

Item Subject: WHOSE RUSSIA IS IT ANYWAY? TOWARD A POLICY OF BENIGN RESPECT

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SUBJECT: WHOSE RUSSIA IS IT ANYWAY?  
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1. ~~CONFIDENTIAL~~ - ENTIRE TEXT.

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INTRODUCTION  
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2. THE FOLLOWING ESSAY IS SUBMITTED UNDER THE PROVISIONS OF DISSENT CHANNEL (5 FAM 212.3C AND 11 FAM 243.3). THE AUTHOR IS FS-01 E. WAYNE MERRY, CHIEF OF EMBASSY MOSCOW'S INTERNAL POLITICS SECTION. THE AUTHOR POSES NO OBJECTION TO DISSEMINATION OF THIS ESSAY, INCLUDING TO S/NIS, D, P, C, E, S/P, INR, EUR/ISCA.

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SUMMARY  
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3. DEMOCRATIC FORCES IN RUSSIA ARE IN SERIOUS TROUBLE WE ARE NOT HELPING WITH A MISGUIDED OVER-EMPHASIS ON MARKET ECONOMICS. THERE IS NO REASON TO BELIEVE THE RUSSIAN ECONOMY IS CAPABLE OF RAPID MARKET REFORM. THERE IS REASON TO FEAR THAT AN INTRUSIVE WESTERN EFFORT TO ALTER THE ECONOMY AGAINST THE WISHES OF THE RUSSIAN PEOPLE CAN EXHAUST THE ALREADY DIMINISHING RESERVOIR OF GOODWILL TOWARD AMERICA, ASSIST ANTI-DEMOCRATIC FORCES, AND HELP RECREATE AN ADVERSARIAL RELATIONSHIP BETWEEN RUSSIA AND THE WEST. THE LEGACY OF SOVIET MISMANAGEMENT HAS INVERTED THE NORMAL DIRECTION OF SOCIAL CHANGE, WITH THE POLITICAL REALM DRIVING THE ECONOMIC. REFORM IN RUSSIA WILL TAKE DIFFERENT FORMS FROM THOSE WE FAVOR: FORMS OF STATIST DIRECTION OF THE ECONOMY AND OF COMMUNITARIAN SOCIAL PRIORITIES DERIVED FROM RUSSIA'S OBJECTIVE NEEDS AND LONG TRADITIONS. THE UNITED STATES SHOULD SEEK A NON-AGGRESSIVE RUSSIAN EXTERNAL POLICY AND DEVELOPMENT OF WORKABLE DEMOCRATIC INSTITUTIONS, EVEN (PERHAPS ESPECIALLY) WHEN THE ECONOMIC CHOICES OF THAT DEMOCRACY DO NOT ACHIEVE AN AMERICAN STANDARD OF "SUCCESS".

END SUMMARY  
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4. 1994 WILL BE A VERY DIFFICULT YEAR FOR RUSSIAN DEMOCRATS. AMERICAN EQUITIES IN THE DEVELOPMENT OF A DEMOCRATIC AND NON-AGGRESSIVE RUSSIAN STATE ARE AT GREATER RISK NOW THAN AT ANY TIME SINCE BEFORE THE COLLAPSE OF SOVIET POWER. WITHOUT RESORTING TO THE "REFORM IS DEAD" AND "WHO LOST RUSSIA?" EXTREMES OF RECENT PUBLIC DEBATE IN THE WEST, IT IS TIME TO QUESTION WHETHER UNITED STATES POLICY HAS CHOSEN THE CORRECT INSTRUMENTS TO SERVE OUR INTERESTS, AND WHETHER THOSE INTERESTS HAVE BEEN CORRECTLY DEFINED.

5. UNITED STATES INTERESTS DEPEND ON RUSSIA'S PERFORMANCE AS A GREAT POWER -- AS GREAT POWER IT SHALL REMAIN, WITH THE ONLY ARSENAL OF WEAPONS OF MASS DESTRUCTION CAPABLE OF THREATENING THE LIFE OF THE AMERICAN NATION. THE YELTSIN GOVERNMENT'S ASPIRATION AS A GREAT POWER IS ACCEPTANCE AS A FULL PARTICIPANT IN THE WESTERN COMMUNITY OF STATES. THE WEST SHOULD JUDGE RUSSIA'S ACCEPTABILITY PRIMARILY BY POLITICAL STANDARDS, REFLECTING ITS PERFORMANCE IN ADHERING TO AGREED INTERNATIONAL NORMS IN HUMAN AND CIVIL RIGHTS, IN DEVELOPING ACCOUNTABLE AND DURABLE DEMOCRATIC INSTITUTIONS, AND IN CONDUCTING RESPONSIBLE RELATIONS WITH OTHER COUNTRIES. IN ALL THESE AREAS, POST-SOVIET RUSSIA HAS MADE CONSIDERABLE, IF INCOMPLETE, STRIDES AND ASPIRES TO MORE.

6. OUR INTERESTS ARE ONLY INDIRECTLY AND TANGENTIALLY LINKED TO THE FORM OF RUSSIA'S DOMESTIC ECONOMY, A FIELD WHERE NO ACCEPTED INTERNATIONAL NORMS EXIST AND WESTERN COUNTRIES THEMSELVES VARY WIDELY IN BOTH THEORY AND PRACTICE. IF RUSSIA ELECTS TO FOLLOW A NON-ANGLO-AMERICAN SCHOOL OF ECONOMICS, IT WILL BE IN EXCELLENT COMPANY. AMERICAN INTERESTS ARE DIRECTLY TIED TO THE FATE OF RUSSIAN DEMOCRACY BUT NOT TO THE CHOICES THAT DEMOCRACY MAY MAKE ABOUT THE DISTRIBUTION OF ITS OWN WEALTH AND ABOUT THE ORGANIZATION OF ITS MEANS OF PRODUCTION AND FINANCE. OUR INTERESTS ARE BEST SERVED BY NEUTRALITY ON THESE QUESTIONS EVEN IF THE CHOICES PROVE TO BE "WRONG" ACCORDING TO CURRENT AMERICAN ACADEMIC THEORY AND EVEN IF THEY RESULT IN OBJECTIVE ECONOMIC FAILURE IN THE NEAR TERM, AS THEY PROBABLY WILL. RUSSIAN SOCIETY HAS AN ALMOST LIMITLESS CAPACITY TO ABSORB FAILURE AND TO ACCEPT RESPONSIBILITY FOR ITS OWN ERRORS. INCREASINGLY, HOWEVER, WESTERN POLICY IS SHIFTING THE LOCUS OF ACCOUNTABILITY IN RUSSIAN EYES FOR ECONOMIC FAILURES ONTO THE WEST, WITH THE UNITED STATES IN THE BULL'S EYE. NOTHING SERVES

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OUR INTERESTS LESS.

II

7. SYMPTOMATIC OF OUR PROBLEM WAS THE RECENT "REFORM IS DEAD" HAND-WRINGING IN THE WEST, WHICH RUSSIAN LEADERS KNOW REFLECTED OUR INTERNAL POLICY DEBATES. THIS WESTERN ANXIETY ATTACK WAS SUFFICIENT TO DISCOURAGE THE MOST OPTIMISTIC OF RUSSIAN DEMOCRATS ABOUT OUR CAPACITY FOR CONSISTENT POLICY (IN A SOCIETY EVER INCLINED TO SEE NEFARIOUS MOTIVES IN FOREIGN COMMENTARY). THE WESTERN DEBATE REACHED ITS NADIR (SO FAR) IN THE FRANTIC REACTIONS TO THE JANUARY RESIGNATIONS OF YEGOR GAYDAR AND BORIS FEDOROV -- REACTIONS WHICH, IN MOSCOW, SEEMED ABSURD. WHAT WERE RUSSIAN DEMOCRATS TO THINK WHEN THEY LEARNED THAT OUR ASSESSMENT OF THE FUTURE OF THIS CONTINENTAL STATE DEPENDED ON THE PRESENCE IN THE CENTRAL ADMINISTRATION OF TWO SECOND-TIER APPOINTED OFFICIALS? HOW ARE SENIOR REFORMERS LIKE CHUBAYS, SHAKHRAI, SHOKHIN, KOZYREV AND OTHERS (LET ALONE CHERNOMYRDIN AND YELTSIN HIMSELF) TO REACT TO OUR ADVICE AFTER READING WE BELIEVE THERE NOW ARE NO REFORMERS IN THE RUSSIAN GOVERNMENT?

8. IN PRACTICAL TERMS, IT WOULD HAVE MADE VERY LITTLE DIFFERENCE IF GAYDAR AND FEDOROV REMAINED IN OFFICE. BOTH MEN HAD LARGELY EXPENDED THEIR STOCK OF POLITICAL CAPITAL (FEDOROV TOTALLY). NEITHER COULD DOMINATE POLICY DEBATES IN THE AFTERMATH OF THE DECEMBER ELECTION, AND BOTH WERE FAR TOO CLOSELY IDENTIFIED WITH THE WEST AND THE UNITED STATES FOR THEIR OWN POLITICAL GOOD, AND OURS. IN THE HIGHLY-CHARGED POLITICAL ATMOSPHERE OF THE NEW YEAR, BOTH MEN HAD BECOME LIABILITIES TO THE REFORM PROCESS.

9. GAYDAR, BY FAR THE MORE ASTUTE OF THE TWO ECONOMISTS, RECOGNIZED THE DECLINE OF HIS INFLUENCE AND UNDERSTOOD THERE MUST BE CONSEQUENCES FOR THE POOR ELECTORAL PERFORMANCE OF THE PARTY HE LEADS (THE MISNAMED "RUSSIA'S CHOICE"). TO HIS CREDIT, GAYDAR ACKNOWLEDGES THAT HIS TWO TERMS OF OFFICE WERE MARKED BY FAILURES AS WELL AS BY ACHIEVEMENTS AND KNOWS THERE ARE NO SIMPLE, ONE-DIMENSIONAL POLICY SOLUTIONS TO DEEPSEATED PROBLEMS. HIS GREAT, AND PROBABLY ENDURING, LEGACY IS THE MOETIZATION OF THE RUSSIAN ECONOMY, BRINGING THE LOGIC AND DISCIPLINE OF FINANCE INTO ECONOMIC DECISION-MAKING AT ALL LEVELS. GAYDAR'S DEPARTURE FROM GOVERNMENT WAS THE ACT OF A MAN OF HONOR

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AND CONVICTION. ALTHOUGH HIS PERFORMANCE SO FAR AS LEADER OF THE LARGEST REFORM FACTION IN THE NEW DUMA HAS BEEN UNIMPRESSIVE, GAYDAR REMAINS A CONSTRUCTIVE FIGURE AND A REALIST.

10. FEDOROV, IN CONTRAST, IS A NARROW AND RIGID SPECIALIST FULL OF PRAISE ONLY FOR HIMSELF AND OF DENUNCIATION FOR ALL WHO DO NOT PRAISE HIM. HIS DEPARTURE WAS SHABBY MELODRAMA, DEVOID OF POLICY CONTENT OR PERSONAL GRACE. FEDOROV LEARNED NOTHING FROM THE DECEMBER ELECTIONS (SAYING MUCH ABOUT HIS DEMOCRATIC CREDENTIALS) AND LAID DOWN CONDITIONS TO REMAIN IN OFFICE WHICH NO SELF-RESPECTING GOVERNMENT ON EARTH WOULD HAVE ACCEPTED. PETULANT IN HIS REFUSAL TO ACKNOWLEDGE EVEN THE HINT OF ERROR IN HIS OWN PERFORMANCE (LET ALONE HIS CONTRIBUTION TO THE ELECTORAL DISASTER BY WITHHOLDING THE PAY OF MILLIONS OF WORKERS IN THE MONTHS BEFORE THE BALLOTING), FEDOROV REMAINS A DESTRUCTIVE FIGURE. IN THE DUMA, HE REFUSED EVEN TO MAKE COMMON CAUSE WITH GAYDAR BUT IMMEDIATELY CREATED A SCHISM IN THE ALREADY SHAKY DEMOCRATIC RANKS.

III

11. EVEN THE MOST UNCRITICAL WESTERN FANS OF THE RUSSIAN RADICAL MARKET REFORMERS MUST (OR SHOULD) NOW RECOGNIZE THAT THE RADICALS LOST A GENERAL ELECTION, LOST IT BADLY, AND LOST IT FAIR AND SQUARE. BEFORE DECEMBER 12, THERE WAS MUCH ANXIETY IN THE WEST THAT THE ELECTION CAMPAIGN WAS SO TILTED IN FAVOR OF "RUSSIA'S CHOICE" AS TO RENDER THE OUTCOME SUSPECT. IN THE EVENT, THE DECEMBER ELECTIONS IRONICALLY DEMONSTRATED THE UNDERLYING MERIT OF REPRESENTATIVE DEMOCRACY: THE ONLY WAY REALLY TO KNOW WHAT THE PEOPLE WANT, AND DON'T WANT, IS TO ASK THEM.

12. WHAT THE ELECTION SHOWED, YET AGAIN, IS THAT RUSSIA IS A VERY DIFFERENT SOCIETY THAN AMERICA. IN CONTEMPORARY AMERICAN RHETORIC, "DEMOCRACY" AND "THE MARKET" ARE TREATED AS ALMOST SYNONYMOUS TERMS AND CERTAINLY AS MUTUALLY DEPENDENT. FEW, IF ANY, RUSSIANS PERCEIVE THEM SO. AMERICAN DOGMA PORTRAYS "DEMOCRACY" AND "THE MARKET" AS FREEDOM OF CHOICE FOR THE INDIVIDUAL IN THE POLITICAL AND ECONOMIC REALMS, WITH

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HIGHLY POSITIVE ETHICAL CONNOTATIONS. RUSSIANS (AND MOST NON-AMERICANS) ARE SIMPLY BAFFLED BY THIS VISION

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OF A SOCIETAL DOUBLE HELIX OF POLITICAL AND ECONOMIC DECISIONS LEADING TO A HIGHER MORAL AND MATERIAL STATE OF BEING. VERY, VERY FEW RUSSIANS IMPART POSITIVE ETHICAL CONTENT TO MARKET FORCES, AND UNFORTUNATELY MORE OF THESE ARE MAFIA THAN ECONOMISTS. MOST RUSSIANS VIEW "THE MARKET" AS ALIEN AND THREATENING, AS THE PRESERVE OF "EXPLOITERS" AND "SPECULATORS" WHOSE "CHOICES" ARE INEVITABLY AT THE EXPENSE OF THE HAPLESS CONSUMER.

13. IN TERMS OF THE DEMOCRATIC PRINCIPLES WE ESPOUSE, THE RADICAL REFORMERS DESERVED TO LOSE THE DECEMBER ELECTIONS. OUT OF TOUCH WITH THE REALITIES OF LIFE IN THEIR OWN COUNTRY, THE BRASH YOUNG REFORMERS OF "RUSSIA'S CHOICE" ADVOCATED A RAPID AND FORCED SHIFT TO MARKET MECHANISMS WITH A GREATLY REDUCED ROLE FOR GOVERNMENT, MAXIMUM FREEDOM OF CHOICE FOR INDIVIDUAL ENTREPRENEURS AND CONSUMERS, AND MINIMUM SOCIAL PROTECTIONS. OTHER REFORMIST PARTIES PROPOSED A MIXTURE OF MARKET MECHANISMS WITH STATE INTERVENTION BUT, ON ELECTION DAY, "MARKETEERS" OF ALL STRIPES RECEIVED BARELY ONE THIRD OF VOTES CAST, WITH THE CAUTIOUS REFORMERS AND "CENTRISTS" AGGREGATING SIGNIFICANTLY MORE VOTES THAN THE "RADICALS". A MAJORITY OF THE ACTIVE ELECTORATE SUPPORTED PARTIES ESPOUSING OVERTLY STATIST ECONOMIC PROGRAMS.

14. THE ELECTION OUTCOME WAS NOT A FLUKE NOR THE RESULT OF MEDIA MANIPULATION. THE CAMPAIGN PROVIDED AMPLE OPPORTUNITY FOR ALL COMPETING VIEWS, WHILE RUSSIANS UNDERSTAND VERY WELL THE CHOICES THEY FACE. WHATEVER MAY BE WESTERN THEORETICAL DEFINITIONS OF "SHOCK THERAPY", THE RUSSIAN VOTER COULD LOOK BACK ON MORE ECONOMIC DISLOCATION IN THE PREVIOUS TWO YEARS THAN IN THE PRECEDING FORTY AND KNEW WHAT TO EXPECT AT THE HANDS OF THE "RADICALS". "RUSSIA'S CHOICE" APPEALED TO EDUCATED AND ENTERPRISING INDIVIDUALS AND DID VERY WELL AMONG THEM, DESPITE ILL-ADVISED USE OF AMERICAN-STYLE ADVERTISING. UNFORTUNATELY, THE RADICALS APPEALED ONLY TO INDIVIDUALS, NOT TO COMMUNITIES OR COLLECTIVES IN A COUNTRY WHERE GROUP IDENTITY REMAINS EXCEPTIONALLY IMPORTANT IN DETERMINING INDIVIDUAL CHOICES. IRONICALLY, THE ANTI-DEMOCRATS UNDERSTOOD WHAT POLITICAL PARTIES ARE SUPPOSED TO DO IN DEMOCRATIC SOCIETIES: REPRESENT CONSTITUENCIES AND GROUP INTERESTS. IN DOING SO, THEY WON.

15. THE DECEMBER ELECTIONS WERE NOT A MANDATE TO RETURN TO ANYTHING LIKE THE SOVIET SYSTEM. THE ELECTIONS WERE ABOUT THE FUTURE DIRECTION OF THE COUNTRY. SOCIAL PAIN CERTAINLY PLAYED A ROLE, BUT FEAR

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OF THE FUTURE WAS DECISIVE. IN PRECEDING MONTHS, THE BOTTOM FELL OUT OF LIVING STANDARDS FOR MILLIONS OF WORKING CLASS PEOPLE WHO HAD MANAGED TO SCRAPE BY UNTIL THEN. MEANWHILE, RUSSIANS AT ALL ECONOMIC LEVELS WERE HORRIFIED BY THE BLOODY AUTUMN CONFRONTATION IN THE CAPITAL. IN CONSEQUENCE, ANXIETY SPREAD THAT THE COUNTRY WAS ON THE ROAD TO DISASTER. RUSSIANS FEARED THAT THE BASIC PRIORITIES OF THEIR SOCIETY WERE IN DANGER AND TOOK THOSE FEARS TO THE BALLOT BOX.

16. THE ELECTION RESULTS MUST AND WILL HAVE AN IMPACT ON PUBLIC POLICY, AS IN ANY COUNTRY WITH AN ACCOUNTABLE DEMOCRACY. (WIDESPREAD DOUBT THIS WOULD BE SO WAS PRIMARILY RESPONSIBLE FOR THE VERY LOW TURNOUT.) IF THE DEMOCRATIC COMMITMENTS ENSHRINED IN THE NEW CONSTITUTION ARE NOT TO BE PROVEN A SHAM, POLICY MUST RESPOND TO THE VOTERS. THIS SEEMS AN OBVIOUS POINT, BUT IS WORTH STRESSING IN LIGHT OF THE WIDESPREAD WESTERN REACTION THAT "THANK GOD THE PARLIAMENT IS WEAK, OTHERWISE IT MIGHT BE ABLE TO CHANGE ECONOMIC POLICY. FORTUNATELY, UNDER THE NEW CONSTITUTION YELTSIN WILL BE STRONG ENOUGH TO IGNORE THE ELECTIONS."

#### IV

17. DESPITE HIS OCCASIONAL RESORT TO EXECUTIVE ACTION, BORIS YELTSIN HAS NEITHER THE MIND NOR THE INCLINATIONS OF A DICTATOR. IN CONTRAST TO GORBACHEV (WHO ALEKSANDR YAKOVLEV SAID WAS BY NATURE A DEMOCRAT BUT ALWAYS AFRAID OF DEMOCRACY), YELTSIN IS A DOMINATING INDIVIDUAL WHO DOES NOT FEAR HIS PEOPLE. DISAPPOINTED AS HE WAS BY THE ELECTION RESULTS, YELTSIN IS SUFFICIENTLY UNAFRAID OF DEMOCRACY TO ACCEPT THE OUTCOME AND TO DEAL WITH THE CONSEQUENCES (MORE THAN CAN BE SAID FOR SOME OF HIS ADMIRERS, WHO INTIMATED THAT A REPEAT OF HIS AUTUMN MEASURES WOULD BE WELCOME). THESE CONSEQUENCES WILL OFTEN BE VERY DISAGREEABLE, AS WAS THE RELEASE OF RUTSKOY, KHASBULATOV AND ASSOCIATES. WHILE YELTSIN MIGHT HAVE

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DEFIED THE DUMA ON THE AMNESTY ISSUE OR AT LEAST EMPLOYED LEGAL TECHNICALITIES TO DELAY IMPLEMENTATION, THE RUSSIAN PRESIDENT SHOWED HIS COMMITMENT TO RULE OF

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LAW BY BOWING TO THE LETTER OF THE CONSTITUTIONAL PROVISION HE HAD HIMSELF PROVIDED.

18. IN BOTH WORD AND DEED IN RECENT WEEKS, YELTSIN HAS DEMONSTRATED RESPECT FOR THE DEMOCRATIC MECHANISMS HE DID MUCH TO CREATE PLUS HIS BELIEF THAT, AS NATIONAL LEADER, HE SHOULD BE AHEAD OF PUBLIC OPINION RATHER THAN PRISONER TO IT. THE CONFLICT OF STRONG EXECUTIVE LEADERSHIP WITH GROWING LEGISLATIVE POWER WILL DEFINE RUSSIAN POLITICS IN THE MONTHS AHEAD, PROBABLY RESULTING IN POLICY GRIDLOCK. RATHER THAN ENDURE A REPETITION OF THE EXECUTIVE-LEGISLATIVE STRUGGLES OF 1992-93, YELTSIN AND CHERNOMYRDIN HAVE SOUGHT A MODUS VIVENDI WITH THE LEGISLATURE TO PRESERVE THE BASIC LINES OF REFORM (THROUGH A "MEMORANDUM OF NATIONAL ACCORD AND PEACE"). UNFORTUNATELY, WITH THE BEST WILL IN THE WORLD, THE GOVERNMENT CANNOT WORK CONSTRUCTIVELY WITH THE NEW DUMA, IF ONLY BECAUSE THE DUMA IS INCAPABLE OF WORKING CONSTRUCTIVELY WITHIN ITSELF. THE PLETHORA OF FACTIONS AND THEIR MUTUAL INCOMPATIBILITY, THE ANTI-DEMOCRATIC AND ANTI-REFORM BIAS OF THE MAJORITY OF DEPUTIES, THE ABSENCE OF ANY RUSSIAN TRADITION OF A TRUE LEGISLATIVE AS OPPOSED TO DELIBERATIVE BODY, AND THE SHORT TERM OF THIS DUMA (TWO YEARS) ALL MILITATE AGAINST RESPONSIBLE LEGISLATIVE BEHAVIOR.

19. ONLY HALFWAY THROUGH HIS LEGAL TERM OF OFFICE AS RUSSIAN PRESIDENT, BORIS YELTSIN FACES GREATER DOMESTIC CHALLENGES WITH FEWER EFFECTIVE ALLIES THAN AT ANY TIME SINCE HE CUT HIS TIES TO THE COMMUNIST PARTY AND GORBACHEV. YELTSIN IS NOT WITHOUT CONSIDERABLE RESOURCES, PERSONAL AND INSTITUTIONAL. YELTSIN HAS VARIOUS PHYSICAL PROBLEMS, THE MOST SERIOUS THE RESULT OF THE LOWER BACK INJURIES FOR WHICH HE TAKES OCCASIONAL STRONG MEDICATION, BUT HE REMAINS A ROBUST INDIVIDUAL OF REMARKABLE STAMINA. IF PERIODIC RESORT TO ALCOHOL IS A FAILING, IT IS ONE YELTSIN SHARES WITH MOST OF THE ADULT MALE POPULATION OF HIS COUNTRY. DESPITE HIS OCCASIONAL BOUTS OF DEPRESSION AND ISOLATION (TRAITS SHARED BY LINCOLN, CHURCHILL AND OTHERS), YELTSIN HAS SHOWN AGAIN AND AGAIN AN ABILITY TO RISE TO THE CHALLENGE IN A CRISIS. (UNFORTUNATELY, IT OFTEN TAKES A CRISIS TO GET HIM OFF THE DIME.) YELTSIN HAS HAD "DOWN" PERIODS BEFORE; INDEED, HE WAS MUCH LESS ACTIVE AND LESS IN CONTROL DURING JANUARY-FEBRUARY 1993 THAN IN RECENT WEEKS, BUT CAME ROARING BACK IN THE SPRING. IN ADDITION, YELTSIN NOW COMMANDS JURIDICAL AUTHORITY FAR BEYOND ANYTHING HE ENJOYED UNDER THE SOVIET-ERA RUSSIAN CONSTITUTION. IN LEGAL TERMS, YELTSIN IS AS STRONG IN RUSSIA TODAY AS

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WAS DE GAULLE IN FRANCE IN THE EARLY SIXTIES.

20. UNFORTUNATELY, YELTSIN'S CONSTITUTIONAL POWER WILL AVAIL HIM NO MORE THAN DID DE GAULLE'S IN 1968 IF HE CONTINUES TO LOSE PUBLIC TRUST. YELTSIN'S POPULARITY HAS

WANE SIGNIFICANTLY SINCE ITS APOGEE IN AUGUST 1991. SOME EROSION WAS TO BE EXPECTED WITH THE PASSAGE OF TIME AND THE IMPACT OF REFORM POLICIES. HOWEVER, MORE IS INVOLVED. YELTSIN HAS LOST STATURE WITH HIS PEOPLE FOR FOUR REASONS (AT LEAST).

21. FIRST, YELTSIN IS MUCH LESS EFFECTIVE IN OFFICE THAN IN OPPOSITION. THE FIRE AND CHARISMA OF YELTSIN'S ASSAULT ON THE COMMUNIST SYSTEM DURING 1991 ARE MOSTLY ABSENT FROM HIS PRESIDENTIAL PERFORMANCE. THE RECENT "STATE OF THE FEDERATION" ADDRESS IS A CASE IN POINT. THE TEXT MAKES ALL THE RIGHT POINTS, COOPTS ALL THE OPPOSITION'S ISSUES, AND WAS FORCEFULLY DELIVERED. UNFORTUNATELY, THE SPEECH LEFT MOST RUSSIANS (REFORMERS INCLUDED) UNMOVED. TO THE AVERAGE RUSSIAN VIEWER, THE PRESENTATION RESEMBLED THAT OF A SOVIET-ERA GENERAL-SECRETARY. MISSING WERE THE VIRILE LEADERSHIP AND MORAL AUTHORITY OF YELTSIN IN OPPOSITION.

22. SECOND, YELTSIN NO LONGER HAS HIS FINGER ON THE PULSE OF AVERAGE PEOPLE. MORE TO THE POINT, AVERAGE PEOPLE KNOW IT. GONE IS THE SVERDLOVSK PARTY BOSS WHO SHOPPED AT THE LOCAL MARKET AND THE NEW PRESIDENT WHO VISITED A DIFFERENT REGION EACH MONTH TO PRESS THE FLESH AND LISTEN TO COMPLAINTS. YELTSIN LEADS A MODEST LIFESTYLE COMPARED TO HIS PREDECESSORS OR WESTERN COUNTERPARTS, BUT TO THE RUSSIAN EYE HE IS SURROUNDED BY EVER-INCREASING REGAL TRAPPINGS, THE PANOPLY OF POWER AND A NARROW CLIQUE OF COURTIER. WHEN COAL MINERS IN THE FAR NORTH (THE CUTTING EDGE OF ANTI-SOVIETISM) RECENTLY CALLED FOR YELTSIN'S OUSTER, IT WAS BECAUSE THEY FEEL THEIR TRIBUNE HAS BECOME A PATRICIAN.

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23. THIRD, LIKE GORBACHEV BEFORE HIM, YELTSIN IS INCREASINGLY PRESIDENT FOR THE OUTSIDE WORLD RATHER THAN FOR HIS OWN PEOPLE. THE MAN WHO TWO YEARS AGO FLATLY REFUSED TO GIVE TIME TO VISITING FOREIGNERS NOW DEVOTES MUCH OF HIS SCHEDULE TO THE INSATIABLE DEMANDS OF WESTERN GOVERNMENTS AND INSTITUTIONS.

UNFORTUNATELY, EACH SUCCESSIVE WESTERN DELEGATION TO



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THE KREMLIN INCREASES FEAR IN THE MINDS OF THE POPULACE THAT THEIR COUNTRY HAS BEEN REDUCED TO A DEPENDENCY OF THE WEST. ONLY RARELY (AS IN BOSNIA) DOES A FOREIGN UNDERTAKING BRING CREDIT AT HOME, AND ONLY WHEN THE POLICY IS OVERTLY IN SUPPORT OF RUSSIAN "NATIONAL INTERESTS".

24. FOURTH, THE AUTUMN CONFRONTATION WITH THE OLD LEGISLATURE WAS A PYRRHIC VICTORY FOR THE RUSSIAN PRESIDENT, WHO IRREVOCABLY LOST PART OF HIS POPULAR MANDATE. RUSSIANS OF ALL POLITICAL VIEWPOINTS WERE DEEPLY HUMILIATED BY THE BLOODBATH IN THE CENTER OF MOSCOW AND INCLINED TO GIVE CREDIT TO NONE OF THE PARTICIPANTS. EVEN RUSSIANS WHO WERE VERY RELIEVED THAT YELTSIN WON THE BATTLE DID NOT THANK HIM FOR INITIATING THE CONFRONTATION. THE ABSENCE OF PUBLIC EMOTION ONE WAY OR ANOTHER TO THE RELEASE OF RUTSKOY AND HIS ASSOCIATES DEMONSTRATES THE ALIENATION OF RUSSIANS FROM ALL THEIR POLITICIANS, UNFORTUNATELY INCLUDING THE PRESIDENT.

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25. THE DIMINISHMENT OF YELTSIN'S STANDING WOULD BE COMPARATIVELY UNIMPORTANT IF COMPENSATED BY AN INCREASE IN THE CREDIBILITY AND EFFECTIVENESS OF OTHER DEMOCRATIC POLITICAL FORCES. THE OPPOSITE IS THE CASE. YELTSIN IS THE LEADER OF A GOVERNMENT CLOSELY MODELED ON DE GAULLE'S FIFTH REPUBLIC, BUT WITHOUT A GAULLIST PARTY TO TRANSFORM PRESIDENTIAL POLICY INTO POLITICAL MOMENTUM. AFTER SEVERAL FALSE STARTS, IT IS CLEAR YELTSIN WILL NOT INITIATE A PRESIDENTIAL PARTY BECAUSE HE DOES NOT WANT TO. DESPITE GOOD AND FREQUENT ADVICE TO THE CONTRARY, YELTSIN PREFERS TO BE PRESIDENT IN THE GERMAN OR ITALIAN STYLE RATHER THAN THE AMERICAN OR FRENCH. EVEN IF HE NOW HAD A CHANGE OF MIND, IT IS TOO LATE TO RECTIFY THE DAMAGE CAUSED BY THE LACK OF A PARTY TO SHARE YELTSIN'S PRESTIGE WITH HIS POLITICAL ASSOCIATES. THINGS ARE NOW AT THE POINT WHERE MANY REFORMIST POLITICIANS ACTIVELY DISTANCE THEMSELVES FROM THE PRESIDENT, IN PART FOR FEAR OF "NEGATIVE COATTAILS".

26. WHATEVER YELTSIN'S RECENT FAILINGS AS A POLITICAL TACTICIAN, OTHER DEMOCRATS ARE EVEN WORSE. THREE MONTHS AFTER AN ELECTORAL DISASTER, RUSSIA'S DEMOCRATIC POLITICAL FORCES HAVE LEARNED NOTHING. DISUNITED AND FRACTIOUS BEFORE THE ELECTION, THE DEMOCRATS NOW ARE SCHISMATIC AS ONLY WELL-MEANING RUSSIANS CAN BE. IT IS INDICATIVE THAT BORIS FEDOROV COULD NOT ABIDE SITTING IN THE SAME PARLIAMENTARY FACTION WITH YEGOR GAYDAR, WHILE SERGEI SHAKHRAV ACTIVELY SUPPORTED AN AMNESTY FOR

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THE PRESIDENT'S ENEMIES WHILE OCCUPYING A SENIOR MINISTERIAL POST IN THE GOVERNMENT. SPEAKER RYBKIN WAS NOT FAR FROM THE TRUTH WHEN HE SAID THAT ALL DEPUTIES NOW OPPOSE YELTSIN. AT TIMES, THE DISARRAY OF THE DEMOCRATS APPROACHES PARODY: FOR EXAMPLE, ONE PRO-DEMOCRACY GROUP RECENTLY ELECTED A SENIOR MEMBER OF ANOTHER GROUP TO A LEADERSHIP POSITION WITHOUT HER KNOWLEDGE. LACKING A STRONG WHIP-HAND FROM YELTSIN, RUSSIAN DEMOCRATS HAVE SHOWN THEMSELVES A PATHETIC LOT.

27. NOWHERE IS THE STRUCTURAL WEAKNESS OF THE DEMOCRATS MORE APPARENT THAN IN THE LOWER HOUSE OF THE NEW LEGISLATURE, THE STATE DUMA. HOLDING BARELY ONE-THIRD OF THE SEATS, THE DEMOCRATS EFFECTIVELY OPERATE AT THE MARGINS FOR THREE REASONS: FIRST, MANY DEMOCRATIC DEPUTIES DO NOT BOTHER TO SHOW UP FOR SESSIONS; SECOND, THE VARIOUS PRODEMOCRACY FACTIONS PREFER TO SUBDIVIDE AND FIGHT ONE ANOTHER THAN UNITE (SHAKHRAI RECENTLY ANNOUNCED HE DOES NOT EVEN REGARD GAYDAR'S FACTION AS AN ALLY WITHIN THE DUMA); AND, THIRD, ANTI-DEMOCRACY FORCES (NEO-COMMUNISTS AND ULTRA-NATIONALISTS) HAVE AN ACTIVIST AGENDA, COOPERATE TACTICALLY, AND KEEP THEIR DEPUTIES IN THE HALL AT VOTING TIME. MAYOR DALEY ONCE SAID POLITICS IS KNOWING HOW TO COUNT. BY THIS STANDARD, ANTI-DEMOCRATIC FORCES IN THE DUMA ARE POLITICIANS; THE DEMOCRATS ARE NOT.

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28. ANTI-DEMOCRATIC FORCES ARE CERTAINLY NOT LACKING IN CONVICTION. IMMENSELY HEARTENED BY THEIR ELECTORAL SUCCESS, THE REDS AND BROWNS -- SEPARATELY AND JOINTLY -- BELIEVE THEY HAVE RESTORED THEIR LOSSES FROM THE

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AUTUMN CONFRONTATION (OF WHICH THE AMNESTY IS A TANGIBLE MANIFESTATION) AND SEE EVENTS MOVING IN THEIR DIRECTION. THE HARDLINERS DENY THE LEGITIMACY OF THE NEW CONSTITUTION (DESPITE WORKING WITHIN ITS PARAMETERS FOR THE TIME BEING) AND BELIEVE YELTSIN'S OWN ELECTORAL MANDATE WAS NULLIFIED BY HIS DECISION TO SUSPEND THE OLD CONSTITUTION AND PROROGUE THE LEGISLATURE. THERE REMAIN NAGGING DOUBTS THAT THE CONSTITUTIONAL REFERENDUM IN FACT ATTAINED THE FIFTY PERCENT PARTICIPATION RATE NEEDED TO BE VALID. THE FAILURE OF THE CENTRAL ELECTION COMMISSION TO PUBLISH DETAILED TABULATIONS, NOW LONG OVERDUE, CONFIRMS THIS DOUBT IN MANY MINDS. IF IT SHOULD BE CONVINCINGLY DEMONSTRATED

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THAT THE REFERENDUM RESULTS WERE FALSIFIED, YELTSIN'S CONSTITUTIONAL STANDING WOULD BE IN SERIOUS PERIL.

29. BOTH NEO-COMMUNISTS AND ULTRA-NATIONALISTS REGARD THE NEW CONSTITUTION AS A TEMPORARY DOCUMENT AND YELTSIN'S PRESIDENCY AS UNLIKELY TO SURVIVE ITS FULL TERM UNTIL 1996. (ZHIRINOVSKIY'S PUBLIC PRAISE FOR THE STRONG PRESIDENTIAL POWERS IN THE CONSTITUTION HARDLY MASKS HIS CONTEMPT FOR ITS SEPARATION OF POWERS OR PROTECTIONS OF CIVIL LIBERTIES.) BECAUSE CONSTITUTIONAL REVISION REQUIRES BROADER STRENGTH THAN THEY NOW COMMAND, HARDLINERS IN THE DUMA SEE EARLY PRESIDENTIAL ELECTIONS AS THEIR BEST VEHICLE FOR TAKING POWER IN THE NEAR TERM. IT IS FORTUNATE THAT THE TIMING OF PRESIDENTIAL ELECTIONS IS CONSTITUTIONALLY THE PURVIEW OF THE UPPER HOUSE, THE FEDERATION COUNCIL, WHERE YELTSIN HAS MORE INFLUENCE AMONG MEMBERS AND A CLOSE YELTSIN ALLY, VLADIMIR SHUMEYKO, AS SPEAKER. NONETHELESS, DUMA HARDLINERS BELIEVE GRIDLOCK BETWEEN GOVERNMENT AND LEGISLATURE (WHICH THEY CAN GUARANTEE) WILL GIVE THEM A BASIS TO DEMAND AN EARLY PRESIDENTIAL BALLOT -- ESPECIALLY IF OTHER ELECTORAL CONTESTS GO THEIR WAY.

30. HAVING BOTCHED ONE ELECTION IN DECEMBER (DESPITE HUGE ADVANTAGES), THE DEMOCRATS WERE EVEN LESS WELL-PREPARED TO CONTEST A SERIES OF REGIONAL AND LOCAL ELECTIONS THROUGHOUT THE LA  
TE WINTER AND SPRING TO  
REPLACE THE OLD-STYLE LOCAL SOVIETS YELTSIN DISBANDED LAST FALL. IN THE CONTESTS THUS FAR, TRADITIONAL NOMENKLATURA CANDIDATES HAVE SWAMPED THE DISORGANIZED AND DIVIDED PRO-REFORM FORCES IN THOSE DISTRICTS WHERE ENOUGH BALLOTS WERE CAST FOR A VALID ELECTION (ONLY TWENTY-FIVE PERCENT). IF THE ELECTIONS ALL TAKE PLACE, MUCH OF THE PROVINCIAL POWER STRUCTURE THROUGHOUT RUSSIA WILL FALL EVEN FURTHER INTO THE GRIP OF STATUS QUO OR REACTIONARY FORCES BUT WITH THE ADVANTAGE OF ELECTORAL LEGITIMACY. THE REACTION FROM THE KREMLIN TO THIS DANGER SPEAKS VOLUMES: IT OFFERED SINECURES TO COMPETING LOCAL REFORM CANDIDATES IN AN EFFORT TO PREVENT FRATRICIDE AND SERIOUSLY CONSIDERED POSTPONING THE ELECTIONS OUTRIGHT.

31. ONLY IN THE CENTRAL GOVERNMENT IS THE PICTURE EVEN MODERATELY BRIGHT. DESPITE PETULANT CRITICISMS FROM SOME RADICAL REFORMERS, PRIME MINISTER CHERNOMYRDIN HAS NOT JETTISONED REFORM NOR RESTORED THE HAMMER AND SICKLE TO GOVERNMENT STATIONERY. IN THE MAIN, CHERNOMYRDIN IS TRYING TO HOLD ON TO THE BASIC POLICY GOALS AND MECHANISMS AGREED LAST AUGUST, DESPITE

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STRIDENT SPECIAL-INTEREST PLEADINGS FROM MOST MAJOR MINISTRIES (ITSELF THE BEST INDICATION THE PRIME MINISTER HAS NOT OPENED THE FINANCIAL FLOODGATES). OTHER SENIOR FIGURES WITHIN THE GOVERNMENT -- DEPUTY PRIME MINISTER CHUBAYS, ECONOMICS MINISTER SHOKHIN, FOREIGN MINISTER KOZYREV, AMONG OTHERS -- ALSO ARE TRYING TO PRESERVE THE MANY REAL ACCOMPLISHMENTS OF RECENT YEARS WITHOUT LOSING CONTROL OF PUBLIC POLICY TO ANTI-DEMOCRATIC FORCES.

VII

32. UNFORTUNATELY, IN ECONOMIC POLICY THE RUSSIAN GOVERNMENT IS ON THE HORNS OF A DILEMMA. IT CANNOT IGNORE THE DEMANDS OF MAJOR SECTORS FOR FINANCIAL SUSTENANCE, NOR CAN IT RISK PUSHING INFLATION FROM MEGA TO HYPER LEVELS. THE GOVERNMENT MUST SOON SPEND A GREAT DEAL OF MONEY, AS THE RUSSIAN ECONOMY IS CRITICALLY DEPENDENT ON THE UNINTERRUPTED OPERATIONS OF ITS ENERGY AND TRANSPORT SECTORS, ESPECIALLY IN WINTER MONTHS. THE DANGER THAT RECENT MINER STRIKES WILL DEVELOP INTO LARGE-SCALE, PROLONGED LABOR UNREST IS THE MOST SERIOUS THREAT TO DOMESTIC STABILITY IN RUSSIA IN THE NEAR TERM, MORE DANGEROUS THAN CONTINUED HIGH LEVELS OF INFLATION (WHICH MUCH OF THE POPULATION HAS ADJUSTED TO). MAJOR STRIKES WOULD CHALLENGE THE LEGITIMACY OF THE GOVERNMENT IN WAYS INFLATION DOES NOT, PERHAPS REQUIRING THE THREAT OR USE OF FORCE, SOMETHING THE GOVERNMENT BADLY WANTS TO AVOID IN THE

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AFTERMATH OF OCTOBER 3-4. ALTHOUGH CAVING IN TO LABOR DEMANDS (HOWEVER JUSTIFIED IN HUMAN TERMS) WILL BE VERY EXPENSIVE, BOTH IN MONEY AND IN POLITICAL CAPITAL, NOT TO DO SO COULD BE EVEN WORSE, AS RUSSIAN LEADERS REMEMBER THAT MILITANT COAL MINERS PLAYED A KEY ROLE IN ERRODING GORBACHEV'S STANDING.

33. TO MEET THE INCREASING DEMANDS OF WORKERS WHO CANNOT BE IGNORED, GOVERNMENT SPENDING WILL CONSIDERABLY EXCEED GOVERNMENT REVENUES IN THE MONTHS AHEAD REGARDLESS OF THE CONSERVATIVE FIGURES IN THE OFFICIAL BUDGET. MOSCOW'S ABILITY TO GENERATE AND COLLECT REVENUES DOES NOT EVEN BEGIN TO MATCH THE LEGITIMATE DEMANDS ON GOVERNMENT COFFERS, STILL LESS THE ILLEGITIMATE ONES. THE TRICK WILL BE TO KEEP THE INFLATION PRODUCED BY THESE DEFICITS AT "TOLERABLE" LEVELS AND NOT TO IGNITE HYPERINFLATION.

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34. RUSSIAN INFLATION, WHILE VERY HIGH, HAS NOT YET EXPERIENCED THE GEOMETRIC RATES OF INCREASE CHARACTERISTIC OF HYPERINFLATION. TO SOME EXTENT, RUSSIA WAS SPARED HYPERINFLATION AFTER THE GAYDAR-DIRECTED PRICE LIBERALIZATION OF 1992 BECAUSE THE ECONOMY WAS THEN AT A FAIRLY PRIMITIVE LEVEL OF MONETIZATION, WITH MONEY STILL PLAYING A SECONDARY ROLE IN DETERMINING THE DISTRIBUTION OF GOODS AND SERVICES. THIS IS NO LONGER THE CASE; RUSSIA IN 1994 HAS PROGRESSED AN ASTOUNDING DISTANCE IN THE DIRECTION OF A MONEY-DRIVEN ECONOMY (ALTHOUGH NOT COMPLETELY, AS BARTER STILL PLAYS A MAJOR ROLE IN INTER-ENTERPRISE TRANSACTIONS). THUS, IN 1994 THE DANGER OF HIGH INFLATION BECOMING HYPER MAY BE GREATER THAN BEFORE, NOT LESS. THE KIND OF PRINTING-PRESS CREDIT EMISSIONS CONDUCTED BY THE CENTRAL BANK IN MID-1992, IF REPEATED NOW, COULD PUSH THE RUBLE INTO SUCH A SPIRAL.

35. DO RUSSIA'S LEADERS TODAY UNDERSTAND THIS THREAT? THE ANSWER IS BOTH YES AND NO. YELTSIN, CHERNOMYRDIN, SOSKOVETS AND THEIR COLLEAGUES ARE NOT STUPID, THE OPINIONS OF SOME WESTERN COMMENTATORS NOTWITHSTANDING. THESE MEN HAVE LEARNED A GREAT DEAL IN THE PAST TWO YEARS, AS THEIR RECENT VERY CAUTIOUS STATEMENTS ABOUT CREDIT POLICY INDICATE. EVEN SO DUBIOUS A FIGURE AS CENTRAL BANK CHAIRMAN GERASHCHENKO (WHOSE APPOINTMENT GAYDAR ACKNOWLEDGED WAS HIS WORST MISTAKE) WOULD NOT REPEAT THE WHOLESALE CREDIT GIVEAWAY HE SUPERVISED IN THE PAST. IF NOTHING ELSE, CHERNOMYRDIN AND GERASHCHENKO HAVE LEARNED THAT ENTERPRISE MANAGERS OFTEN DO NOT USE CREDITS FOR THE PURPOSES INTENDED BY THE GOVERNMENT. IN 1994, THE GOVERNMENT WILL BE FAR MORE PARSIMONIOUS IN DOLING OUT THE MEAGER STATE FUNDS AT ITS DISPOSAL AND WILL WANT ACCOUNTABILITY OF A KIND NOT PREVIOUSLY REQUIRED. OF NECESSITY, NONESSENTIAL SECTORS WILL BE LEFT PRETTY MUCH TO THEIR OWN DEVICES.

36. UNFORTUNATELY, IT IS ALSO TRUE THAT YELTSIN, CHERNOMYRDIN AND THEIR PEERS SUFFER FROM AN INTELLECTUAL BLINDSPOT WHERE PUBLIC FINANCE IS CONCERNED. (THE AUGUST 1993 CURRENCY REFORM FIASCO IS A CASE IN POINT.) PRODUCTS OF THE OLD SYSTEM, THEY THINK OF MONEY IN PRIMITIVE TERMS AND SCARCELY COMPREHEND FINANCE IN ANYTHING LIKE THE WESTERN SENSE. WITH BACKGROUNDS IN CENTRALLY-PLANNED PRODUCTION AND DISTRIBUTION, THIS GENERATION OF RUSSIAN MANAGERS IS CRIPPLED IN FINANCIAL SOPHISTICATION. IN FACT, FEW RUSSIANS ABOVE THE AGE OF FORTY THINK OF MONEY IN DYNAMIC TERMS, LET ALONE GRASP HOW LOOSE PUBLIC

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FINANCES CAN SWAMP AN ECONOMY LIKE THE FLOODS  
OVERTAKING THE SORCERER'S APPRENTICE. IT IS IN THIS  
KEY AREA THAT THE YOUTHFUL GAYDAR AND FEDOROV WERE  
IMPORTANT VOICES IN TOP GOVERNMENT COUNSELS.

37. PROSPECTS FOR SUCCESS IN BALANCING PUBLIC SPENDING  
WITH INFLATION ARE NOT GOOD. THESE REMAIN, HOWEVER,  
RUSSIAN DECISIONS WITH CONSEQUENCES FIRST AND FOREMOST  
FOR RUSSIANS. UNLESS THE OUTSIDE WORLD IS PREPARED TO  
OFFER A FINANCIAL STABILIZATION PACKAGE OF THE SCALE  
AND TERMS REQUISITE TO THE NEEDS OF THE RUSSIAN  
ECONOMY, IT DOES NO GOOD AND CONSIDERABLE HARM TO  
LECTURE THE RUSSIANS ON FINANCIAL PROBITY (NOT, AFTER  
ALL, THE STRONG SUIT OF MANY WESTERN GOVERNMENTS). AS  
THE WEST HAS A SMALL PURSE, AND THE RUSSIANS KNOW IT,  
IT WILL BE RUSSIANS WHO PAY THE PIPER, CALL THE TUNE,  
AND LIVE WITH THE RESULTS.

VIII

38. EVEN IF THE WEST HAD BOTH WILL AND WALLET, THE  
TASK OF TURNING RUSSIA INTO AN ECONOMY PRIMARILY DRIVEN  
BY PRIVATE CAPITAL WOULD BE BEYOND OUR TALENTS AND,  
MORE IMPORTANT, AGAINST RUSSIA'S PREFERENCES. WESTERN,  
AND PARTICULARLY AMERICAN, ATTITUDES TOWARD RUSSIAN

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REFORM IN THE PAST TWO YEARS HAVE BEEN CHARACTERIZED BY  
AN IGNORANCE AND NAIVETE SIMILAR TO EARLY WEST GERMAN  
THINKING ABOUT THE JOB OF REBUILDING THE FORMER GDR.  
NO ONE CAN REASONABLY ARGUE THAT ECONOMIC "SHOCK  
THERAPY" (LAVISHLY FUNDED BY BONN) WAS NOT USED IN  
EASTERN GERMANY, BUT CONFIDENT EARLY PREDICTIONS OF  
RAPID MARKET TRANSFORMATION HAVE GIVEN WAY TO A SOBER  
REALIZATION THAT EVEN THE DEEP POCKETS OF THE FEDERAL  
REPUBLIC WILL BE STRETCHED FOR DECADES TO BRING A  
RELATIVELY ADVANCED INDUSTRIAL COUNTRY THE SIZE OF OHIO  
TO THE POINT OF FULL COMPETITIVENESS WITH THE WEST.

39. WHY, THEN, DID SO MANY IN THE WEST THINK OF RUSSIA  
-- VASTLY LARGER THAN ALL OF EASTERN EUROPE AND MUCH  
WORSE-MANAGED FOR FAR LONGER -- AS AN APPROPRIATE  
LABORATORY FOR SWIFT MARKET REFORM? THE EXPERIENCE OF  
NEARBY POLAND, SIMILAR IN MANY WAYS TO RUSSIA, SHOULD  
HAVE WARNED ANYONE OF THE IMMENSE DIFFICULTIES AND  
LIMITATIONS OF EVEN BOLD POLICIES. ALTHOUGH CERTAINLY  
NO ECONOMIST, BORIS YELTSIN RECOGNIZED THE DIMENSIONS  
OF THE CHALLENGE IN EARLY 1992 WHEN HE PREDICTED THAT

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RUSSIA, AFTER FIVE TO SEVEN YEARS OF RADICAL TRANSFORMATION, MIGHT HOPE TO REACH A STANDARD OF LIVING ENJOYED THEN BY THE POLES (A STANDARD OF LIVING WHICH RECENTLY PROVOKED A SHARP ELECTORAL BACKLASH IN POLAND ITSELF).

IX

40. ALMOST REGARDLESS OF THE ECONOMIC POLICIES IT PURSUES, RUSSIA FOR DECADES (IF NOT GENERATIONS) WILL BE CONSTRAINED BY THE BLUNDERS AND THE CRIMES OF ITS SOVIET PAST. SEVENTY-FOUR YEARS OF SOCIALIST MISMANAGEMENT STAND IN THE WAY OF RAPID ECONOMIC TRANSFORMATION. RUSSIA HAS INHERITED AN ECONOMY DESIGNED TO PRODUCE THE WRONG THINGS, IN THE WRONG PLACES, IN THE WRONG WAYS, AND WITHOUT ANY OF THE LOGIC OR DISCIPLINE OF RATIONAL PRICES. THE RUSSIAN ECONOMY IS THAT OF A GARRISON STATE, STRUCTURED TO SUPPORT A VAST EMPIRE. THE EMPIRE IS GONE, BUT THE LEGACY OF THE GARRISON STATE REMAINS, AND WILL REMAIN, IN ALL ASPECTS OF THE ECONOMY FOR A VERY LONG TIME.

41. BEYOND ITS MISCONCEIVED INDUSTRY, RUSSIA FACES SPECIAL AND INTRACTABLE PROBLEMS IN DEMOGRAPHICS, ECOLOGY, INFRASTRUCTURE, AND AGRICULTURE.

-- POST-SOVIET RUSSIA CANNOT NOW EVEN REPLACE ITS OWN POPULATION, WITH STILL-DECLINING LIFE EXPECTANCY (LOWER THAN IN SOME THIRD WORLD COUNTRIES), FERTILITY RATES AND PUBLIC HEALTH. EVEN WITH MIRACLES IN ALL THESE AREAS (AND MIRACLES COST MONEY), THE POSITIVE IMPACT ON THE COUNTRY'S WORKING POPULATION WOULD NOT BE FELT UNTIL WELL INTO THE TWENTY-FIRST CENTURY. WITHOUT MIRACLES, PUBLIC HEALTH WILL DETERIORATE EVEN FURTHER, WITH THE REALISTIC PROSPECT OF MAJOR EPIDEMICS.

-- THE BRUTALIZATION OF NATURE IN THE NAME OF COMMUNIST "HEROIC MATERIALISM" LEFT RUSSIA A RAVAGED ENVIRONMENT WHICH WILL GET WORSE, PROBABLY MUCH WORSE, BEFORE RECTIFICATION CAN EVEN BEGIN MANY YEARS IN THE FUTURE. IRONICALLY, TODAY'S POOR INDUSTRIAL PERFORMANCE IS A COMPARATIVE BLESSING FOR THE COUNTRY'S AIR, LAND AND WATER; AS THE ECONOMY REVIVES, THE DAMAGE WILL INCREASE.

-- ECONOMIC REVIVAL WILL DEPEND CRITICALLY ON TRANSPORTATION, COMMUNICATIONS AND URBAN SERVICES, ALL STARVED OF MAINTENANCE FUNDS AND REPLACEMENTS FOR YEARS AND OFTEN IN NEED OF TOTAL RENEWAL. THE INABILITY OF THE SOVIET CENTRAL PLAN TO MAKE THE "RIGHT" CHOICES IS MOST APPARENT IN THE DISASTROUS STATE OF RAILWAY

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TRANSPORT, ESSENTIAL IN A COUNTRY OF RUSSIA'S SCALE AND GEOGRAPHY.

-- RESTORING THE RUSSIAN AGRICULTURAL SLUM TO A BREADBASKET WILL REQUIRE MUCH MORE THAN PRIVATIZATION OF LAND. ALL THE INFRASTRUCTURE OF MODERN PRIVATE AGRICULTURE MUST BE CREATED FROM SCRATCH, WITH THE MORE DAUNTING TASK TO RECREATE THE SKILLS OF FARMING AND THE PASSION FOR THE LAND AMONG THE RURAL POPULATION WHICH SOVIET POLICIES DID THEIR VICIOUS BEST TO ERADICATE. THE AGRICULTURAL REFORM EXPERIENCES OF EASTERN EUROPE AND CHINA ARE NOT ADEQUATE GUIDES, BECAUSE THE RUSSIAN PROBLEM IS OF MUCH LONGER DURATION AND DEEPER IMPACT.

42. THUS, "REFORM" OF THE RUSSIAN ECONOMY WILL, OF NECESSITY, BE THE WORK OF MANY YEARS. THE RUSSIAN APPROACH TO THIS PROCESS WILL BE DIFFERENT FROM OUR OWN, REFLECTING A BETTER APPRECIATION OF THEIR NEEDS AND SOCIETAL PREFERENCES. IN FACING THE COLOSSAL MISTAKES OF THE SOVIET PERIOD, RUSSIA CAN AND WILL FALL

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BACK ON TRADITIONS LONG PRE-DATING THE LENINIST STATE: TRADITIONS AMENABLE AND SOMETIMES EVEN RATIONAL IN A RUSSIAN CONTEXT, EVEN IF THEY DIFFER SHARPLY FROM AMERICAN EXPERIENCE AND INCLINATION.

43. AT THE HEART OF THE RUSSIAN APPROACH ARE THE REALITIES OF GEOGRAPHY AND CLIMATE. ALL FAR NORTHERN COUNTRIES DIFFER FROM THEIR NEIGHBORS IN TEMPERATE CLIMATES IN IMPORTANT WAYS, INCLUDING THE ROLE OF GOVERNMENT, LAND TENURE, AND SOCIAL RELATIONSHIPS. IN MANY WAYS ALASKA HAS MORE IN COMMON WITH RUSSIA THAN WITH THE LOWER FORTY-EIGHT STATES, REFLECTING REASONABLE RESPONSES TO OBJECTIVE REALITIES OF LATITUDE AND CLIMATE. IN RUSSIA, GEOGRAPHY IS DESTINY, AFFECTING EVERYTHING FROM ENERGY USE, TO VITAMIN REQUIREMENTS, TO FREIGHT TRANSPORT, TO THE OPERATION OF COMMUNICATIONS SATELLITES. ABOVE ALL, LATITUDE AND TERRAIN PLACE THE RUSSIAN PEOPLE MUCH CLOSER TO THE LIMITS OF HUMAN SUBSISTENCE THAN MOST AMERICANS RECOGNIZE.

44. TIME OUT OF MIND, RUSSIAN SOCIETY HAS FAVORED A COMMUNITARIAN APPROACH TO DEALING WITH ITS PROBLEMS. THIS PREFERENCE FOR COLLECTIVE OVER INDIVIDUAL DECISION-MAKING REFLECTS THE REALITIES OF A HOSTILE



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CLIMATE AND OF A HOSTILE HISTORICAL ENVIRONMENT, REALITIES AMERICAN INDIVIDUALISM HAS LARGELY BEEN SPARED. AT THE NATIONAL LEVEL, RUSSIANS HAVE ALWAYS OPTED FOR A STATIST APPROACH TO SETTING SOCIETAL PRIORITIES, ADOPTING ASPECTS OF APPROPRIATE FOREIGN MODELS RANGING FROM MEDIEVAL BYZANTIUM TO MODERN FRANCE. EVEN THE MOST "CAPITALIST" EPISODE IN RUSSIAN HISTORY, THE END OF THE NINETEENTH CENTURY WHEN TSARIST RULE LAVISHED OPPORTUNITIES ON FOREIGN AND DOMESTIC BUSINESS, WAS ALSO MARKED BY STRONG STATE DIRECTION OF ECONOMIC PRIORITIES AND FINANCING. IF THE RUSSIANS HAVE A WESTERN INTELLECTUAL MENTOR IN ECONOMICS, IT IS JEAN BAPTISTE COLBERT, NOT ADAM SMITH -- NOR ARE THEY ALONE IN THE WORLD IN THIS CHOICE. RUSSIANS WOULD, HOWEVER, HAVE LITTLE DIFFICULTY APPRECIATING THE VIEWS OF ALEXANDER HAMILTON AND HENRY CLAY ABOUT THE ROLE OF GOVERNMENT IN A DEVELOPING ECONOMY.

45. THE RELATIONSHIP BETWEEN PRIVATE PROPERTY AND THE GROWTH OF DEMOCRATIC INSTITUTIONS -- A CENTRAL FACTOR IN ANY TRANSITION FROM AUTHORITARIAN TO REPRESENTATIVE GOVERNMENT -- WILL DIFFER IN RUSSIA FROM THE EXPERIENCE OF MANY OTHER COUNTRIES, LARGELY DUE TO RUSSIA'S SOVIET PAST. FOR MOST OF THIS CENTURY, PUBLIC POLICY IN RUSSIA WAS MADE, IN THEORY, ON THE BASIS OF MARXIST ECONOMIC DETERMINISM. IN REALITY, ECONOMICS WAS THE CAPTIVE SERVANT OF POLITICAL POWER, AND MOST STATE POLICIES WERE LARGELY DEVOID OF ECONOMIC LOGIC. POST-SOVIET RUSSIA REFLECTS -- AND WILL CONTINUE TO REFLECT -- THIS INVERTED RELATIONSHIP BETWEEN THE MATERIAL AND THE POLITICAL. IN MOST WESTERN SOCIETIES THE OWNERSHIP AND USE OF PRIVATE PROPERTY PRECEDED DEMOCRATIC INSTITUTIONS AND, INDEED, OFTEN GAVE BIRTH TO THE IMPULSE FOR POLITICAL LIBERTY. IN CONTEMPORARY RUSSIA, THE OPPOSITE IS THE CASE. THE SOVIET SYSTEM FAILED ON THE POLITICAL LEVEL BEFORE ITS ECONOMIC SHORTCOMINGS BECAME CRITICAL. THE COLLAPSE OF SOVIET POWER IN 1991 WAS THE RESULT OF A LOSS OF LEGITIMACY AND OF POLITICAL WILL, NOT OF ECONOMIC BREAKDOWN, UNEMPLOYMENT OR HUNGER. IN THE YEARS AHEAD, THE RELATIONSHIP BETWEEN THE EXPANSION OF PRIVATE PROPERTY IN RUSSIA AND THE EVOLUTION OF ITS DEMOCRATIC INSTITUTIONS WILL BE COMPLEX: TO SOME EXTENT INTERLOCKING AND REINFORCING, TO SOME EXTENT INDEPENDENT AND EVEN COMPETITIVE. IN CONTRAST TO MOST WESTERN SOCIETIES, IN RUSSIA THE PREDOMINANT DIRECTION OF CAUSALITY WILL BE FROM THE SOCIAL AND POLITICAL REALMS TOWARD THE ECONOMIC, RATHER THAN THE REVERSE.

46. PRIVATE PROPERTY IN RUSSIA WILL ALWAYS COEXIST WITH A DOMINEERING (IF NOT DOMINANT) PUBLIC SECTOR.

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THE CURRENT RAPID INCREASE IN PRIVATE ECONOMIC ACTIVITY IS A TRIBUTE TO THE VAST GAPS IN THE STATE-DIRECTED SECTORS, BUT DOES NOT PORTEND THE END OF THOSE SECTORS. IN OUR LIFETIMES, THE RUSSIAN ECONOMY WILL BE "MARKET ORIENTED" OR "MARKET LED" AT BEST. NEW ENTERPRISE CAN FILL A VITAL ROLE IN PROVIDING SOURCES OF EMPLOYMENT TO ABSORB LAYOFFS FROM FEATHERBEDDED STATE INDUSTRIES BUT, WHILE THE PRIVATE ECONOMY WILL CERTAINLY BE ALMOST THE SOLE CREATOR OF NEW JOBS, IT WILL NOT REPLACE THE OLD, OUTMODED INDUSTRIAL STRUCTURES AS THE MAINSTAY OF MOST URBAN AREAS. EVEN THE PRIVATIZATION OF LARGE-SCALE INDUSTRY WILL NOT ALTER THIS REALITY, AS "PRIVATIZATION" REPRESENTS MORE THE BREAKDOWN OF CENTRAL AUTHORITY (LONG OVERDUE) THAN THE CREATION OF GENUINE PRIVATE CAPITAL (AND OFTEN, UNFORTUNATELY, OF LOCAL KLEPTOCRACY). THIS IS NOT

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ENTIRELY BAD NEWS, AS PRIVATIZATION OF INDUSTRY WILL AT LEAST SHIFT DECISION-MAKING MUCH CLOSER TO THE PRODUCTION LINE THAN EVER IN THE SOVIET ERA AND WILL INTRODUCE A WELCOME AND NECESSARY ELEMENT OF ACCOUNTABILITY INTO MUCH OF THE COUNTRY'S ECONOMIC ACTIVITY. THIS IS NOT, HOWEVER, "CAPITALISM" OR "THE MARKET" IN ANY SENSE WE KNOW THEM.

X

47. SADLY, VERY FEW OF THE MULTITUDES OF AMERICAN "ADVISORS" IN RUSSIA SINCE THE BOLSHEVIK DEMISE ACQUAINTED THEMSELVES WITH EVEN THE MOST BASIC FACTS OF THE COUNTRY WHOSE DESTINY THEY PROPOSED TO SHAPE. AS A RESULT, TO SAY THAT AMERICA IS WEARING OUT ITS WELCOME IN RUSSIA IS NO LONGER A PREDICTION; IT IS DESCRIPTIVE FACT. EVEN THE MOST PROGRESSIVE AND SYMPATHETIC OF RUSSIAN OFFICIALS HAVE LOST PATIENCE WITH THE ENDLESS PROCESSION OF WHAT THEY CALL "ASSISTANCE TOURISTS" WHO RARELY BOTHER TO ASK THEIR HOSTS FOR AN APPRAISAL OF RUSSIAN NEEDS (IN SHARP CONTRAST TO THE BASIC APPROACH UNDERLYING THE MARSHALL PLAN). RUSSIANS OF ALL POLITICAL PERSUASIONS ARE ALSO LESS THAN CHARMED BY THE FREQUENTLY-EXPRESSED AMERICAN ATTITUDE THAT THEIR COUNTRY IS A SOCIAL-ECONOMIC LABORATORY TO TEST ACADEMIC THEORIES. IF THERE IS ONE THING RUSSIANS LEARNED TO DISTRUST IN SEVENTY-FOUR YEARS OF SOCIALISM, IT IS ECONOMIC THEORY AND THEORISTS.

48. FOREIGNERS, WHETHER OFFICIALS OR BUSINESSMEN, ARE

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JUSTIFIED IN COMPLAINING OF THE DIFFICULTIES IN GETTING ANYTHING DONE IN RUSSIA. HOWEVER, THE SERIOUS FOREIGNERS -- THOSE INTERESTED IN LONG-TERM RELATIONS AND WHO CAN LISTEN AS WELL AS SPEAK -- ARE OFTEN DOING QUITE WELL, AND LOOK TO DO EVEN BETTER OVER THE LONG HAUL. MANY AMERICAN BUSINESSMEN QUALIFY AS "SERIOUS" AND ARE THE MOST EFFECTIVE PRESENCE OUR COUNTRY HAS IN RUSSIA. UNFORTUNATELY, MOST UNITED STATES GOVERNMENT ASSISTANCE EFFORTS DO NOT MEET THESE CRITERIA.

49. ACKNOWLEDGING THAT WE SUPPORT A NUMBER OF POSITIVE AND WORTHWHILE PROGRAMS (PARTICULARLY EXCHANGES AND SMALL-SCALE TECHNICAL ASSISTANCE), IT IS NONETHELESS A SAD TRUTH THAT UNITED STATES ASSISTANCE IN RUSSIA HAS BECOME A NET DETRIMENT TO THE BILATERAL RELATIONSHIP, FOR THREE MAJOR REASONS.

-- FIRST, WE HAVE BADLY OVERSOLD AN ASSISTANCE PROGRAM COMPOSED FOR THE MOST PART OF FINANCIAL INTANGIBLES AND TECHNICAL ASSISTANCE. THE RESULT IS THAT VERY FEW RUSSIANS HAVE SEEN ANYTHING AT ALL OF THE VAUNTED BILLIONS OF DOLLARS IN AMERICAN AID, AND MOST SIMPLY DO NOT BELIEVE THE MONEY EVER EXISTED.

-- SECOND, MUCH OF THE ASSISTANCE MONEY NEVER LEFT OUR SHORES OR EVER ENTERED RUSSIAN HANDS. OUR AID PROGRAMS ARE OFTEN OF BENEFIT MOSTLY TO DOMESTIC CONTRACTORS, BUT IN RUSSIA THE PROBLEM HAS BEEN PARTICULARLY BAD, COMPOUNDING THE PERCEPTION PROBLEM.

-- THIRD, OUR ASSISTANCE EFFORTS HAVE THEMSELVES OFTEN BECOME FRICTION POINTS WITH THE RUSSIANS, BOTH BECAUSE OF THE INTRUSIVE CHARACTER OF SOME PROGRAMS AND BECAUSE OF OUR INSISTENT HABIT OF LINKING ASSISTANCE WITH RUSSIAN ACTIONS IN OTHER SPHERES. ON ISSUES RANGING FROM RUSSIAN TROOPS IN THE BALTICS, TO CRYOGENIC ROCKET ENGINES, TO THE AMES CASE, TO THE RUSSIAN STATE LIBRARY'S HOLDINGS OF HEBRAICA, WE HAVE CREATED OR COMPOUNDED DISPUTES THROUGH THE MEDIUM OF ASSISTANCE. INDEED, OVER THE PAST TWO YEARS THE BILATERAL RELATIONSHIP HAS OFTEN BEEN DOMINATED BY PROBLEMS WHICH WOULD NOT HAVE EXISTED OR WOULD HAVE BEEN MUCH LESS DIFFICULT WITHOUT A LINK TO ASSISTANCE.

50. WE HAVE REACHED A POINT WHERE IT IS ARGUABLE THAT THE BEST SERVICE OUR AID PROGRAM COULD NOW SERVE WOULD BE TO PERMIT BORIS YELTSIN PUBLICLY TO TELL AMERICA TO TAKE ITS MONEY AND SHOVE IT. SUCH AN ACTION WOULD AT LEAST BUY THE EMBATTLED RUSSIAN PRESIDENT SOME BREATHING ROOM AT HOME. THIS IS WHAT YELTSIN PROBABLY WILL DO IF WE ACTUALLY CUT OFF ASSISTANCE FOR ANY OF

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THE MYRIAD REASONS NOW THREATENING. THE SHARP DECLINE IN ASSISTANCE LEVELS IN COMING YEARS WILL MAKE IT EASIER FOR THE RUSSIANS TO RENOUNCE OUR HELP, ALTHOUGH AT REAL COST TO THE ATMOSPHERE OF THE RELATIONSHIP. IN THE LONG RUN, OUR RELATIONS WILL BE HEALTHIER WITHOUT GOVERNMENT-SPONSORED AID; IN THE NEAR TERM WE SHOULD CONSIDER HOW TO BRING THE ASSISTANCE ASPECTS OF OUR RUSSIA POLICY TOWARD A SOFT LANDING.

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51. EVEN THOUGH WE CANNOT DO MUCH GOOD FOR THE RUSSIAN ECONOMY, WE CAN AND SHOULD FOCUS OUR ATTENTION WHERE OUR INTERESTS ARE DIRECTLY INVOLVED, IN RUSSIAN CONDUCT OUTSIDE ITS BORDERS. FORTUNATELY, THE BREAKUP OF THE SOVIET UNION EFFECTIVELY PREVENTS CONTINUATION OF GLOBAL RIVALRY WITH THE UNITED STATES OR SERIOUS CHALLENGE TO OUR INTERESTS BEYOND THE EURASIAN LANDMASS. USE OF THE TERM "THE WORLD SUPERPOWER" BY MANY DIPLOMATS TO REFER TO THE UNITED STATES REFLECTS THIS REALITY. NONETHELESS, RUSSIAN BEHAVIOR CAN STILL BE OF GREAT IMPORTANCE, TO OUR BENEFIT OR HINDRANCE, WHILE SOME PARTS OF THE WORLD WELCOME RUSSIAN INFLUENCE AS A COUNTERWEIGHT TO OUR OWN, AS WAS RECENTLY SHOWN IN THE MIDDLE EAST AND IN BOSNIA (WHERE AN ACTIVE RUSSIAN PRESENCE AS THE LEADING ORTHODOX STATE IS ESSENTIAL TO ANY EFFORT AT CONFLICT RESOLUTION ALONG THE FAULT LINE BETWEEN WESTERN AND EASTERN CHRISTIANITY).

52. THE AREA WHERE RUSSIA CAN AND WILL EXERCISE THE MOST INFLUENCE, FOR GOOD OR ILL, IS THE SO-CALLED "NEAR ABROAD". THIS TERM MASKS THE COMPLEXITY OF RUSSIAN POLICY TOWARD THE STATES OF ITS FORMER EMPIRE, IMPLYING A UNIFIED AND MONOLITHIC APPROACH. IN FACT, RUSSIA UNDER CZARS AND BOLSHEVIKS ALWAYS DIFFERENTIATED ITS NEIGHBORS, ALTERING POLICIES TO FIT LOCAL CIRCUMSTANCES, AND WILL CONTINUE TO DO SO. AS A BROAD GENERALIZATION, RUSSIANS REGARD THE BALTIC NATIONS WITH RESPECT AND ENVY, THE BELARUSSIANS AND UKRAINIANS WITH "FRATERNAL" POSSESSIVENESS, AND THE CENTRAL ASIANS AND CAUCASIANS WITH A CONTEMPT OFTEN TINGED WITH RACISM. THE ATTITUDES OF THE STATES OF THE "NEAR ABROAD" THEMSELVES AND THEIR BEHAVIOR TOWARD MOSCOW ALSO WILL FORM A MOSAIC RATHER THAN A SINGLE PICTURE.

53. WHAT ALL THESE STATES HAVE IN COMMON IS THE REALITY THAT RUSSIA WILL ALWAYS BE THE DOMINANT

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EXTERNAL PRESENCE IN THEIR LIVES. SIMPLE SIZE AND PROXIMITY DEMAND PRIDE OF PLACE FOR RUSSIA IN THEIR ESTIMATIONS OF SELF-INTEREST. MUCH AS THE STATES OF WEST AFRICA LOOK TOWARD PARIS OR THE COUNTRIES OF THE WESTERN HEMISPHERE TOWARD WASHINGTON, THE STATES OF THE FORMER RUSSIAN EMPIRE REGARD MOSCOW WITH A COMBINATION OF NEED AND UNEASE. THIS IS THE DESTINY OF SMALL STATES, AS EDUARD SHEVARDNADZE RECENTLY GLOOMILY ACKNOWLEDGED. MOST OF RUSSIA'S NEIGHBORS (NOT ONLY OF THE FORMER SOVIET UNION) WOULD IDENTIFY EASILY WITH PORFIRIO DIAZ, WHO SUMMED UP HIS OWN COUNTRY'S GEOGRAPHIC DILEMMA, "POOR MEXICO! SO FAR FROM GOD AND SO CLOSE TO THE UNITED STATES."

54. AS WITH ALL FORMER IMPERIAL STATES, RUSSIA WILL BE AS MUCH OR MORE INFLUENCED BY ITS FORMER SUBJECTS AS THEY BY RUSSIA. CULTURALLY, RUSSIA FEARS ISOLATION IF THE WEST PREFERS HER WESTERN NEIGHBORS. ETHNICALLY, RUSSIA IS PERMEATED WITH NATIONALS OF ITS FORMER SUBJECTS. ECONOMICALLY, RUSSIA IS MUTUALLY DEPENDENT ON THESE COUNTRIES AND DOES MUCH OF ITS BUSINESS WITH THEM AND THROUGH THEM TO THE WORLD BEYOND. IN SECURITY TERMS, RUSSIA WORRIES THAT CONFLICTS IN THE "NEAR ABROAD", ESPECIALLY AMONG ITS ISLAMIC NEIGHBORS, WILL ENDANGER ITS OWN TERRITORY. POLITICALLY, THE MOST DANGEROUS AND UNSTABLE ELEMENT OF RUSSIA'S POPULATION IS THE GROWING NUMBER OF ETHNIC RUSSIAN REFUGEES FROM THE FORMER SOVIET REPUBLICS (AT LEAST TWO MILLION), POTENTIALLY A POOL OF RADICAL AND ULTRA-NATIONALIST SENTIMENT SIMILAR TO THE FRENCH-ALGERIAN "PIED NOIRS" OR GERMAN "VOLKSDEUTSCHE". IN ALL RESPECTS, RUSSIA CANNOT IGNORE THESE COUNTRIES AND WILL INTERACT WITH THEM TO AN EXTENT WE NEVER SHALL.

55. IN PRACTICE, RUSSIA'S RELATIONS WITH HER NEIGHBORS WILL BE AS MESSY AS THOSE OF ANY FORMER IMPERIAL POWER WITH ITS FORMER SUBJECTS (TURKEY IN THE MIDEAST AND BALKANS, FRANCE IN AFRICA, JAPAN IN THE FAR EAST). SOME PARTS OF THE "NEAR ABROAD" WILL BE SUNK IN ETHNIC AND OTHER CONFLICTS FOR YEARS, IF NOT GENERATIONS. SOME OF THE PRESENT BORDERS MAY NOT LAST LONG, AS THEY ARE THE PRODUCT OF STALINIST DIVIDE-AND-RULE POLICIES. MANY PEOPLE WHO VOTED FOR INDEPENDENCE FROM MOSCOW IN THE REFERENDA OF LATE 1991 DID SO IN EXPECTATION THAT INDEPENDENCE WOULD EQUATE WITH PROSPERITY. IN SOME OF THE NEW STATES, THIS EXPECTATION HAS GIVEN WAY TO THE BITTER RECOGNITION THAT RUSSIA HAS DONE A BETTER JOB THAN MOST IN PRESERVING LIVING STANDARDS. RECENT EVENTS IN BELARUS, CRIMEA, EASTERN UKRAINE, GEORGIA AND ELSEWHERE POINT TO AN INCREASING INCLINATION TO RESTORE SOME OF THE SOVIET-ERA ECONOMIC RELATIONSHIPS, WITH

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CONSEQUENT POLITICAL TENSIONS WITHIN THE NEWLY INDEPENDENT STATES AND TURMOIL IN THEIR RELATIONS WITH RUSSIA.

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56. THE KEY ISSUE FOR STABILITY WITHIN THE FORMER SOVIET DOMAIN IS THE STATUS AND WELL-BEING OF THE TWENTY-FIVE MILLION ETHNIC RUSSIANS BEYOND THE BORDERS OF THE FEDERATION. THE KEY COUNTRY IS UKRAINE, HOME TO ABOUT HALF OF THEM. DESPITE CONSIDERABLE BICKERING OVER MORE THAN TWO YEARS, THE GOVERNMENTS IN MOSCOW AND KIEV HAVE WORKED HARD TO PREVENT DISPUTES BECOMING CONFLICTS, AND HAVE DEALT FAIRLY RESPONSIBLY WITH ISSUES RANGING FROM NUCLEAR WEAPONS, TO THE BLACK SEA FLEET AND ITS BASES, TO TERMS OF TRADE. NONETHELESS, FEW RUSSIANS EVEN BEGIN TO COMPREHEND THE DEPTH OF NATIONAL FEELING AMONG ETHNIC UKRAINIANS OR THE HOSTILITY TOWARD MOSCOW IN MUCH OF WESTERN AND CENTRAL UKRAINE. RUSSIAN ARROGANCE TOWARD THE "LITTLE RUSSIANS" (AND TOWARD THE "WHITE RUSSIANS", FOR THAT MATTER) IS VERY SIMILAR TO THE PREVAILING ATTITUDE OF CZECHS TOWARD SLOVAKS, WITH AN UNDERSTANDABLE HUMAN REACTION AMONG THE RECIPIENTS. THE DANGER IS THAT RUSSIANS WILL FEEL SYMPATHY IF THE PREDOMINATELY ETHNIC RUSSIAN CRIMEA AND EASTERN UKRAINE SHOULD SEEK TO REJOIN THE RUSSIAN "MOTHERLAND". CRIMEA AND THE EASTERN SALIENT OF UKRAINE ARE BY FAR THE MOST DANGEROUS POTENTIAL CONFLICT ZONES OF THE FORMER SOVIET EMPIRE, DWARFING THE LOCALIZED CONFLICTS IN THE CAUCASUS AND CENTRAL ASIA IN IMPORTANCE.

57. WHETHER THE COMPARATIVE RUSSIAN RESTRAINT OF THE PAST TWO YEARS TOWARD ITS NEIGHBORS WILL ENDURE WILL DEPEND ON THE CHALLENGES RUSSIA FACES FROM THEM. THE INTERPLAY WILL NOT BE EASY, NOR WILL IT FIT THE STEREOTYPICAL WESTERN VIEW OF A REBIRTH OF RUSSIAN IMPERIALISM. RUSSIANS ACROSS THE POLITICAL SPECTRUM VIEW THEIR NEIGHBORS AND FORMER SUBJECTS WITH VARYING PERSPECTIVES, BUT WITH A MARKED LACK OF ENTHUSIASM. YELTSIN'S RECENT TREATY WITH GEORGIA, SEEN BY MANY IN THE WEST AS NASCENT NEO-IMPERIALISM, WAS DEAD ON ARRIVAL IN THE DUMA AMONG ALL FACTIONS FROM GAYDAR THROUGH ZHIRINOVSKIY. SIMILARLY, THERE HAS BEEN NO GROUNDSWELL OF SUPPORT FOR THE PROPOSED CURRENCY UNION WITH BELARUS OR FOR THE INDEPENDENCE MOVEMENT IN CRIMEA. WHY THE CAUTION? EVERYONE SEES THE PROBLEMS AND THE RISKS, AND WANTS TO KNOW THE PRICE TAG. THE PREVAILING MOOD IN MOSCOW TOWARD NEO-IMPERIALISM (FOR

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NOW) IS CAVEAT EMPTOR.

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58. THE OTHER STATES OF THE FORMER SOVIET UNION CERTAINLY CANNOT BE EXPECTED TO EVALUATE THEIR NEIGHBORING COLOSSUS IN OTHER THAN ANXIOUS TERMS, EXPERIENCED AS THEY ALL ARE WITH THE CARNIVOROUS TRADITIONS OF THE RUSSIAN BEAR. MUST RUSSIA NOW BEHAVE AS IT DID IN THE PAST? IF WE REGARD A REBIRTH OF RUSSIAN IMPERIALISM AS INEVITABLE, THE UNITED STATES WILL BE EFFECTIVELY LEFT WITH NO CREATIVE RUSSIAN POLICY BECAUSE A RENEWED RUSSIAN EMPIRE WILL REQUIRE AN AUTHORITARIAN AND NON-DEMOCRATIC RUSSIAN HOMELAND ("DEMOCRATIC IMPERIALISM" WAS NO GREAT SUCCESS EVEN FOR THE BRITISH AND IS CERTAINLY BEYOND RUSSIAN CAPACITIES). OUR STRATEGY WOULD THEN BE LIMITED TO A RESUMPTION OF CONTAINMENT ON DIFFERENT GEOGRAPHIC LINES, WITH THE CONSEQUENT RESUMPTION OF AMERICAN-RUSSIAN MUTUAL HOSTILITY AND A POTENTIAL RENEWAL OF THE THERMONUCLEAR BALANCE OF TERROR.

59. SUCH A DISMAL COURSE OF EVENTS IS NOT INEVITABLE. THE TWENTIETH CENTURY PROVIDES NUMEROUS OBJECT LESSONS IN LOSS OF EMPIRE BY STATES LONG ACCUSTOMED TO EXERCISE DOMINION OVER THEIR NEIGHBORS AND TERRITORIES FURTHER AFIELD. INDEED, OUR EXTERNAL AGENDA TODAY IS DOMINATED BY THE PROBLEMS CREATED BY IMPERIAL BREAKUP (BOSNIA, SOMALIA, CUBA, PALESTINE, IRAQ -- TO NAME JUST A FEW), BUT NOT BY THE FORMER IMPERIAL STATES THEMSELVES, MOST OF WHOM ARE PROSPEROUS DEMOCRACIES WELL-DISPOSED TOWARD THE UNITED STATES, REGARDLESS OF THEIR PREVIOUS POLITICAL SYSTEMS. WHILE NO STATE GAVE UP ITS EXTERNAL REALM WITHOUT REGRETS, THE EASE OF THE TRANSITION AND THE DOMESTIC POLITICAL IMPACT OF LOSS OF EMPIRE WERE ALWAYS CRITICALLY INFLUENCED BY THE POLICIES OF THE DOMINANT WESTERN POWERS. THE RISE OF EUROPEAN FASCISM WAS EQUALLY THE RESULT OF LOST EMPIRES AND OF POLICIES DESIGNED TO HUMBLE THE FORMER IMPERIAL METROPOLES.

60. THE EXPERIENCE OF OUR RELATIONS WITH POST-OTTOMAN TURKEY ILLUSTRATES THE PATH OUR POLICY TOWARD POST-SOVIET RUSSIA SHOULD TAKE. DESPITE PERSISTENT DIFFICULTIES IN THE TURKISH ECONOMY, SERIOUS HUMAN RIGHTS PROBLEMS AND A TRADITION OF AUTHORITARIAN GOVERNMENT, MODERN TURKEY HAS BEEN A MAJOR SUCCESS FOR AMERICAN POST-WAR FOREIGN POLICY. (WE MIGHT ALSO RECALL THAT EVEN SUCH A DARLING OF THE WESTERN FINANCIAL COMMUNITY AS TURGUT OZAL EMPLOYED STRONGLY

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STATIST METHODS OF ECONOMIC CONTROL AND ENGAGED IN HIGHLY INFLATIONARY PUBLIC FINANCING.) DESPITE SOME CONTINUING FRICTIONS BETWEEN WASHINGTON AND ANKARA, THIS IS ONE OF THE MOST CONSISTENTLY BENEFICIAL OF OUR FAR-FLUNG ALLIANCES, WITH TURKEY EXERTING A STABILIZING INFLUENCE IN A DANGEROUS PART OF THE WORLD, RESTRAINING THE IRREDENTIST TENDENCIES OF SEVERAL OF ITS NEIGHBORS, AND GIVING THE UNITED STATES SOLID SUPPORT WHEN IT COUNTED. BOTH RUSSIANS AND TURKS WOULD REJECT THE COMPARISON, BUT THE PARALLELS ARE SIGNIFICANT: BOTH ARE POST-IMPERIAL STATES SPANNING EUROPE AND ASIA, EACH WITH RELIGIOUS AND CULTURAL TRADITIONS AT ODDS WITH THOSE OF WESTERN EUROPE, EACH REJECTING THE TERRITORIAL AND RELIGIOUS/IDEOLOGICAL CLAIMS OF ITS PREDECESSOR, EACH SEEKING ACCEPTANCE BY THE WEST WHILE PRESERVING ITS OWN EURASIAN IDENTITY.

61. AS IN REPUBLICAN TURKEY, IN POST-SOVIET RUSSIA ATTITUDES TOWARD THE "NEAR ABROAD" TEND TO PARALLEL VIEWS ON DEMOCRACY AND RELATIONS WITH THE WEST. WHILE FEW RUSSIANS REGARD THE LOSS OF EMPIRE AS AN UNALLOYED GOOD, THOSE RUSSIANS WHO RECALL THE FORMER UNION AS RUSSIA'S BURDEN TEND TO BE THOSE MOST FAVORABLY DISPOSED TOWARD REFORM, WHILE THOSE WHO HARKEN BACK TO THE EMPIRE AS RUSSIA'S GLORY ARE ALSO NOSTALGIC FOR THE AUTHORITARIAN SYSTEM AND MILITARY POWER WHICH SUSTAINED THE EMPIRE. THUS, SUPPORT FOR VIABLE DEMOCRACY IN RUSSIA IS THE BEST SUPPORT WE CAN GIVE TO THE STATES OF THE "NEAR ABROAD", AND CERTAINLY A BETTER POLICY FOR THE UNITED STATES THAN AN EFFORT TO CONSTRUCT AN EIGHTEENTH CENTURY-STYLE "CORDON SANITAIRE" AROUND RUSSIA (AS SOME HAVE ADVOCATED) COMPOSED OF STATES WHICH FAIL, OTHER THAN PERHAPS THE BALTS, TO MEET THE STANDARDS TO WHICH WE HOLD RUSSIA.

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62. THERE WILL INEVITABLY BE DOMESTIC REFLECTIONS OF ITS EXTERNAL POLICY WITHIN RUSSIA WE WILL NOT LIKE. CHIEF AMONG THESE WILL BE THE USE OF RUSSIAN NATIONALISM BY ALL POLITICAL FACTIONS, INCLUDING DEMOCRATS, AS A UNIFYING FORCE IN THE EVOLVING POLITICAL SYSTEM. WITH THE BANKRUPTCY OF THE SOVIET POWER STRUCTURE AND ITS IDEOLOGY, RUSSIA IS A SOCIETY BADLY IN NEED OF THE RESTORATION OF SOME KIND OF ETHICAL CENTER. MUCH OF THE ALIENATION OF VOTERS FROM THE POLITICAL PROCESS IS THE RESULT OF THE ETHICAL VACUUM IN WHICH POLITICAL DEBATE TAKES PLACE. PART OF



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ZHIRINOVSKIY'S SUCCESS AMONG YOUNG AND DISAFFECTED WORKING-CLASS VOTERS WAS HIS WILLINGNESS TO VIOLATE THE TABOOS OF DEMOCRACY AND PROCLAIM THEIR FRUSTRATIONS PUBLICLY. IRONICALLY, BORIS YELTSIN IS HIMSELF THE ULTIMATE TABOO-BREAKER OF MODERN RUSSIA, ESTABLISHING MOST OF HIS POPULAR CREDIBILITY THROUGH HIS WILLINGNESS AS A MEMBER OF THE CPSU POLITBURO TO PROCLAIM OPENLY THAT THE PARTY WAS MORALLY NAKED.

63. THE CHALLENGE FOR YELTSIN AND FOR OTHER DEMOCRATS IS TO COUNTER THE SURGE OF DESTRUCTIVE NEGATIVISM

WITHIN RUSSIAN SOCIETY. THE SUBSTITUTE FOR IDEOLOGY WILL ALMOST CERTAINLY BE NATIONALISM, WITH A STRONG TIE TO THE ORTHODOX CHURCH (AS NOTED ABOVE, ALMOST NO RUSSIANS IMBUE THE MARKET WITH POSITIVE ETHICAL DIMENSIONS). IF LINKED TO CONSTITUTIONAL DEMOCRACY AND TO THE STEADY GROWTH OF REPRESENTATIVE INSTITUTIONS, RUSSIAN NATIONALISM CAN BECOME A POSITIVE FORCE, AS PATRIOTISM AND NATIONAL FEELING ARE IN WESTERN DEMOCRACIES. DIVORCED FROM DEMOCRACY, RUSSIAN NATIONALISM WILL BECOME A TERROR.

#### XIV

64. FOR THE UNITED STATES TO BE IN A POSITION TO ENCOURAGE RESTRAINT AND RESPONSIBILITY IN RUSSIAN EXTERNAL POLICY WILL REQUIRE CORRESPONDING RESTRAINT ON OUR PART TOWARD RUSSIAN INTERNAL POLICY, PARTICULARLY IN THE ECONOMIC FIELD. WE ARE FORCED TO CHOOSE: IS OUR PRIORITY IN RUSSIA FLEDGLING DEMOCRACY OR MARKET ECONOMICS? IN THE YEARS REMAINING IN THIS CENTURY, WE CANNOT HAVE BOTH. DESPITE SHALLOW ROOTS IN RUSSIA, DEMOCRACY ENJOYS A DEGREE OF PUBLIC APPROBATION WHICH THE MARKET DOES NOT. SKEPTICAL AS THEY ARE OF THEIR POLITICIANS, RUSSIANS FOR THE MOST PART DO WANT THEIR COUNTRY TO BE A DEMOCRACY OF SOME KIND. IN THAT VAGUE AND INCHOATE ASPIRATION LIES THE BASIS FOR A SUCCESSFUL LONG-TERM PARTNERSHIP BETWEEN THE TWO COUNTRIES AND FOR A COMPARATIVELY BENIGN RUSSIAN OUTLOOK ON THE WORLD -- IF THEY AND WE DON'T FORCE OTHER REFORMS FASTER THAN OBJECTIVE RUSSIAN CONDITIONS ALLOW. LATE LAST YEAR, THE RUSSIAN RADICAL REFORMERS IMPOSED A COMPLEX FOREIGN ELECTORAL SYSTEM (THE GERMAN) ONTO AN UNPREPARED ELECTORATE AND PRODUCED A (PREDICTABLE) SHAMBLES. TO

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IMPOSE A COMPLEX FOREIGN MARKET ECONOMIC SYSTEM ONTO AN

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UNPREPARED SOVIET-ERA STRUCTURE WILL PRODUCE (ALSO PREDICTABLY) AN EVEN GREATER SHAMBLES.

65. THE KEY TO A CONSTRUCTIVE AMERICAN ROLE IN SUPPORTING THE GROWTH OF RUSSIAN DEMOCRACY IS MUTUAL RESPECT. THE RESERVOIR OF GOODWILL WHICH OVERWHELMED AMERICANS AT THE COLLAPSE OF SOVIET POWER IS NOT YET EMPTY, BUT HAS BECOME DANGEROUSLY SHALLOW. SOME OF THAT LOSS IS THE RESULT OF EXAGGERATED EXPECTATIONS OF WHAT THE WEST, AND AMERICA, WOULD AND COULD DO FOR RUSSIA. SOME OF THE LOSS, HOWEVER, IS THE PRODUCT OF OUR OWN INTRUSIVE, IF WELL-INTENTIONED, EFFORTS TO DEFINE SUCCESS FOR RUSSIA IN TERMS APPROPRIATE FOR OUR OWN COUNTRY. WHILE VERY FEW RUSSIANS REGRET THE PASSING OF THE COLD WAR OR WISH TO RESUME AN ADVERSARIAL STANCE TOWARD THE UNITED STATES, EQUALLY FEW APPRECIATE THE MISSIONARY ZEAL OR THE SUPERIOR TONE WHICH PERVADE OUR MONOLOGUE TOWARD THEM.

66. THE RUSSIAN STANDARD OF SUCCESS AND FAILURE IN ANY UNDERTAKING -- ECONOMIC, POLITICAL, SOCIAL -- IS NOT THE SAME AS THE AMERICAN. THE AMERICAN NATIONAL EXPERIENCE (A SINGULARLY FAVORED ONE) IS DOMINATED BY THE THEME AND REALITY OF SUCCESS, TO THE EXTENT THAT "SUCCESS" HAS BECOME THE FALSE DEITY OF OUR SOCIETY. THE RUSSIAN NATIONAL EXPERIENCE (AN ESPECIALLY DIFFICULT ONE) HAS BEEN DOMINATED BY PAIN, AND BY THE MEMORY AND EXPECTATION OF TRAGEDY. TO THE RUSSIAN MIND, OUR OBSESSION WITH GOALS AND GOAL-FULFILLMENT IS PECULIAR AT BEST, AT TIMES OFFENSIVE.

67. ONE MIGHT ASK WHY WE SHOULD SHOW RESPECT FOR A COUNTRY WHICH HAS INFLICTED UPON ITSELF SO MANY FAILURES OVER SO MANY YEARS. WE SHOULD DO SO, FIRST, BECAUSE RESPECT IS THE APPROPRIATE MEDIUM OF INTERCHANGE WITH ANY EMERGING DEMOCRACY POSSESSING THIRTY THOUSAND THERMONUCLEAR WEAPONS. SECOND, WE SHOULD BECAUSE MANY RUSSIANS (ESPECIALLY AMONG THE YOUNG) RECOGNIZE THEIR FAILURES AND WERE THEMSELVES THE VICTORS OVER THE COMMUNIST REGIME. FINALLY, WE SHOULD SHOW RESPECT BECAUSE RUSSIA IS THEIR COUNTRY TO DO WITH AS THEY SEE FIT, THE MORE SO AS WE ARE NOT PREPARED TO MATCH OUR ADVICE WITH MONEY.

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68. THERE IS A GROWING TREND IN THIS PART OF THE WORLD AWAY FROM THE DEMOCRATIC REFORMERS WHO SHATTERED THE ICONS OF SOVIET POWER. IN POLAND, LITHUANIA, AND BELARUS WE HAVE SEEN FATIGUE WITH THE HUMAN IMPACT OF REFORMS DELAY, AND POTENTIALLY REVERSE, IMPORTANT

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68. THERE IS A GROWING TREND IN THIS PART OF THE WORLD AWAY FROM THE DEMOCRATIC REFORMERS WHO SHATTERED THE ICONS OF SOVIET POWER. IN POLAND, LITHUANIA, AND BELARUS WE HAVE SEEN FATIGUE WITH THE HUMAN IMPACT OF REFORMS DELAY, AND POTENTIALLY REVERSE, IMPORTANT POLITICAL ACHIEVEMENTS. THIS IS NOW HAPPENING IN RUSSIA, BUT WITH ENORMOUS IMPLICATIONS FOR THE WORLD AT LARGE AND FOR THE UNITED STATES. IF RUSSIA'S LEADERS, INCLUDING MANY DEDICATED TO BROAD SYSTEMIC REFORM, TURN AWAY FROM WESTERN PRESSURE AND RETREAT TO A MYOPIC AND HOSTILE OUTLOOK ON THE WORLD, SOME OF THE BLAME WILL BE OURS. IN ONLY TWO YEARS, POST-SOVIET RUSSIA HAS MOVED FROM A NAIVE AND OVERLY EXPECTANT FAITH IN THE WISDOM OF THE WEST (AND ESPECIALLY OF AMERICA) TO A FRUSTRATION TINGED WITH ANIMOSITY AS RUSSIANS LOOK BEYOND THEIR TRUNCATED FRONTIERS. IF ANDREY KOZYREV IN 1994 SOUNDS INCREASINGLY LIKE ALEKSANDR RUTSKOY ONE YEAR EARLIER, IT IS NOT ONLY BECAUSE RUSSIA'S FOREIGN MINISTER IS TACKLING WITH THE POLITICAL WIND.

69. KOZYREV REFLECTS THE EXHAUSTION AND DISAPPOINTMENT OF MANY OF RUSSIA'S YOUTHFUL WESTERNIZERS WITH THE MEAGER FRUITS OF THEIR EFFORTS TO ACHIEVE ACCEPTANCE BY THE WEST FOR RUSSIA AS A RESPONSIBLE EMERGING DEMOCRACY. FAILING THIS ACCEPTANCE AND THE EMBRACE OF WESTERN INSTITUTIONS IT WOULD ENTAIL, RUSSIANS (INCLUDING THE WESTERNIZERS) WILL FALL BACK ON THEIR COUNTRY'S INHERENT POWER AND ON ITS ABILITY TO EXERT INFLUENCE BEYOND ITS BORDERS. KEENLY AWARE OF RUSSIA'S MANIFOLD DEFICIENCIES, EVEN DEMOCRATS MAY COME TO SHARE PUSHKIN'S BITTER JUDGMENT OF RUSSIA'S STATUS, "IF WE DID NOT STRETCH ACROSS HALF THE EARTH, WHO WOULD NOTICE US?"

70. 1994 IS A DANGEROUS YEAR. THE RECENT AMNESTY OF YELTSIN'S OPPONENTS BY THE DUMA SHOULD REMIND US THAT THE STRUGGLE FOR DEMOCRACY IN RUSSIA IS STILL FAR FROM IRREVOCABLY WON. IF THE WEST, WITH THE UNITED STATES IN THE FRONT RANK, PREFERS THE ROLE OF ECONOMIC MISSIONARY TO THAT OF TRUE PARTNER, WE WILL ASSIST RUSSIAN EXTREMISTS TO UNDERMINE THE COUNTRY'S NASCENT DEMOCRACY AND WILL ENCOURAGE A RENEWAL OF RUSSIA'S ADVERSARIAL STANCE TOWARD THE OUTSIDE WORLD. INCIDENTALLY, WE WILL ALSO FAIL ON THE ECONOMIC FRONT.

PICKERING