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RECENT DEVELOPMENTS

RECENT CHANGES IN THE "SOVIET UNION"

AMBASSADOR JACK MATLOCK

November 13, 1991, Ambassador Jack Matlock addressed distinguished guests of the International Visitors Center at the Embassy Suites, Chicago, Illinois. Ambassador Matlock's speech, as well as an introduction written by the International Visitors Center of Chicago, is reproduced below. It should be noted that Ambassador Matlock left the foreign service in August, 1991, and his views expressed herein are solely his.

INTRODUCTION

BY

THE INTERNATIONAL VISITORS CENTER OF CHICAGO

The changes which are certain to sweep the Soviet Union in the wake of the failed August Coup will not only directly affect the fate of hundreds of millions of people in the U.S.S.R. and Eastern Europe, it will have an immense impact on the United States, world peace, the new world order, and the global economy.

Accordingly, a profoundly interested America will turn to a wide range of experts for information, explanation and analysis. Few Americans know the Soviet Union better than Jack Matlock, who served as U.S. Ambassador to the U.S.S.R. from March, 1987 to August, 1991 is now an ABC News consultant.

Mr. Matlock did not achieve his Ambassadorship through a political appointment. Rather, he achieved it on the strength of his long and distinguished career as a Foreign Service Officer. It was a career he began in 1956 which included three previous American Embassy assignments in Moscow. It included his service as Ambassador to Czechoslovakia from 1981 to 1983, as Special Assistant to the President, as Senior Director of European and Soviet Affairs on the National Security Council, and as Director of the State Department's Office of Soviet Union Affairs. Indeed, with the exception of the Carter-Brezhnev meeting in Vienna in 1979, Mr. Matlock has participated in every Summit meeting since 1972.

During his term as Ambassador, Mr. Matlock frequently conducted interviews in fluent Russian for Soviet media, and thus became a familiar face on Soviet television. He is the author of a handbook to the 13-volume Russian edition of Stalin's Collected Works, and has published numerous articles on U.S./Soviet relations, Soviet foreign policy, Soviet government, and Russian literature in American, Soviet, and Western European newspapers and magazines. He is now working on a new book soon to be published by Random House.

In addition to his fluency in Russian, Mr. Matlock has a full professional knowledge of Czech, French, German, and Swahili, and has read speeches intelligibly in several other languages, including Armenian, Georgian, Latvian, Ukrainian, and Uzbek.

RECENT CHANGES IN THE "SOVIET UNION"

Our theme tonight is the Soviet Union and the impact of the break up of the Soviet Union, which is progressing.¹ One aspect of the current situation is summed up in an apocryphal story about Gorbachev's experience when he returned from his ordeal in the Crimea² last August.³ Those of us who saw him emerge from the plane on television could see how he was dazed. The story goes that he got home and called his closest aide and said look, I still don't quite understand it all. Tell me what is going on. And the aide says, "Well, Mikhail Gorbachev, I have some good news and some bad news. Which do you want first?"

Gorbachev says, "After what I've gone through these last four days you'd better give me the good news first."

"The good news is they tried to remove you from your job and they failed."

Gorbachev says, "Thank goodness for that. I guess I am ready for the bad news."

"The bad news is there is no job anymore."⁴

1. The breakup of the Soviet Union began with the August 19, 1991 coup attempt. Igor Malashenko, *Can Stability Rise from the Ashes of the Coup?; Soviet Union: Downward Forces May Be Beyond Control. Western Assistance and Some Form of Union Offer Best Hope*, L.A. TIMES, Sept. 4, 1991, at B7. The coup was precipitated by years of worsening economic crises and continual decline of the Communist Party's influence in the Soviet Union. *Id.*

2. Crimea is located in the Black Sea on the southern coast of the Ukraine.

3. Soviet President Mikhail Gorbachev returned to power in Moscow August 22, 1991, following the collapse of the three-day coup attempt. Michael Dobbs, *Coup Fails; Gorbachev Returns: Most Plotters Arrested, Yeltsin Says: Troops Quit Capital*, WASH. POST, Aug. 22, 1991, at A1. The plotters of the coup were collectively known as the "Putsch." William Safire, *When Putsch Comes to Coup*, N.Y. TIMES, Sept. 22, 1991, § 6, at 18.

4. Despite returning to power, Gorbachev resigned as President of the Soviet Union December 25, 1991. Frances X. Clines, *End of the Soviet Union*;

That, perhaps, states it a little extreme. But, in effect, the present situation is that the leaders of the republics are going to have to create a new entity, and it will not be the Soviet Union of old. Even what the name will be is now questionable. One proposal was to call it the Union of Free Sovereign States, which has the advantage in Russian of having the same initials, U.S.S.R. It has a disadvantage in English that the initials do not turn out U.S.S.R., but something else — U.F.S.S. I don't know what they will end up with, and I suspect that there will be enough opposition to the word "union," that they will have to find something that is looser.⁵ In any event, that is symptomatic of the disarray that now exists and the fact that the nations now are moving very much against any kind of a union.

Media reporting has concentrated much of our attention on the problems there, and one could spend all evening simply recounting them. But sometimes people tend to lose sight of what has happened. I was at a conference in England not too long ago where the first two people summarizing the situation were so gloomy, I was moved to comment that, "You sound as if you would have preferred it if the coup had been successful." There were immediate denials. "No, no that's not what we meant." But the fact is, sometimes when we concentrate on the difficulties, we lose sight of the great distance that has been traveled in a very short period of time.

I would like to share with you just a few of the images that symbolize for me the great changes that have occurred in the past few years. One is the United States/Soviet relationship. On the one hand, President Reagan delivered a speech in, I believe, March 1983, where he referred to an evil empire.⁶ Slightly over five years later he was in Red Square kissing babies as if he were campaigning.⁷ As a matter of fact, if there had been an election campaign in Russia then, he might well have won. Quite a contrast.

Gorbachev, Last Soviet Leader, Resigns; U.S. Recognizes Republics' Independence, N.Y. TIMES, Dec. 26, 1991, at A1. In a television address to the Soviet nation, Gorbachev declared, "I hereby discontinue my activities at the post of President of the Union of Soviet Socialist Republics." *Id.* Gorbachev's resignation marks the end of 70 years of Communist tyranny. *Id.*

5. The leaders of the newly independent republics eventually agreed on the name "Commonwealth of Independent States." Michael Parks, *News Analysis; New Entities Now Must Find Their Entities*, L.A. TIMES, Dec. 22, 1991, at A1.

6. The traditionally tense United States / Soviet relations worsened with the Soviet's destruction of a Korean airliner over Soviet airspace. *A New American Style, A Heightening of Tension*, N.Y. TIMES, Dec. 28, 1983, at A15. President Reagan expressed his disdain for this action by referring to the Soviet Union as an "evil empire." *Id.*

7. Indeed, President Reagan walked "arm-in-arm" with Gorbachev in Red Square five years later in May, 1988. Saul Friedman, *A Torch-Passing Summit*, NEWSDAY, Dec. 5, 1988, at 4. During this visit, Reagan said the end of the Cold War was possibly beginning "a new era in history." *Id.*

Another symbol is Europe; just three years ago some of us had occasion to drive from Berlin out to West Germany, and we would pass the miles of barbed wires, watch towers, and plowed fields which we knew contained land mines. But last summer you could drive through without stopping, with only some remnants of those horrible structures to remind you of the past.⁸ Europe reunited. Who would have anticipated that before? Or Iraq's invasion of Kuwait and the reaction to it;⁹ two days after the invasion, the Secretary of State was able to stop in Moscow and in about an hour and a half sign an agreement which turned Soviet policy 180 degrees.¹⁰

A final image symbolizing the change in the Soviet nation, in a country where for decades it seemed that the people would put up with almost everything, either out of terror or out of indifference, was the elected President of Russia, Mr. Yeltsin, standing on the tank defying the coup leaders to come and get him.¹¹ That was a powerful image and one which was not typical of Russian history. Certainly not of Communist history.

Therefore, when we think of the difficulties that now face what was once the Soviet Union, and face our own policy as a result of that, it is well to remember what a great distance we have traveled in the past five or six years. The world is indeed better, and there are opportunities out there which simply did not exist even a few

8. The Berlin Wall separating Communist East Germany from West Germany came down November 9, 1989, after twenty-eight years of existence. Thomas Palmer, *East Germany Opens Wall to West; Historic Changes Ease Way for Travel*, BOSTON GLOBE, Nov. 10, 1989, at 1. This move allowed for free travel between the two countries, representing an historic change in relations between eastern and western Germany. *Id.*

9. Iraq, led by Iraqi President Saddam Hussein, invaded the nation of Kuwait August 2, 1990. Michael Wines, *U.S. Says Bush Was Surprised by the Iraqi Strike*, N.Y. TIMES, Aug. 5, 1990, § 1, at 12. Despite threats and sanctions against Iraq by the United Nations Security Council, Iraq continued to occupy Kuwait. Paul Lewis, *The Iraqi Invasion; U.N. Condemns the Invasion with Threat to Punish Iraq*, N.Y. TIMES, Aug. 3, 1990, at A10. After Iraq refused to withdraw from Kuwait, the United States retaliated with an all-out air attack on Baghdad, the capital of Iraq, marking the beginning of Operation Desert Storm. Ann Devroy, *Bush Calls Operation 'Right on Schedule; President Uses Speech to Pledge 'No Pause' in War'*, WASH. POST, Jan. 24, 1991, at A23.

10. The Secretary of State, on behalf of the United States, signed an agreement with the Soviet Union two days after Iraq invaded Kuwait, to cease all arms deliveries to Iraq. Bill Keller, *Moscow Joins U.S. in Criticizing Iraq*, N.Y. TIMES, Aug. 4, 1990, at A6. In addition, the U.S.S.R. joined the U.S. in demanding an immediate withdrawal from Kuwait.

11. See *supra* note 1 for a discussion of the coup attempt. Russian President Yeltsin defied the coup and its leaders because he believed the coup would fail. Henry A. Kissinger, *Perspective on the Soviet Union; New Dealings with a New Russia; The Communist Party is Ousted, An Anti-Colonial Revolution is On*, L.A. TIMES, Aug. 26, 1991, at B5. Yeltsin recognized the fact that the Communist Party had lost public support and that the Soviet people wanted democratic institutions. *Id.*

years ago. Our task now is to understand why it happened, what may come of it, and what we can do about it.

Why did the Communist system fail so miserably? Well, it seems to me that, while we gave it a few pushes along the way, basically, the Cold War ended because the Soviet system collapsed from within. And, it collapsed because of one overriding fault: the system itself. That system was simply not congruent with reality. Communism was based on a false ideology. I say it's false not because I disagree with it, but because I think that it was not consistent with human nature and reality. The Communist system tried to defy the economic facts of life. It contradicted mankind's desire for freedom and it generated powerful opposition aboard. Militarization and a pervasive and redundant bureaucracy were the society's finale.

At times it seems that if someone had set out to devise a system which would prevent change, would be incapable of coping with change, that person would have constructed something very close to the old Soviet system. The heavy hand of bureaucracy ruled from the top and we all know how bureaucracies resist change, and how if you rule from the top you are usually less and less aware the higher you get in the hierarchy as to what is really occurring below. So, I think the leaders themselves become increasingly divorced from reality. It's certainly fair, although dangerous, to say we won. The fact is that in this east/west struggle, this ideological struggle, we clearly are the winners.

Now we face quite a different situation. What we are seeing in the Soviet Union today is a decolonization on a grand scale. We are seeing a process of decolonization, but it's decolonization with a difference as compared to other empires which have collapsed. The Soviet Union was an empire, not of a nation but of a militant political party, in principle, international, based upon an ideology and exercising authoritarian — and at times absolute totalitarian — rule. In freeing themselves, the various nations of the Soviet Union, *including* the Russians, are now faced with the task of freeing themselves from this military-industrial machine and party machine. This machine gives it a quality that didn't exist in the other empires, where there essentially was a national rebellion against the rule of another nationality. In the Soviet Union, it's an empire of all nationalities, with an ideologically orientated ruling party. As a result of this, and particularly since so many crimes were committed, there are debts to pay to history, because when you deport whole nations as Stalin did, when you go against whole categories of people the way Stalin did with collectivization,¹² the

12. Stalin promoted Marxist ideology. ROBERT C. TUCKER, *STALIN IN POWER* 44-45 (1990). One of his goals was to convert NEP Russia into socialist

deepest wounds are created in society. And we see the results not only in the moving away from the center, but also, tragically, in many of the conflicts that are breaking out among the various nationalities. The end result of this is likely to be a very distinct, centrifugal movement into separate nations.

Some of the consequences are troubling. For example, who gets the nuclear weapons?¹³ That's just for starters. Who pays the debts; they may have over 80 billion dollars outstanding now.¹⁴ The estimate seems to go up every time people look at the books and I'm not even sure anybody really knows whether the books are correct. In December, 1987, when Gorbachev came to Washington for a Summit meeting,¹⁵ Richard Pipes, the Harvard historian, was seated at the table with him and he asked him directly, "Tell me, Mr. President, what is your defense budget?"

And Gorbachev said with a smile, "You know, Professor Pipes, as soon as I find out I'll let you know." I don't think he was being totally facetious. Many Soviet economic statistics are "garbage in, garbage out." It wasn't that the Soviet Union was keeping double books. They probably weren't. The figures they used simply had no relevance to reality. The rulers themselves did not know what they were spending in real terms. And of course, the people did not know. One of the things that Glasnot created was better knowledge of that.¹⁶

Russia. *Id.* Unlike Lenin and other Bolshevik leaders, Stalin felt the moving force for this transformation should be the revolutionary use of state power. *Id.* Stalin believed that all state resources should be assembled to effect this political change. *Id.* This transition was inevitably met with resistance from the peasant class in Russia. *Id.* at 58. Stalin sought to overcome this resistance through a process of "collectivization" in which all peasant-held property would be cooperatively owned. *Id.*

13. There is growing concern among United States intelligence officials that Soviet scientists, desperate for money, may be selling their nuclear technology to third-world countries. Eric Schmitt, *U.S. Aides Worry About Spread of Arms from Sales by the Soviets*, N.Y. TIMES, Nov. 16, 1991, § 1, at 5.

14. The Soviet Union's foreign debt has recently been estimated at \$63 billion. Keith Bradsher, *Aid Panel Stalls on Former Soviets*, N.Y. TIMES, Jan. 8, 1992, at A9. The new Economic Community Treaty represents an attempt to help define economic relations between the new Soviet republics, and apportion responsibility for the Soviet national debt. Dimitri Simes, *Soviet Breakup Must Not End in War; The U.S. Cannot Keep the Union Whole but Should Urge Restraint*, NEWSDAY, Dec. 3, 1991, at 83.

15. December 8, 1987, the United States and the Soviet Union met at the Washington Summit. Sidney D. Drell, *Managing Strategic Weapons*, FOREIGN AFF., Summer 1988, at 1027. The two nations signed the Intermediate-Range Nuclear Forces Treaty, thereby eliminating all their intermediate range and shorter-range missiles. *Id.* The two nations also agreed to new verification procedures for monitoring treaty compliance. *Id.*

16. Urging a change in longstanding Soviet attitudes, Mikhail Gorbachev in 1985 called for "glasnot," or "openness," in his nation's cultural, political and economic life. David Remnick, *Glasnot: A Not-So-New Word to Deal with Old Problems*, WASH. POST, Apr. 20, 1988, at A23. Pressure for this new policy

One of the biggest problems that the Soviet Union will have to deal with is the existence of an enormous military-industrial complex in a state which exploited everybody. So, one problem we have to think about is what happens with the military. However, there are other problems we must anticipate. What happens to the debts? How are they going to turn the economy around when there are a lot of paralyzed nations? Some of them are pretty small. Some of them are pretty big. The republics may cut themselves off from the others and set up barriers, such as quotas and licensing systems.¹⁷ Clearly, it's going to be very difficult to bring the economies back in order if that happens. There has been a natural tendency to say that it was quite right for the Baltic states to regain their independence.¹⁸ But should we applaud the other republics when they travel down this route? And my answer to that is, that most of the nations, maybe all of them, are going to require a recognized statehood before they will feel confident to create an association with other states on a voluntary basis. Only an association on a voluntary basis is going to work anymore, because the forces, the instruments of compulsion, that were used in the past, are no longer adequate to hold them together.

I'm not suggesting that any republic that declares itself independent should be automatically recognized by the rest of the world, regardless of conditions. I think there must be conditions. I think it's a good time to start defining better conditions than we have in the past. First, we should insist that the decision to form an independent republic be made by recognizably democratic processes, such as was followed in the Baltic states. That was clearly a democratic decision by more than two-thirds of the population. Second, the potential republic must renounce nuclear weapons and express a willingness to abide by other relevant agreements, such as arms reduction agreements. Third, the potential republic must adhere to the Helsinki Final Act.¹⁹ This means

emerged after it was disclosed that Soviet officials withheld the truth regarding a nuclear accident at the Chernobyl nuclear plant. *Id.*

17. Several of the newly independent Soviet republics are seeking to reduce or eliminate trade with the other Soviet republics by imposing quotas, duties, and licensing rules. Michael A. Hiltzik, *Baltics Struggle to Cut Cord to Soviet Economy*, L.A. TIMES, Oct. 26, 1991, at A1.

18. President Bush granted diplomatic recognition to Latvia, Lithuania and Estonia September 2, 1991. Andrew Rosenthal, *Aides Say Bush is Ready to Grant Recognition to Baltics Tomorrow*, N.Y. TIMES, Sept. 1, 1991, at 1. These three Baltic republics were admitted to the General Assembly of the United Nations September 17, 1991. Alessandra Stanley, *Baltic Countries Are Admitted to U.N. Assembly*, N.Y. TIMES, Sept. 18, 1991, at A8.

19. In 1975, the Soviet Union and the United States signed the final act of the Helsinki Act, affirming the right of people to self-determination. R.T. Davies, *Recognize Lithuania*, WASH. POST, Apr. 8, 1990, at B7. It states in relevant part: "The participating States reaffirm the universal significance of respect for and effective exercise of equal rights and self-determination of people for the

that if there are outrageous assaults on the human rights of their citizens, the potential republic simply won't be recognized. I think conditions of that sort are quite appropriate for a republic to meet before gaining recognition and international respectability.

I would not place economic-type conditions upon them; I don't think the world community has ever made it a condition that an independent state must be economically viable. When you look at over half of the countries in the United Nations, this is clearly not the case. Economic issues may be relevant as to whether you give aid, but I'm not sure they're relevant to the recognition decision. In a certain sense, I think that if clear standards were adopted by the world community, not just the United States, it would help us extend international law in ways that would be helpful in dealing with situations like Nicaragua²⁰ or Iraq.²¹ There is a prime need for the 21st century to start defining when a government becomes an out-law because of its behavior at home.

It seems to me that as we look at the future, there are two very important topics we need to keep in mind in evaluating the situation. In the republics' current reforms we define success as what is best for them and also what is best for the rest of us. The first issue is whether they can develop, in a systematic and meaningful way, democratic institutions for ruling their country. The second issue is whether they can simultaneously develop effective market mechanisms for dealing with their economy. There are no certain answers to these questions. The reformers and the democrats who are trying to develop the democratic institutions have little experience with these institutions, although I think they have a much better understanding than some people give them credit for, at least in theory. I must say, judging by the few elections they have had up to now, their candidates learn very fast how to run effective campaigns. Therefore, I don't think we should assume that simply because they don't have a lot of experience they are incapable of learning. The real question is whether the economy, which is now

development of friendly relations among themselves as among all States; they also recall the importance of the elimination of any form of violation of this principle." *Id.*

20. Economic underdevelopment, social injustice, dishonest leaders, and political instability continue to plague Nicaragua. Wayne S. Smith, *Tyrants, Thieves and Bumpers*, N.Y. TIMES, June 16, 1991, § 7, at 9. Nicaragua has suffered from these evils for several decades. *Id.* By supporting the "Contras" in their struggle to depose the Communist-backed Sandanistas, the United States has tried to assist with the development of a democratic form of government in Nicaragua. *Id.* The United States and Soviet Union supported an election in Nicaragua which brought the defeat of the Sandanista dictatorship and the end of the "Contra" insurgence.

21. For a discussion of Iraq's invasion of Kuwait, and the United States' response to the invasion, see *supra* note 9.

nearing collapse in all respects, is going to give them the time to learn.

The only fact I am reasonably certain of is a negative one; that what comes out will not be the system of old. I think the old system has been smashed beyond repair, and beyond any real desire to repair on the part of the majority of the population. When you look at what is possible, you can run the gamut from a gradual recovery to a series of democratic states putting together a sort of confederation or union, looser than in the past for certain common interests.

A possible variant is a Russian successor state with other republics of the Soviet Union being independent and having more or less friendly or closer relations with a Great Russia. And perhaps the worst end of the scale, both for us and for them, would be a situation where you get a series of regional warlords, some in republics and some in parts of Russia, rising up and erecting fascist machines. Ultimately, one cannot exclude the possibility of a fascist development in Russia itself. As a matter of fact, what haunts my consciousness is the thought that we could well be looking at a period similar to Germany in the mid-20's, where things got worse and worse economically; and then the 1930's. It was not a reincarnation of imperial Germany with the Kaiser, but was a more dangerous entity that came out of the 1930's.

Let me just say a few words about some of the people involved in the current Soviet situation. I think the prominent people following the failed coup are well known from the press.²² Clearly, the current leaders' ability to deal with the situation will largely determine whether the Soviet Union can pull out of this successfully. By this I mean whether the Soviet Union can develop the democratic institutions and the market mechanisms that they will need for a modern society which is viable and even successful on the world stage.

Gorbachev is best known to all of us, and is a person who of late has gotten less credit than he deserves. I may let my feelings of personal friendship color my judgment, and that should be taken into account. He was extraordinarily cordial to me and we got to know each other well enough that I do consider him a friend. That is always going to affect a judgment. But at the same time it does seem to me that many of the Soviet intellectuals, Russian intellectuals — liberals, reformers, and democrats — did not fully understand the difficulty of his political position. And when he bobbed, weaved and sometimes took off on a different course, many thought

22. The better known government officials involved in the coup include defense minister Dimitri Yazov, KGB chief Vladimir Krychkov, and chief of staff Valery Boldin. R. Jeffrey Smith, *U.S. Warned Gorbachev of Coup Three Times; Moscow Mayor Tipped Off American Envoy*, WASH. POST, Nov. 15, 1991, at A1.

that he was being inconsistent, indecisive, and perhaps wrong-headed. But perhaps they didn't fully appreciate that if he hadn't made certain compromises he would have gone the way of Khrushchev much earlier.²³ After all, up until two years ago, he faced a central committee that was hostile to what he was doing. It was the most marvelous political maneuvering to be able to do what he did and start what he did against the Party and against the Party's rule and get away with it. He was able to eviscerate the Communist Party's power at the top at the last Party Congress last year.²⁴ Then to the reformers' dismay, he seemed to turn to the right.²⁵ And he did. He put in the group of people who tried to remove him last August. And this of course is what brought on Shevardnadze's resignation in December, 1990²⁶ in a most dramatic statement. His public dialogue with Gorbachev on that one occasion was one of the most remarkable pieces of political theater that I have witnessed in my lifetime. Anybody who looks at the video or reads the text of what Shevardnadze said and what Gorbachev said a few hours later, will find that every sentence was meaningful with the depth and the emotion there. The most remarkable playwright could not have done any better. And yet it was being played out there on the stage.

But in fact, it was his turn to the right that may have saved him later. I am convinced that in Gorbachev's mind he was already fearing that the coup could occur, and if it occurred prematurely he could have been removed. You have to ask yourself what would have happened if the plotters had tried in November, 1990? Gorbachev had endorsed the Shatalin Plan, which would have put most of the economic power in the republics.²⁷ Gorbachev knew very well that the republics were not going to continue to pay out

23. Nikita Sergeevich Khrushchev, a Soviet Communist leader, reigned as premier of the Soviet Union from 1958 to 1964. THE NEW COLUMBIA ENCYCLOPEDIA 1474-75 (4th ed. 1975). During the 1950's, Khrushchev promoted destalinization; in October, 1964, Khrushchev was removed from power. *Id.* at 1475.

24. The Party Congress was a victory for Gorbachev, who was reelected as party general secretary. John Thor-Dahlburg, *Kremlin Old Guard Swept Out of Control Committee*, L.A. TIMES, July 15, 1990, at A1. In addition, former Ukrainian party chief Vladimir Ivashko, handpicked by Gorbachev, was ratified as deputy. *Id.* In a final blow, more than half the members of the Politburo departed. *Id.*

25. David Remick, *Gorbachev Elevates Party Aide; Conservatives Praise Choice for No. 2 Post; Reformers Dismayed*, WASH. POST, Dec. 27, 1990, at A1.

26. Thom Shanker, *Shevardnadzes' Call of Alarm; Stunning Resignation Warns of New Dictatorship*, CHI. TRIB., Dec. 21, 1990, at A1.

27. The Shatalin Plan was drafted by a Gorbachev advisor, Stanislav Shatalin, and was embraced by Yeltsin. Paul Quinn-Judge, *Gorbachev Unveils Plan, Draws Quick Fire*, BOSTON GLOBE, Oct. 17, 1990, at 2. The plan would call for the Republic of Russia to, among other things, create its own army, currency, and customs system. *Id.*

25% or more of the gross national product²⁸ to maintain a military-industrial complex which brought no good whatsoever to their people. Therefore, that would have been the death of the military-industrial complex and unemployment for those without work can. So what was the Party's reaction? They told Gorbachev, "You are going to have millions of people on the street. You are going to have an uncontrollable situation."

What they didn't say, but he sensed, was that the "conservatives" in the Communist Party were capable of trying to remove him if he moved too far. He may have been right because he had a warning in the failed military takeover in Lithuania, which was clearly an attempt to do the same thing,²⁹ before the Russians had learned to come out and interpose their bodies between the object the military wanted to take and the military. Before Yeltsin was elected President of Russia, which only happened last June,³⁰ who knows? It is very likely that if a coup had been attempted earlier, it would have been successful. So was he right to play along with the conservatives or not? Several people whom I greatly respect think that he didn't need to play along, that he created the conditions that made the August coup possible. Others might say that perhaps he was shrewder than we thought.

What I am trying to say is that there were rational reasons for behaving as he did, other than surrendering the cause of reform. I consider him a real reformer. But I think that if he is going to be relevant in the future, he will have to get ahead of public opinion and start putting his energies into trying to create central institutions which will attract the republics rather than repel them. In that sense, Gorbachev must try to reverse everything and instead of exploiting the rest of the country, serve. I think it can be done, but Gorbachev is not quite there yet.

What about Boris Yeltsin? He is charismatic for sure, the only leader right now with the sort of stature in Russia who can carry the country through painful reforms, and his latest reform program is the best that has come forward.³¹ He made some mistakes, such

28. David Breder, *The Tragedy Deepens for Gorbachev as Soviet Economy Worsens*, CHI. TRIB., Sept. 26, 1991, at C23.

29. Francis X. Clines, *Soviet Troops Raid Lithuanian Complex*, N.Y. TIMES, June 27, 1991, at A8. During Lithuania's drive for independence, Soviet troops stormed and seized the Lithuanian telephone center, severing communications and increasing tension between Lithuania and the Soviet Union. *Id.* Lithuanian officials felt this attack was an attempt by Communist hardliners to embarrass Mikhail Gorbachev while he was seeking Western aid. *Id.*

30. See David Remick, *Yeltsin Elected President of Russia; Backing for Reforms is Overwhelming; Leningrad Votes to Change Name*, WASH. POST, June 13, 1991, at A1.

31. Yeltsin's plan is based on radical economic reform and a rapid move towards privatization. Paul Quinn-Judge, *Russian Legislature Backs Yeltsin's*

as saying sometime in the future we are going to go to market prices.³² When you say that, people stop selling anything. For example, the farmer that feels that prices are going to go up by a factor of 10 or 20 is certainly not going to sell his produce today. Therefore, Yeltsin created immediate problems. In any event, his current program certainly has more hope of success than any we have seen up to now, but he needs to structure an effective government. He has yet to prove that he can organize an effective government. I hope he can. He was working under great disabilities in the past with Gorbachev's opposition, the opposition of many others, and with the fact that the union government was fighting the Russian government. Now, however, if he can't make it, it is going to be a tragedy for everyone. So, although we can be certain of his courage and his charisma, he has taken on a big burden, particularly the Prime Ministership. He will be President. He will also be head of the government, which means that he will not be able to escape his responsibility if the government does not start bringing things back in shape.

There are certain other leaders whom I think we will be hearing more of in the future. With regard to business conditions and the possibility of direct investments, you have to put very high on the list of people to deal with: (1) Popov, the mayor of Moscow, an executive mayor who was elected in June; (2) Sobchak, the mayor of Leningrad; and (3) Nazerbayev, President of Kazakhstan, a rich area with a lot of resources, particularly oil and other natural resources. All three of these people come from quite different backgrounds.³³ But all three are firmly convinced that they have to form a private sector and move rapidly with privatization.³⁴ Since the Soviet Union has been supportive of business and foreign investment,³⁵ much of the Soviet Union's future is going to depend on what degree these people can organize effective groups to exercise economic power in the chaos which has followed the collapse of the old system. Right now, nobody is in control; the country is drift-

Plan; Endorses Radical Economic Reforms, BOSTON GLOBE, Nov. 2, 1991, at 2. His plan also gives Yeltsin special powers to help guide Russia through the tough economic times ahead. *Id.*

32. *Id.*

33. Michael Parks, *Soviet Premier Suffers Vote of No Confidence*, L.A. TIMES, Sept. 21, 1991, at A1.

34. Nursultan Nazarbayev, President of Kazakhstan, for example, wants to push for privatization by spring of 1992. Michael Parks, *Kazakh Vote Could Stoke Fires of Reform; Soviet Union: Leader of the Republic Promises Quick Steps Toward Privatization and a Break from Moscow Economies*, L.A. TIMES, Dec. 2, 1991, at A9. Privatization includes an end to government subsidies of state-owned farms and, as a result, higher prices for the people. *Id.*

35. See, e.g., Vladimir Kvint, *Opportunities in Soviet Disintegration*, N.Y. TIMES, Oct. 28, 1990, § 3, at 13.

ing.³⁶ The real action, probably for some time, is going to be at the local level; in the cities, on the farms and in the republics. And it may be a while before we see true coherence in a central government, a central government that will probably cover a smaller area, than the former Soviet Union.

I have mentioned the nuclear weapons problem. It seems to me that although this is extremely important to us, it probably is the most solvable of the various problems out there. I think what is going to happen is either some sort of association of several key republics, with control over nuclear weapons, or all the republics will send the nuclear weapons to Russia as the successor state. If there is a stable government in control of the nuclear weapons either alternative should be acceptable to the United States. As I noted earlier, we have to make it clear to those republics who have declared their independence,³⁷ that if they want diplomatic recognition, they will have to renounce nuclear weapons and abide by the non-proliferation treaty.³⁸

Now that the ideology has, in effect, collapsed, as well as the party machine, we have many more interests in common with Russia and the successor states of the Soviet Union than we have conflicts. One of the things that the Cold War may have obscured is that there is no deep national hatred here against the Soviet Union. When you think about it, through our entire American history there are only two powerful countries we have never been at war with at any time in our history: one is France and the other is Russia. That tells us that the Cold War was an ideological rather than a national phenomenon. They did not claim our territories and we did not claim theirs.

The real problem of the future is for the successors of the Soviet Union to build a successful society. The successors can be powerful partners in solving common problems if they solve their own problems. If they don't succeed, they will be a part of the problem. Therefore, we need to do all we reasonably can to assist them in making the transition, even if the odds are that the transition will be difficult, perhaps impossible. More specifically, by assistance I mean there should be a much more concerted effort within interna-

36. *See id.*

37. Carol J. Williams, *11th Soviet Republic Vows Independence*, L.A. TIMES, Sept. 10, 1991, at A1.

38. December 16, 1991, Yeltsin promised Secretary of State James Baker that Russia would cooperate in ensuring central control over the nuclear weapons of the old Soviet Union. Gerald Nadler, *Yeltsin Is Host with the Most on Baker's Visit*, WASH. TIMES, Dec. 17, 1991, at A1. Yeltsin also stated that Russia would assume the Soviet Union's old seat at the United Nations.

tional organizations³⁹ to study the situation and produce some coherent advice. That advice should be coupled with conditional support, such as, if you do the following we will be prepared to do the following to help you make it work. Usually these steps will not involve sending money. Thus, the whole debate over whether the United States should send money is not relevant.

Another debate that is not very relevant in my view is, do you help the central government or do you help the republic's governments? I say you don't help either one. You deal with the governments in the areas that government ought to operate. That is, you advise them on how to draft and adopt legislation for a market economy. We and the Europeans have experience with a market economy. The Soviet Union has none. Furthermore, as the Soviet Union makes legislative progress, they should be encouraged to help the private sector develop its own interest in making investments. Then we get the transfer of funds, but in the interest of the private sector. The repercussions are great. It is often said that the Russians don't work very well and that's true. However, that's not because they are incapable of working well, it's because the past system gave them no incentive to work well. I can testify from plenty of personal experience that when you give them incentives, they work very well. Thus, we need to advise and encourage the Soviet Union via an international effort, helping them to create an environment whereby foreign investment is welcomed and utilized.

I think that potentially, the tremendous area covering the surface of the world which was once the Soviet Union could well be the investment opportunity of the 21st century. We must maximize their chance for success. When I think about the situation now, and think about the future, I am reminded of Dean Acheson's book called *Present at the Creation*.⁴⁰ Despite the fact that undoubtedly mistakes were made along the way, by and large our post-World War II policy was right, and has been remarkably successful. But the fact is we face an entirely different world now. What we need now are new Dean Achesons to re-create the world order for the 21st Century. I think it is going to be an exciting time and I envy those among us who are young enough to be an active part of that.

39. Michael Parks, *Soviets Gain IMF Status; Expert Advice Promised*, L.A. TIMES, Oct. 6, 1991, at A1.

40. DEAN ACHESON, *PRESENT AT THE CREATION* (1st ed. 1969).