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THE BUSH-YELTSIN SUMMIT

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FORGING A U.S.-RUSSIAN
PARTNERSHIP

By Douglas Seay

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The Bush-Yeltsin Summit

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Forging a U.S.-Russian Partnership

By Douglas Seay

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INTRODUCTION

Russian President Boris Yeltsin will visit Washington from June 15 to 17 for a summit meeting with George Bush. Yeltsin's visit comes at a time of great trial for him, for his government, and for his country. The collapse of the Soviet regime last fall has freed Russia and the other republics of the former Soviet Union. But this new freedom has brought with it enormous problems and unfamiliar responsibilities. Russia has entered a time of testing as it struggles to rid itself of the remnants of the old communist system and replace them with a democracy and a market economy. The outcome of this daunting task will determine the future of what remains the world's largest country and thus its impact on the world.

The U.S. has a vital interest in Russia's successful transition to a stable and prosperous democracy. The new democratic government in Moscow is struggling to establish its authority against entrenched, powerful elements of the former communist system. It also has begun the difficult process of transforming a communist economy into one based on the free market, even as economic collapse accelerates. Success here will be the best guarantee of stability throughout the former Soviet Union and thus in Europe as a whole; failure could result in continuing chaos and conflict and even lead to the rise of an anti-Western authoritarian regime in Moscow. As the leader of the West, George Bush must move quickly and decisively to support Russia's democratic government and encourage it to move forward boldly in its economic and political reforms.

With the Cold War over and won, it is important that Russia not be viewed as a defeated enemy—the Soviet regime was the enemy of both the West and of Russia, and its destruction was a victory for both—but rather as a new friend and potential ally. As such, President Bush should seek to lay the foundation for a wide-ranging partnership between the United States and Russia. As in any true partnership, support must come from both sides. Bush should persuade President Yeltsin that Russia's interests go beyond merely being the passive recipient of Western aid. Instead, Russia should be encouraged to become a member of the Western community of nations and to cooperate actively with the U.S. to address problems around the world.

Douglas Seay is Deputy Director of Foreign Policy and Defense Studies at The Heritage Foundation.

To assist Russia's reforms and to lay the foundation for a partnership between the United States and Russia, Bush should:

- ✓ **Declare strong support for Russia's new government, for its reforms, and for Yeltsin personally.**
- ✓ **Refuse to take sides in the dispute between Russia and Ukraine.**
- ✓ **Pledge U.S. support for the protection of Russian minorities in other countries.**
- ✓ **Warn Yeltsin of the danger of retaining the KGB.**
- ✓ **Insist that Yeltsin cease KGB operations against the U.S.**
- ✓ **Press Yeltsin to open all of the secret Soviet archives to the world community.**
- ✓ **Call upon Yeltsin to relinquish the Soviet Embassy compound on Mt. Alto in Washington, D.C.**
- ✓ **Request Russian cooperation in addressing regional problems, including those created by Cuba, North Korea, and Yugoslavia, and in fighting terrorism.**
- ✓ **Urge Yeltsin to continue Russia's demilitarization.**
- ✓ **Secure Yeltsin's agreement to accelerate the pace of arms reductions, and encourage him to put aside the adversarial patterns that characterized U.S.-Soviet arms control negotiations.**
- ✓ **Persuade Yeltsin to agree that the 1972 Anti-Ballistic Missile (ABM) Treaty has lapsed.**
- ✓ **Discuss with Yeltsin methods of accelerating the dismantling of the strategic nuclear systems remaining in Ukraine, Kazakhstan, and Belarus.**
- ✓ **Persuade Yeltsin to rein in Russian arms sales, especially weapons of mass destruction and the technology associated with them.**
- ✓ **Encourage Yeltsin to withdraw Russian forces from the Baltic states of Estonia, Latvia, and Lithuania.**
- ✓ **Prompt Yeltsin to move ahead rapidly and aggressively on privatization of state-owned enterprises.**
- ✓ **Declare that American and Western assistance will be directed to the Russian private sector, not to the government.**
- ✓ **Tell Yeltsin that the U.S. intends to lower its barriers to Russian exports and that he will press the West Europeans and other countries to lower theirs as well.**

FORGING A POLITICAL PARTNERSHIP BETWEEN AMERICA AND RUSSIA

The collapse of the Soviet Union provides an unparalleled opportunity to forge a new political partnership between America and Russia. If Yeltsin can be persuaded to shed completely the legacy of Soviet expansionism and adopt Western principles in international relations, the U.S. and Russia should be able to cooperate to resolve regional conflicts and other security problems around the world. Both sides will need to be reassured. The U.S. must make an unequivocal commitment to Russia's fragile democracy and fledgling free market, while Russia must renounce the lingering remnants of the Soviet regime's long war against the West. To create this new partnership, Bush should:

- ✓ **Declare strong support for Russia's new government, for its reforms, and for Yeltsin personally.**

Because it is identified with democracy, America commands tremendous moral authority throughout Eastern Europe and the former Soviet Union, including Russia. An embrace of Yeltsin by Bush and strong statements backing his government and the reform process would be a considerable political boost for the Russian president at a time when he is under great pressure to reverse course on reforms.

Those who argue that the U.S. should keep Yeltsin at arm's length because he may prove to be a transitional figure are profoundly mistaken. With little support from Western governments, and even outright opposition in the past from the Bush Administration, Yeltsin and the democratic forces in Russia and throughout the former Soviet Union succeeded in overthrowing the Soviet regime. In so doing, they advanced U.S. and Western interests far more than any Western government could have accomplished on its own.

In this effort, Yeltsin acted with great political courage. As important, he repeatedly has demonstrated superior understanding and judgment regarding the political situation in Russia—far more acute than those of his many detractors in Russia and the West. He also has demonstrated a commitment to far-reaching political and economic reform, even if his efforts are only in their beginning stages. As such, Yeltsin remains the best hope for Russia's democratic reforms. It would be difficult to identify a replacement for him who would do better.

- ✓ **Refuse to take sides in the dispute between Russia and Ukraine.**

Since the demise of the Soviet Union last fall, many disputes have arisen between Russia and the other former Soviet republics, especially Ukraine. Russian-Ukrainian tensions are among the most serious, given the size of the two countries and the growing vituperation between them. The list of disputes is long and growing and includes the treatment of national minorities, the status of Crimea, the division of the Black Sea Fleet, and many others.

The issues which divide Russia and Ukraine, as well as disputes in other areas of the former Soviet Union, will not be easy to resolve. As in Yugoslavia, the situation is made more dangerous by the existence of political forces which are not simply aggressive in pursuit of their goals but have an interest in fomenting conflict.

Already, various participants in these disputes have called upon the U.S. for support. The U.S., however, has no interest in choosing sides. Its interests lie in keeping the peace and preventing the outbreak and spread of conflict. Therefore, Bush should emphasize in his public and private statements that the U.S. will not choose sides in these and other disputes; instead, it will insist that all such disputes be settled peacefully. He must remember the lessons of the Yugoslav conflict where Western warnings were correctly interpreted in the region as empty rhetoric and were brushed aside by those government leaders, such as Serbian President Slobodan Milosevic, who are intent on achieving their goals by force. Bush must make very clear that the U.S. will seek to isolate and punish governments which resort to force against their neighbors.

✓ **Pledge U.S. support for the protection of Russian minorities in other countries.**

The dissolution of the Soviet Union into several countries has meant that the poorly drawn boundaries of the former republics have become international borders. Included within these borders are millions of ethnic minorities, including Ukrainians, Armenians, Uzbeks, and many others. Russians constitute the largest of these minorities, around 25 million, and number over 10 million in Ukraine alone. Each of these ethnic groups faces the possibility of discrimination and persecution. Political forces in Russia and the other countries of the former Soviet Union have seized upon the alleged mistreatment of their ethnic kin to demand action in their support. For example, Russian Defense Minister Pavel Grachev declared on June 5 that the mistreatment of ethnic Russians would bring "the most iron-handed measures, including the use of armed force." As in Yugoslavia, real grievances have been used as cover to advance cynical political agendas; in Russia, anti-democratic forces are attempting to use the issue of the treatment of Russians in other countries to embarrass and thereby undermine Yeltsin's government and to provoke Moscow's intervention in these countries.

Bush must make clear that the U.S. opposes any such intervention by any of these new countries, regardless of the pretext. The problem of the protection of ethnic minorities is a difficult one—Russia itself harbors a large number—but the U.S. must insist that only peaceful solutions are acceptable. Moreover, a requirement of these countries' entry into the world community and continued cooperation with the West is protection of their minorities. If U.S. support is forthcoming, it will help to protect Yeltsin's flank against nationalist pressures for Russian intervention.

✓ **Warn Yeltsin of the danger of retaining the KGB.**

Despite the victory of the democratic forces, the Soviet secret police—the KGB—remains in operation. In contrast with East European countries such as Hungary and Czechoslovakia, which dismantled their secret police, the Russian government has announced that it is retaining the KGB, albeit divided into two services and renamed the Ministry of Security and the Foreign Intelligence Service. Despite this new facade, its structure and personnel will be drawn primarily from that of its Soviet predecessor. Bush should tell Yeltsin that the retention of the KGB in any form is a profound mistake and represents a threat to Russia's fragile democracy. Since Tsar Ivan the Terrible in the 15th century, Russia has suffered from a secret police system which, without exception, has acted to support tyranny. If a true intelligence service is needed, it should be established from a new beginning. The old KGB

should be dissolved entirely—not reorganized—and all of its former personnel permanently dismissed.

✓ **Insist that Yeltsin cease KGB operations against the United States.**

U.S. intelligence officials have told The Heritage Foundation that the level of KGB operations in the U.S. has not decreased since the demise of the Soviet Union and has even increased in the area of military intelligence and defense technology. The same is true for operations conducted by the GRU, the military intelligence organization. Harry Brandon, head of the FBI's counter-intelligence service, recently confirmed that Russia is virtually alone among the republics of the former Soviet Union in continuing these operations. Most of the East European countries have ceased or greatly reduced their intelligence operations in the U.S., and some of these are actively cooperating with the West to reveal the identities of their former agents.

Bush should declare in the strongest terms that continued KGB operations in the U.S. and elsewhere are incompatible with Russia's desire to establish close relations with the U.S. This type of spying is unacceptable for a country receiving assistance from the West. Astonishingly, part of the Western aid given to the Russian government to support political and economic reform likely is being used to support KGB operations against the West. Yeltsin must be made to understand that once the American public becomes aware of the continuation of these KGB activities, its support for his government will be seriously undermined. Yeltsin must be firmly told that U.S. assistance for his government will cease unless he ends the KGB's Cold War operations against the West and dismantles its old spy networks.

Although the KGB has been reorganized, principally by splitting it into a domestic branch and a Foreign Intelligence Service headed by Soviet Communist Party apparatchik Yevgenii Primakov, most of its personnel remain the same and it continues its traditional operations against U.S. and Western interests. Former Soviet Foreign Minister Boris Pankin revealed last year that fully one-half of Soviet diplomats stationed abroad were KGB agents, and Yegor Yakovlev, now head of the Russian television and radio service, estimated that one-third of Soviet journalists abroad were in fact full-time KGB staffers. Since there has been no purge of either of these groups, the assumption must be that KGB levels of staffing in them continue as before.

Bush should reject any attempt by Russian government officials to establish equivalency between the KGB's activities and those of Western intelligence services. The KGB was a brutal instrument of a totalitarian state, more akin to Hitler's SS than to either the police force or intelligence service it now claims to be. It was a declared enemy of the very democracy which Russia seeks to establish. The KGB cannot be reformed; it must be abolished. Bush should offer U.S. assistance in establishing a new Russian intelligence service, one that would be drastically limited in function and firmly controlled by democratic institutions.

✓ **Press Yeltsin to open all of the secret Soviet archives to the world community.**

One of the Russian government's first actions after last August's failed coup was to seize the Communist Party and government archives. Although Soviet officials rushed to destroy incriminating evidence, the bulk of the files remain intact. Many of the most important, however, remain largely inaccessible. Some of the principal

archives are beginning to be opened to public scrutiny, but the pace has been slow and access remains very restricted.

Two sets of files of particular importance are the so-called Presidential or Kremlin Archives and those of the KGB. The Presidential Archives contain the most secret documents of the former Politburo and ruling leadership; these are essential for a full understanding of the actions and motives of the Soviet regime. The KGB files document the inner workings of this massive secret state-within-a-state and its enormous networks in the former Soviet Union and abroad. Both should be fully opened to Western and Russian scholars.

The argument that these archives contain state secrets is false; they are records of the Soviet regime's war against its own people and the West. Keeping these records secret serves only the interests of those who were and who remain enemies of both the American and Russian people and who were involved in criminal activities against them. The fact that the Russian government itself will soon bring officials of the former Soviet Communist Party to trial constitutes Moscow's recognition of the Soviet regime's criminal nature. Russia's responsibilities as a new democracy include completely exposing the damage and suffering inflicted by the Soviet regime, especially the crimes of its most eager and efficient instrument, the KGB. That effort should also include information on Americans and others around the world who have willingly worked for the KGB in its war against the West.

✓ **Call upon Yeltsin to relinquish the Soviet Embassy compound on Mt. Alto.**

In 1969, the U.S. and Soviet Union agreed to construct new embassy buildings in Moscow and Washington. This agreement was disastrously negotiated and implemented by the U.S. The U.S. Embassy in Moscow—built by Soviet workers—was found to be riddled with listening devices and thereby rendered worthless. More seriously, the new Soviet Embassy in Washington was built on Mt. Alto, a site overlooking Washington and ideally suited to allow eavesdropping on sensitive government communications. Although the Soviets were never allowed to occupy the compound completely, the potential threat to U.S. security remains. Bush should rectify this mistake and propose that the Russian government select another site for a new building, if it is determined that a need for one still exists. Under no circumstances should the Russian or any foreign government be allowed to take possession of the existing site.

✓ **Request Russian cooperation in addressing regional problems, among them:**

Cuba. Bush should praise Yeltsin for ending economic support for the Cuban regime and request his assistance in eliminating problems which remain from the Soviet-Cuban alliance.

Effective at the beginning of this year, the Russian government ended the enormous subsidies which had enabled Fidel Castro's dictatorship to survive for over three decades. The cutoff of subsidies has produced a steep decline in Cuba's socialist economy. Other actions taken by Yeltsin's government include supporting the March 4 United Nations resolution which sharply criticized Havana for extensive human rights abuses.

Despite these positive steps, several problems remain. Military assistance to Cuba continues, albeit at a much reduced level. U.S. intelligence recently spotted a Russian freighter offloading artillery and air defense missiles in the Cuban port of Mariel. Shipments of Soviet-made T-64 tanks and other modern armaments also have been identified. Russian officials have characterized these deliveries as "already being in the pipeline," but Bush should urge Yeltsin to take measures to end this continuing flow of weapons. In addition, the Soviet intelligence facility at Lourdes used to spy on the U.S. remains in operation, as does the submarine and naval base at Cienfuegos. Bush should press Yeltsin to shut down these relics of the Cold War as soon as possible.

Cuba is constructing a nuclear facility near Cienfuegos with Russian financial and technical assistance. Located just 250 miles south of Miami, this poorly designed and constructed facility risks a repeat of the Chernobyl disaster and is a direct environmental and economic threat to much of the U.S. Bush should press Yeltsin to end Russia's financial and technical assistance to this facility and prevent its becoming operational.

North Korea. Bush should enlist Yeltsin's assistance in preventing North Korea from constructing a nuclear weapon.

As the long-time ally and chief weapons supplier to the North Korean regime, the Soviet Union had unparalleled information on that regime's activities and military capabilities. North Korea's limited opening of suspected nuclear facilities for international inspection has, among other things, revealed the existence of previously unsuspected sites of ongoing nuclear research. As in Iraq, several additional sites may exist of which the U.S. and the West have no knowledge. Bush should ask Yeltsin to make available all information on the subject of North Korea's nuclear capabilities and other aspects of its military and other preparations for war.

Yugoslavia. Bush should seek to enlist more active Russian support against Serbia. Even as the U.S. and the world community have begun to take measures to isolate and punish the Serbian regime, Russian support for this effort has been reluctant. One reason for this is the historical tie between the two countries. It is precisely this tie which makes Russian participation in Serbia's isolation so valuable.

Peace in the region can come only through the removal of the Serbian regime of Slobodan Milosevic, which is the principal instigator of the conflict. Only the Serbian people can remove the regime. There are signs that they are beginning to recognize this and to turn against Milosevic. Bush should ask for Russia's support not against Serbia but against the Serbian regime. Russia's active cooperation with the West against Milosevic would have an important psychological effect on the Serbian population, especially if coupled with vocal Russian support for Serbian democracy.

Terrorism. Bush should seek active Russian cooperation with U.S. and Western efforts to unmask and combat terrorist organizations throughout the world. For decades, the Soviet regime extensively supported a wide range of terrorist groups. New evidence of this support recently was provided by the Russian government when it published KGB documents explicitly confirming that So-

viet weapons were transferred to Palestinian terrorist groups for the express purpose of attacks on Western interests. Much more evidence of this type remains unpublished, along with valuable intelligence that would greatly facilitate current U.S. and Western counter-terrorist efforts. Bush should press Yeltsin for his full support in combatting these terrorist organizations, such as sharing information contained in Soviet archives on terrorist operations, structures, personnel, locations, and other relevant subjects.

FORGING A NEW SECURITY PARTNERSHIP BETWEEN AMERICA AND RUSSIA

The demise of the Soviet Union has ended the Soviet regime's expansionist threat and its efforts to achieve military superiority over the West. The pursuit of this objective led Moscow to the enormous expenditures which created the world's largest military force, as well as its own economic collapse. Bush and Yeltsin have an opportunity to establish a cooperative security relationship that will allow the U.S. and Russia to safely reduce the arsenals produced as a result of the Soviet threat and the U.S. defensive response to it.

The first priority should be to dismantle the most threatening Soviet systems, followed by efforts to prevent the spread of Soviet weapons throughout the world. Finally, Russia must be encouraged to cooperate with the U.S. and the West in addressing regional security problems. To accomplish these objectives, Bush should:

✓ **Urge Yeltsin to continue Russia's demilitarization.**

The proportion of the Soviet economy devoted to defense production exceeded even the most radical estimates in the West. It is now clear that the Soviet economy was essentially a war economy with the preponderance of its industry devoted to defense production. The enormous Soviet military inventory produced by stupendous effort remains by far the world's largest.

Agreement has been reached among the former republics on the division of most of that inventory. Nevertheless, Russia's portion remains far in excess of its needs. The recently announced creation of a Russian army presents a good opportunity to restructure. Russian Defense Minister Pavel Grachev has announced plans for a force of 1.5 million troops, which is roughly one-third the size of the former Soviet military.

This means not only that Russia should cease manufacturing unneeded military equipment but also that it should restrict the deployments of those systems, such as ballistic missile-carrying submarines, which are most threatening to the U.S. and which are among the most difficult to control. Russia should not just deactivate these weapons but destroy them; the retention of such dangerous and unnecessary systems would signal that the break with the imperialist past is not yet complete. They also are costly to maintain and they only sour U.S.-Russian relations.

The Black Sea Fleet is an instructive example. Ownership and control of the former Soviet Black Sea Fleet is one of many areas of contention between Russia and Ukraine. The fleet is based in the Ukrainian port of Sevastopol but is manned

largely by Russians. So far, there has been no agreement between Russia and Ukraine on how to divide the fleet.

Unfortunately, this dispute has become a symbol of nationalist feeling in both countries. Both sides forget, however, that neither Russia nor Ukraine has any need for a blue-water navy. Because it did not rely on maritime trade and faced no danger from invasion by sea, the Soviet Union had no need for an ocean-going navy. The Black Sea Fleet, along with the Pacific Fleet based in Vladivostok, the Northern Fleet in Murmansk, and the Baltic Fleet, was built as part of the enormous Soviet effort to achieve military superiority over the West and was designed as an offensive force to threaten Western interests and to disrupt its lines of communication.

If the Soviet Union had no legitimate need for a blue-water navy, certainly neither Ukraine nor Russia has one. Neither should want one. Andrei Kokoshin, Russia's Deputy Minister for Defense, stated on June 3 that Russia has not identified any enemies, "not even in the south," and that, contrary to the Soviet Union, Russian military doctrine and force deployments will be strictly defensive. This being the case, the naval requirements of both Russia and Ukraine are limited to coastal defense, and even these are quite modest. Thus, the current fight over the division of an unneeded instrument of imperial expansion is doubly absurd.

- ✓ **Secure Yeltsin's agreement to accelerate the pace of arms reductions, while avoiding the adversarial patterns that characterized U.S.-Soviet arms control negotiations.**

The opportunity exists to cut significantly the arsenals of both the U.S. and Russia. The announcement that the two countries tentatively have agreed to further reduce the number of nuclear warheads in their arsenals from the Strategic Arms Reduction (START) Treaty's level of 8,500 to 4,700 by the end of the decade is evidence that the demolition of the Soviet regime has made possible rapid advances in mutual security. But the reduction in numbers itself provides little, if any, additional security, and has the possibility of actually harming it. Further reductions to the level of 2,000 to 2,500 warheads, as proposed by the Russian government, could in fact make the potential danger more acute. More important than overall numbers is the structure of the remaining forces. The Bush Administration is right to focus on those systems, such as Russia's multi-warhead SS-18 missiles, which have no function other than as first-strike weapons.

The Russian government has dragged its feet in discussions with the U.S. on reducing these systems. This is a result of its ill-considered attachment to erroneous arms control theories. Russia claims that it needs to retain some of these systems in order to balance the U.S. forces. This approach is profoundly mistaken and is a holdover from the Soviet era when arms control theorists raised balance into an absolute good, a consequence of abstract theories of stability and of equating Soviet threat and American defensive response. The U.S. is not a threat to Russia and does not need to be defended against, any more than Britain or Japan need to protect themselves against America. Bush must reject any Russian insistence on "equivalency," whether it results from misplaced pride or inertia from the Soviet era. He should explain that such an approach is neither necessary nor desirable and constitutes the biggest obstacle to an improvement in mutual security.

The end of the Soviet Union means a wholly new approach to arms control is called for. Arms control initiatives beyond the START Treaty should be informal. The avoidance of formal negotiations will allow for deeper and more rapid cuts. As long as a friendly government remains in place in Moscow, deeper mutual cuts than those envisioned under START are desirable, provided that Moscow reciprocates. Bush should announce the U.S. intention to further cut U.S. forces to smaller levels and to remove multiple warheads from land- and sea-based ballistic missiles, as he already has proposed. He should outline reciprocal steps he expects of Moscow, particularly concerning the fate of its heavy missiles. Formal Russian agreement on all details, including ultimate force levels, is not necessary. Prolonged negotiations of the type that led to START are likely to create an adversarial atmosphere and delay progress. Bush should tell Yeltsin that America will proceed toward reduced force levels as long as Russian reciprocity makes it safe to do so.

✓ **Persuade Yeltsin to agree that the 1972 Anti-Ballistic Missile Treaty has lapsed.**

With the Soviet Union no longer in existence, the ABM Treaty no longer is valid. It should not be revived. This is an opportunity for the U.S. and Russia to cooperate in advancing ballistic missile defense. In a televised speech on January 29, Yeltsin called for the U.S. and Russia to "create and jointly operate" a global defense system. The two governments already have taken the first step by agreeing to establish a joint monitoring center to track the launch of ballistic missiles anywhere in the world. There now exists agreement between the two governments that at least some defenses are prudent as a hedge against an accidental, unauthorized, or light missile attack from any of an expanding number of ballistic missile states.

For this defense to be effective, it will have to go beyond the limits of the ABM Treaty. This can best be done through discussions with the Russian government. With the U.S. and Russia moving toward a more cooperative relationship, there need be no fear that such defenses will spark an arms race. There is no reason that limited defenses should be viewed as threatening by Moscow, any more than they would be by London or Ottawa. On the contrary, as was suggested in March by former Soviet Defense and Space Talks delegate Alexander Savelyev, strategic defense cooperation with America offers Russia an opportunity to protect itself against expanding threats at a time when it cannot bear the costs of such a defense itself.

✓ **Discuss with Yeltsin methods of accelerating the dismantling of the strategic nuclear systems remaining in Ukraine, Kazakhstan, and Belarus.**

Although the transfer of tactical nuclear weapons to Russia from other areas of the former Soviet Union is virtually complete—to be followed by the weapons' destruction—there remain active strategic nuclear systems in the countries of Belarus, Ukraine, and Kazakhstan. Each of these countries has agreed to the eventual destruction of these systems but the projected timetables envision a very slow process stretching out over several years. There is no reason, however, to wait for such an extended period, especially as there is no guarantee that these countries will remain stable. Disabling these weapons would be relatively simple and could be accomplished very quickly.

None of these states has any legitimate need for these weapons, which in any case are supposed to be under the control of the joint Commonwealth of Independent States (CIS) command. The governments of these countries want the weapons

to remain on their territories for the political status and negotiating leverage that they bring. The U.S., however, has an interest in the destruction of these weapons as soon as possible and should enlist the assistance of Russia in this endeavor, including encouraging Russia to announce cuts in its own strategic forces.

- ✓ **Persuade Yeltsin to rein in Russian arms sales, especially weapons of mass destruction and the technology associated with them.**

In May, the five permanent members of the United Nations Security Council—the U.S., Russia, Britain, France, and China—signed an agreement limiting the sale or transfer of nuclear, biological, and chemical weapons technologies to the Middle East. Although this agreement has no enforcement mechanism, it can serve as a starting point for further U.S.-Russian cooperation on limiting arms sales.

This effort will not be easy. Currently, the U.S. is attempting to prevent a sale by Russia to India of rocket engines which can be used for ballistic missiles. Both countries claim that the intended use of these engines is for civilian space research, but they are applicable to military use. Bush should dispel a belief widespread in Moscow that these U.S. actions were motivated primarily by a desire to defend its own markets and emphasize to Yeltsin the U.S. determination to prevent other countries from duplicating Iraq's acquisition of advanced military technology.

A more difficult task is limiting Russian conventional arms sales, which have grown rapidly. Russia's tremendous need for hard currency, and its vast inventories of high-quality military equipment, have resulted in a flood of weapons to the Third World. Often, these are directly threatening to Western interests. Earlier this year Russia agreed to provide Iran with 3 *Kilo*-class submarines and training for their crews, in return for cash. As a result, Iran has acquired a dangerous capability to threaten shipping in the Persian Gulf and Arabian Sea and the ability to control the Strait of Hormuz, through which much of the world's oil supply must pass. Iranian purchases from Russia also include high-performance MiG-29 fighters, Su-24 fighter-bombers, and T-72 tanks. Some 500 Iranian pilots are being trained in Russia.

Although it is unrealistic to expect that the Russian government can be persuaded to eliminate all of its Third World arms sales, Bush should get Yeltsin to agree not to supply such countries as Iran that are likely to use these weapons against Western interests.

- ✓ **Encourage Yeltsin to withdraw Russian forces from the Baltic states of Estonia, Latvia, and Lithuania.**

Although Russia has recognized the independence of the Baltic states, and although these newly independent countries are not part of the CIS, Moscow has not acted on their demands that former Soviet, now largely Russian, military forces be removed from their territory. Conservative estimates of the size of these forces begin at 120,000, not including dependents, military retirees, and civilian workers in defense industries still controlled by the military. The Baltic governments themselves have no reliable figures on the size of the forces within their territory. These governments exercise no control over the use of these military facilities, and Baltic officials are denied access to them. For example, following the imposition of United Nations sanctions on Libya on March 31, it was revealed in late April that a

Libyan submarine was undergoing repairs in a shipyard in Riga, Latvia, that is controlled by CIS military forces. Despite protests by the Latvian government, the military refused to cease work on the submarine and were persuaded to do so only after an international outcry.

Negotiations on this issue between the Russian government and the three Baltic governments have not gone well; Russian Defense Minister Pavel Grachev stated on May 31 that these troops will remain in place until after troop withdrawals from Germany are completed at the end of 1994.

These forces are a burdensome legacy of the forcible Soviet annexation of these countries in 1940 and have no legal or other right to remain. It is in Russia's interest to have good relations with the Baltic states, and it faces no threat from this region. The U.S. stood by the Baltic states during the half-century of Soviet rule; it has an obligation to ensure that their independence and sovereignty are fully restored.

FORGING AN ECONOMIC PARTNERSHIP BETWEEN AMERICA AND RUSSIA

The most urgent task facing the Russian government is reversing the accelerating economic collapse inherited from the Soviet era. This can only be accomplished by a rapid transition from the existing state-owned, centrally directed economy to a market economy based on private property. The scope of the needed changes is staggering: writing and implementing new laws; creating new institutions such as a banking system; and dismantling the remnants of central planning. But by far the most important element is privatization of the state-owned economy, for without massive privatization there can be no market system.

The Russian government has initiated tentative reforms and begun the transition to a market economy. The partial liberalization of retail prices in January has received particular attention in the West. But these first steps at reform have not halted the decline, and their limited extent holds little promise of reversing it.

There is an understandable desire in the West to assist the process of economic reform, both for humanitarian reasons as well as from a recognition that the success of Russia's democratic reforms—and thus the West's security—depends upon a successful transition to a free market economy.

Nevertheless, there is considerable uncertainty regarding how the West can best provide assistance. Several aid programs have been proposed, most focusing on financial assistance in the form of government grants and loans. But notwithstanding its desire to help, the West has a responsibility to ensure that its assistance does not harm Russia's economy. Much of what has been proposed and is being put into force would in fact be harmful.

The principal example of this are the conditions placed on Western assistance by the International Monetary Fund (IMF). Many of these conditions—such as significantly reducing the enormous budget deficit (estimated to be as high as 30 percent of Russia's Gross National Product) and growth of the money supply (1992 inflation is projected to be 1000 percent)—appear prudent, even necessary. But the IMF's emphasis on macroeconomic stabilization is misconceived. The Russian

economy is in such perilous condition that it almost certainly cannot be stabilized. Unable to meet IMF targets and faced with a subsequent loss of Western money, the Russian government likely will simply falsify its data. A much more serious problem, however, is that the pursuit of macroeconomic stability will distract it from taking the actions necessary to promote the growth of the private sector, the only path which can salvage its economy. In order to accelerate Russia's economic reforms, Bush should:

✓ **Encourage Yeltsin to move ahead rapidly and aggressively on privatization.**

The greatest obstacle to privatization is not a shortage of expertise or the complexities of a rapid transition to a market economy, but delay. The delay of privatization is very dangerous and guarantees only continued economic decline. None of the economic reforms, from the freeing of prices to the breaking of the monopolies of state-owned enterprises, can work without extensive privatization of the state sector.

The U.S. and the West can play a valuable role in emboldening the reformers by insisting that Western assistance will be contingent on rapid and massive privatization. Bush should also tell Yeltsin that he intends to press the IMF to reverse its priorities and stress privatization and the development of the private sector.

The IMF has mandated privatization as one of its conditions for Western assistance, but this is only one target among many. Many of its other recommendations work against the creation of a private sector. For example, the IMF's insistence on raising Russia's astronomical taxes still further in order to balance the budget threatens to choke off the growth of the tiny private sector by further reducing profit margins or by forcing private businesses underground.

✓ **Declare that American and Western assistance will be directed to the private sector, not to the government.**

Most Western assistance is heavily weighted toward government-to-government aid, the result of which will be to bolster the very bureaucracy and government control that economic reform should be directed at eliminating. The history of Western assistance to this area of the world is one of unrelieved waste and abuse. The West has pledged \$24 billion in assistance, but this is unlikely to be more effective than the approximately \$80 billion delivered or pledged to the Soviet regime by the West from September 1990 to January 1992. Far from improving Russia's economy, this massive infusion of aid has made matters worse. As much as half of it has ended up in Western bank accounts, much of it still controlled by former officials of the now-banned Communist Party. More important, Russia and the other newly independent countries of the former Soviet Union have been saddled with the burden of repaying these senseless loans, much as the new democracies of Eastern Europe struggle to repay the Western loans squandered by their communist predecessors.

If the U.S. and the West must provide financial assistance, it should be directed toward the Russian private sector. Assistance should be given only to enterprises which are fully privately owned and none at all to those which remain state-owned. This approach would support the emergence of new private businesses as well as bring additional incentives to the rapid privatization of the state-owned sector. Western assistance to the private sector should be distributed through private Russian fi-

nancial institutions to the maximum extent possible, bypassing the state ones entirely. In this way, Western assistance would also promote the creation of a private financial sector, a key element in a market economy.

- ✓ **Tell Yeltsin that the U.S. intends to lower its barriers to Russian exports and that the U.S. will press the West Europeans and other countries to lower theirs as well.**

Although much of what Russia produces is not competitive in the West, those products which it could sell—such as agricultural products and steel—face considerable obstacles in the form of quotas and tariffs. U.S. quotas effectively shut out Russian textiles and European Community (EC) barriers prevent Russia from selling products from wheat to fruit. Instead of providing assistance to prop up the old economic system, the West would be better advised to open its markets to the emerging Russian private sector and allow it to earn hard currency.

The EC's harsh stance toward trade access by the more advanced economies of Poland and Hungary means that Russia's chances of lenient treatment are slim. Bush should propose to Yeltsin that the U.S. and Russia begin discussions on a free trade agreement. While an agreement would be difficult to implement in the short term, these discussions would assist Russian officials in establishing a free trade structure for their economy and avoid much of the harmful protectionist measures which Russians and others are urging on them.

CONCLUSION

The revolutions in the East and the collapse of the Soviet Union have liberated half a continent. Emerging from the tyranny of seven decades of communist rule, Russia and the other new countries of the former Soviet Union now face the monumental task of repairing ravaged societies and broken economies.

The U.S. and the West have a vital interest in ensuring that this process of democratic and economic transformation succeeds. The demise of the Soviet Union effectively has ended the Soviet threat which hung over the world for decades. The full consequences of this are not yet clear, but it is too soon to assume that all danger has passed. Too much destructive potential in this unstable and heavily armed region remains for the U.S. and the West to become complacent. True security will not arise from the destruction of the Soviet Union alone; it can come only when this area of the world has completed the difficult passage to democracy, prosperity, and integration into the West.

For this to occur, the West must take an active role in providing support to the political and economic reforms and reformers. The U.S. has a special responsibility in this effort. In particular, the U.S.-Russian relationship must move beyond simply overcoming Cold War animosity to become a partnership.

As in every healthy partnership, obligations and responsibilities run in both directions. Although attention is focused on how West can help Russia, there is much that Russia can do in turn to help the West, and its true interests lie in its doing so. Several destructive and unnecessary activities of the former Soviet regime are being continued by its democratic successors, from the operations of the KGB to

the arming of anti-Western countries in the Third World. These should be ended if Russia expects to become a full-fledged partner of the West. Russian assistance in tackling regional problems, moreover, would be not only welcome, but invaluable.

Becoming partners does not mean agreement on every issue. Even the closest of allies have problems and difficulties. But it does mean trust and confidence in the good intentions of each side. Establishing this trust and confidence should be the primary aim of the Bush-Yeltsin summit. Without it, the two countries cannot secure the benefits of the post-Soviet world which lie within their grasp.

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