party congress in July, possibly by hinting to Moscow that a better deal is not in the offing. As the costs of unity become clearer, Kohl could face rightwing discontent if Germans think he is paying too high a price to appease Moscow.

USSR: **Moscow Fears Spread of Kirghiz Disorders**

Criticism by an Uzbek official of the Kirghiz leadership will probably add to Moscow's fears that the interethnic clash in Kirghizia may evolve into an interrepublic conflict.

In a departure from the usual reticence of neighboring republic officials over interethnic squabbles, the outspoken premier of Uzbekistan on Wednesday said that he warned Kirghiz officials of possible Uzbek troubles in Osh. Soviet Interior Minister Bakatin said yesterday that the clashes could become a war between the two republics. He said most of the 2,850 men deployed to the region by yesterday—a mixture of MVD, KGB, and regular army forces—were being used along the Uzbekistan border to hold back 2,000 Uzbeks trying to attack the Kirghizians. Road and air traffic from Tashkent were cut off. Bakatin claimed that the situation in Osh had been stabilized, but, in the smaller cities of Fergana Valley, crowds had attacked police stations in order to seize weapons, and fatalities had occurred. Meanwhile, in the Kirghiz capital of Frunze, 4,000 youths protesting measures to keep them from Osh, attacked party headquarters, precipitating a declaration of a state of emergency in the city. Thousands today are participating in an officially authorized day of mourning in Frunze.

Comment: This is the most severe clash between major Central Asian ethnic groups since the current wave of regional unrest began in 1986. The violence primarily had been directed at nonnative groups such as the Meskhetians and Europeans. Intervention in the conflict by Uzbek officials and informal nationalist groups could inflame the situation and make it difficult for Moscow to contain at the local level. Moscow will also see attacks against party officials as a threat to its control in the region.

Despite Bakatin's expression of alarm, Moscow is faced with competing domestic security concerns. It apparently is trying to minimize the size of the force deployed to the region—currently similar to that used to quell the riots in Dushanbe earlier this year. Moscow has additional airborne forces it can deploy if necessary. Many of its MVD forces—the preferred force against civil disorder—remain tied down in the Caucasus.

Some preelectoral violations—including discrepancies in voter registration lists, inadequate opposition representation on electoral commissions, and intimidation by local party and government officials—have occurred, particularly in provincial areas. Such tactics are not likely to affect the vote significantly unless they take place on a much wider scale.

Widespread violence does not appear likely. The campaign has been marred by a few incidents, but both leading parties have urged nonviolence during and after the campaign. The chance of clashes appears highest in regions where Muslim and anti-Muslim groups are vying against one another.

Beyond the Election

The UDF is an umbrella group and will have to form a coalition government even if it wins a majority. If both the BSP and the UDF are included, a distinct possibility, they would have difficulty reaching a governing consensus. They agree on the urgent need for a market economy but sharply differ on the pace and scope of reform. The difficult task of ridding the government bureaucracy and security services of their Communist past is another bone of contention between the BSP and the UDF. Disputes about the rights of the ethnic Turkish minority are likely to be divisive and possibly violent.

The long-term survival of both the UDF and the BSP is questionable. Wide ideological differences in the UDF, which were suppressed during the campaign, are likely to surface and threaten its dissolution as member groups vie for power in the new government. The BSP, likely to be the largest single party in the new legislature, probably will face an exodus of rightwing and leftwing factions.

Relations between Sofia and the West, nevertheless, are likely to improve further. And economic dependence on the USSR will continue to foster strong, but more equitable, relations with Moscow.

JORDAN: Debt Negotiations Stalled

Jordan's efforts to negotiate debt rescheduling agreements with its four remaining Paris Club creditors have foundered over the interest rate to be assessed on 1989-90 debt. Having missed the 31 May deadline imposed by the Club, Amman has requested a second three-month extension, Jordan is playing down the delay in signing accords with Belgium, Kuwait, and Sweden but complains that the UK—its second-largest creditor—is intransigent.

Comment: Further delays in signing the bilateral agreements may hurt Jordan's already weak international credit standing. Moreover, Amman cannot begin Paris Club proceedings on rescheduling government-to-government debt for the next two years until these bilateral agreements have been signed. Delays in formulating a Paris Club agreement on this debt also will affect London Club commercial debt rescheduling negotiations because commercial banks require that a Paris Club agreement be in place before deliberations begin.

MOROCCO: King Allows Mass Anti-Israeli Demonstration

Some 20,000 Moroccans marched in downtown Rabat this week in support of the Palestinian *intifadah* and against US backing for Tel Aviv and Soviet-Jewish immigration. Opposition parties and student and labor groups organized the march.

Comment: The large turnout is significant in a country that rarely allows mass demonstrations. King Hassan probably permitted the protest because the regime was not its target, and the theme gave the King an opportunity to express solidarity with Arab causes after the Arab summit in Baghdad. He almost certainly hoped that allowing the demonstration would improve Morocco's human rights reputation. The event will encourage fundamentalists as well as the co-opted but increasingly vocal opposition parties to seek a more visible political role.

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Escalation of Conflict in Kirghiz S.S.R., Early June 1990

The Economic Sources of Unrest

Osh Oblast, where the unrest is centered, is on the western end of the fertile Fergana Valley. The valley, which is shared by Kirghizia, Tajikistan, and Uzbekistan, recently has attracted many immigrants from impoverished sectors of Central Asia despite water shortages and public health problems.

— Soviet statistics show the population of Osh Oblast grew by 2.5 percent last year—on a par with many burgeoning Third World nations.

The population explosion has resulted in a competition for food, jobs, and living space that was waiting to explode into ethnic violence.

— Per capita consumption of important food products is well below the national average and declining.

— Educational levels are the lowest in the USSR, and the rapidly growing school-age population is putting additional pressure on the system.

— Unemployment levels are high, with some 200,000 people reportedly out of work.

— Housing is the worst in the nation, with an average of only 9 square meters of living space available per person; to limit immigration, local leaders are refusing to grant building permits around major cities.

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Hungary's National Assembly Still Considering Withdrawal

The outcome of the Warsaw Pact summit may not satisfy the Hungarian National Assembly, which will vote this month on a proposal to suspend immediately Hungary's Pact membership pending a negotiated withdrawal from the organization. The Foreign Affairs Committee of the Assembly, one of three committees that are to report to the Assembly on the proposal, voted Wednesday to support the draft legislation. Withdrawal from the Pact has great symbolic significance in Hungary—a legacy of the 1956 revolution against Soviet domination—and the government may not be able to persuade the Assembly to wait for the gradual dissolution of the Pact.

Peru: Political Novices Vie for the Presidency

Whoever wins Sunday's runoff will face challenges daunting for even the most experienced leader.

Alberto Fujimori has appealed to lower-class voters and political independents with his humble, hometown-boy-makes-good image and his promise of economic reform without sacrifice. He has insisted that the central issues are race and class—he refers to himself as *el chinito* (the little Chinaman) in an attempt to identify with the poor Indian majority, on whom this election pivots. Although a Catholic, he has tapped into Peru's 1 million evangelicals, who share his "small is beautiful" philosophy and message of progress through individual initiative. Fujimori has a talent for reducing complex issues to palatable bromides,

Mario Vargas Llosa has struggled since the first balloting in April to compete with Fujimori's common-man appeal by softening his rhetoric on a proposed economic shock program and targeting Lima's poor, rather than the middle- and upper-class voters who already support him. He has focused on a social safety net program. He has slowed Fujimori's momentum, hitting hard on his "improvised" program and ties to the discredited party of the outgoing government. Polls indicate that voters think he is the more capable leader with the more considered plan. He has had trouble, however, shedding his lofty image to convince voters that he is warm and down-to-earth, and his more concrete economic plan still represents the medicine many reject.

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NEPAL-INDIA: New Effort To Repair Relations

Nepal's Prime Minister Bhattarai is in India today seeking to end a crippling 14-month-old trade impasse between the two countries. The Bhattarai hopes to persuade New Delhi to return to the trade practices of low tariffs and other preferential trade arrangements it allowed Kathmandu before the dispute. Bhattarai is willing to yield to pressure to eliminate tariffs on Indian products and work permits for Indians but remains opposed to formal security arrangements, the key Indian demand.

Comment: Bhattarai, leading a fragile coalition at home, cannot afford to return either emptyhanded or perceived as giving in to India. Kathmandu's objective is not likely to be met without formal agreements limiting Nepal's arms purchases from China. New Delhi probably will make concessions on trade and transit to strengthen democratization in Nepal.

In Brief

USSR

— Unspecified problem with **USSR**'s Ignalina nuclear power plant in Lithuania triggered automatic shutdown yesterday, Vilnius radio says . . Moscow not likely to fully make up electricity loss.

East Asia

— Support for Prime Minister Kaifu reached 63 percent this month, a record in **Japan** . . . winning praise for trade talks with Washington, political reform proposal.

Europe

— **Hungarian** Brig. Gen. Antal Annus named Wednesday to one of Defense Ministry's top posts . . . career officer, oversaw **Soviet** troop withdrawal . . . poor relations with Soviets will further cool already frosty defense ties.

Americas

— **Ecuadorian** Indian protests intensifying in second week . . . groups in Quito, six provinces demanding land, economic and social benefits . . . may turn more violent as military tries to contain unrest before midmonth legislative election.

WARSAW PACT: Reforms Buy Time for Moscow

At their summit yesterday, Warsaw Pact leaders papered over differences on the long-term future of the alliance by agreeing to transform it into a political organization as a step toward a Pan-European security order. In his opening statement, President Gorbachev said Moscow would accept various forms of alliance membership for the East European countries, but reiterated that Germany must remain in both NATO and the Pact. According to the summit's public declaration, a new commission is to work out a strategy for the Pact's transformation to be considered at another summit this fall.

Comment: Moscow achieved its main goal: preserving the semblance of Pact unity, which it views as necessary to influence the European security dialogue and German unification. The other Pact governments are willing to accept the continued existence of the alliance in the near term in part to bolster Gorbachev and in part to use it as a vehicle to press proposals to transform CSCE into an institutionalized security forum. The Pact's de facto military and political disintegration will continue, however, as each East European country follows its own interests in building ties to the West.

USSR: "Civilizing" the Cooperatives

Amendments to the 1988 law on cooperatives approved by the Supreme Soviet on Wednesday will permit authorities to monitor more closely the financial activities of cooperatives—accused by some of widespread illegalities—but also will increase the cooperatives' legal rights. Privately owned cooperatives have been legal in the USSR since 1986 and have competed with the government in providing goods and services. Cooperatives will now be limited to one bank account and held to stricter rules on the use of credit and cash funds. The new legislation gives a cooperative the right to appeal to the courts when local authorities order it closed and allows it to continue to operate until a ruling has been issued. The Supreme Soviet resisted efforts by some opponents of the cooperatives to require individual licensing of all cooperative activities.

Comment: Backers of the legislation argue that it is needed to curb abuses by cooperatives and to create a "civilized cooperative movement." Cooperatives have been accused in press reports of a variety of shady dealings, and, in fact, Moscow's reluctance to allocate needed supplies has forced most to break some rules in order to operate. The new financial regulations will be difficult to enforce and are not likely to restrict the growth of the booming cooperative sector.

PERU: **Presidential Race Too Close To Call**

Neither Mario Vargas Llosa nor Alberto Fujimori holds a decisive lead going into the runoff election on Sunday;

In Peru's first televised presidential debate last Sunday, Vargas Llosa emphasized the foreignness, inexperience, and lack of competent advisers of his ethnic Japanese rival and the anti-Catholicism of Fujimori's Protestant supporters. Fujimori continued to claim Vargas Llosa's economic program would hurt the poor but did not clarify his own vague policy plans. Opinion polls from late last month show Vargas Llosa leading in Lima but trailing Fujimori nationally by about 5 percentage points. Other surveys estimate more than 10 percent of voters remain undecided.

The government has declared a 30-day state of emergency in the capital, giving the military more power to keep insurgents from disrupting the voting. The press reports more than 30 deaths in insurgency-related violence in the past 10 days, including some newly elected congressmen.

Comment: The election may turn on Vargas Llosa's ability to reduce popular fears of harsh economic solutions that cost him votes in the first round. Because the release of polling results during the last two weeks of the campaign is prohibited, neither candidate will find it easy to build momentum from the debate.

The military is likely to be concerned about a civilian government's ability to tackle the economic and insurgency crises no matter who wins.