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Collection/Office of Origin: National Security Council
Series: Blackwill, Robert D., Files
Subseries: Chronological Files

OA/ID Number: 30540
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January-February 1989 [3]

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

Rice

0807

February 23, 1989

ACTION

MEMORANDUM FOR G. PHILIP HUGHES

FROM: CONDOLEEZZA RICE *CR*
SUBJECT: U.S.-Soviet Embassy Agreement

The NSC staff concurs with the modification of the language on the subject agreement for the State Authorization Bill. Attached (Tab I) is a memorandum for your signature to Ronald K. Peterson, OMB, informing him of our views.

RB Robert Blackwill, *FW* William Working, *John* John Lewis, and *VA* Virginia Lampley concur.

RECOMMENDATION:

That you sign the memorandum to Mr. Peterson attached at Tab I.

Approve *AL* Disapprove _____

Attachment:

Tab I Memorandum for Mr. Peterson
Tab II Incoming

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

0807

February 27, 1989

MEMORANDUM FOR RONALD K. PETERSON

FROM: G. PHILIP HUGHES 

SUBJECT: U.S.-Soviet Embassy Agreement

The National Security Council Staff concurs with the modification of the language on the U.S.-Soviet Embassy agreement (Sec. 152) for the State Authorization Bill.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

February 13, 1989

Tray 309
URGENT

LEGISLATIVE REFERRAL MEMORANDUM

0807

TO: Legislative Liaison Officer -

National Security Council (Stevens 3723)
Department of Justice (Perkins 633-2113)
Department of Defense (Brick 697-1305)
Central Intelligence Agency

49
17
06

SUBJECT: Rev. provision on the U.S.-Soviet Embassy agreement
(Sec. 152) for the State Authorization Bill.

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than THURSDAY, FEBRUARY 16, 1989.

Questions should be referred to Annette Rooney/Sue Thau (395-7300), the legislative analyst in this office.

Ronald K. Peterson
RONALD K. PETERSON FOR
Assistant Director for
Legislative Reference

Enclosures

cc: B. Sasser
M. Margeson
A. Donahue
T. Thiele

2/10/89

SEC. 152. UNITED STATES-SOVIET EMBASSY AGREEMENT

Section 152 of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989 (Public Law 100-204) is amended to read as follows:

"SEC. 151. UNITED STATES-SOVIET EMBASSY AGREEMENT

"(a) In order to address concerns as to the security of the new United States Embassy complex in Moscow and the potential damage to the national security of the United States from the new Soviet Embassy complex in Washington, District of Columbia, the President shall determine, no later than October 1, 1990, whether

"(1) all feasible and effective steps have been or will be taken to attain the following objectives:

OK "(A) to ensure that a new chancery building to be occupied by the United States Embassy in Moscow can be safely and securely used for its intended purposes; and

eliminates 2 yrs. "(B) to eliminate the damage to the national security of the United States due to electronic surveillance from Soviet facilities on Mount Alto; and

"(2) it is vital to the national security of the United States that the United States not terminate the Agreement between the Government of the United States and the Government of the Union of Soviet Socialist Republics on the Reciprocal Allocation for Use Free of Charge of Plots of Land in Moscow and Washington (signed at Moscow, May 16, 1969) and related agreements, notes, and understandings.

"(b) Any determinations made under subsection (a) shall be reported to Congress within 30 days of the date the determinations are made. Any such report shall include--

"(A) a detailed explanation of each of the determinations:

"(B) an assessment of the impact on national security of the removal of the Soviet Embassy from Mt. Alto; and

"(C) the specific steps that have been or will be taken under paragraph (a)(1).

"(c) It is the sense of Congress that, in the event that the President cannot make an affirmative determination under subsection (a), the United States should terminate the agreement (and related agreements, notes, and understandings) referred to in subsection (a)."

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 8900807
RECEIVED: 14 FEB 89 14

29B
2/27/89
1355

TO: HUGHES

FROM: PETERSON, R

DOC. DATE: 13 FEB 89
SOURCE REF:

KEYWORDS: USSR

LEGISLATIVE REFERRAL

PERSONS:

SUBJECT: REV PROVISION ON US - SOVIET EMBASSY AGREEMENT FOR STATE
AUTHORIZATION BILL

ACTION: MEMO HUGHES TO PETERSON DUE DATE: ²¹~~17~~ FEB 89 STATUS: S

STAFF OFFICER: BLACKWILL

LOGREF:

FILES: WH

NSCIF:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION
BLACKWILL

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FOR CONCURRENCE
EBNER
LAMPLEY

FOR INFO
FARRAR
RODMAN
WORKING



COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSGAD

CLOSED BY:

DOC 1 OF 1

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

1007

ACTION

February 21, 1989

MEMORANDUM FOR G. PHILIP HUGHES

FROM: CONDOLEEZZA RICE *CR*
SUBJECT: Message from Mrs. Gorbachev to Participants
in Armenian Relief Concert

Ambassador Dubinin asked General Scowcroft to pass the message from Mrs. Gorbachev (Tab A) to Mrs. Bush. It is a message to the participants in a concert to benefit Armenian relief that Mrs. Bush and Mrs. Gorbachev are sponsoring.

At Tab I is a memorandum to Susan Porter Rose asking her to pass the message to Mrs. Bush.

RECOMMENDATION

That you sign the memorandum to Susan Porter Rose at Tab I.

Approve _____ Disapprove _____

Attachments

Tab I Memorandum to Susan Porter Rose
Tab A Message from Mrs. Gorbachev

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

1007

MEMORANDUM FOR SUSAN PORTER ROSE

FROM: G. PHILIP HUGHES

SUBJECT: Message from Mrs. Gorbachev to Participants
in Armenian Relief Concert

Ambassador Dubinin delivered the attached message from Mrs. Gorbachev to the participants in the Armenian relief concert to General Scowcroft this morning and asked that it be passed on to Mrs. Bush.

Thank you for your attention to this matter.

Attachment

Tab A Message from Mrs. Gorbachev

Mrs. GORBACHEV'S MESSAGE
TO THE SPONSORS AND PARTICIPANTS
IN THE BENEFIT CONCERT
AT CARNEGIE HALL
on February 21, 1989

"I was profoundly moved by the idea of inviting some of the best-known Soviet and American performers to take part in a benefit concert in aid of those affected by the earthquake in Soviet Armenia.

We thank all those who have taken to heart our anguish and have reached out generously to help in coping with the consequences of that natural disaster. These poignant expressions of solidarity strengthen the belief in the common human ideals of kindness, compassion and humanism.

The joint appearance at Carnegie Hall of these stars from our two countries is also a major event in Soviet-American cultural relations, a good sign of growing trust and mutual affinity between the Soviet Union and the United States.

I take this opportunity to convey sincere gratitude to the organizers and participants in this benefit, to all those who have contributed to making this noble idea a reality.

With my warmest feelings,

Raissa GORBACHEVA"

ОБРАЩЕНИЕ Р.М.ГОРБАЧЕВОЙ
К ОРГАНИЗАТОРАМ И УЧАСТНИКАМ
БЛАГОТВОРИТЕЛЬНОГО КОНЦЕРТА В
КАРНЕГИ-ХОЛЛ

21 февраля 1989 года

"Меня глубоко тронула идея проведения благотворительного концерта с участием широко известных советских и американских артистов в пользу пострадавших от землетрясения в Советской Армении.

Мы благодарны всем, кто сегодня принял близко к сердцу нашу боль, бескорыстно пришел на помощь в ликвидации последствий стихийного бедствия. Эти волнующие проявления солидарности укрепляют веру в общечеловеческие идеалы добра, милосердия и гуманизма.

Совместное выступление в Карнеги-Холл талантливых мастеров искусства наших двух стран — это и крупное событие в советско-американских культурных связях, добрый знак растущего доверия и взаимного расположения между Советским Союзом и Соединенными Штатами.

Пользуюсь этой возможностью, чтобы выразить слова искренней признательности организаторам и участникам благотворительного концерта, всем, кто внес вклад в осуществление этого благородного замысла.

С самыми теплыми чувствами,

Р.ГОРБАЧЕВА"

Baerbel -
I already
proofread this.
last Friday.
Lois made changes
Sat. Joan

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

0019

February 17, 1989

ACTION

MEMORANDUM FOR G. PHILIP HUGHES

FROM: RUDOLF V. PERINA *RP*
BARRY F. LOWENKRON *BL*

SUBJECT: MEMCONS of President's Telephone Conversations

At Tabs 1-9 are the MEMCONS of telephone conversations between the President and European leaders which were monitored by members of the European and Soviet Directorate. The President's telephone call to Prime Minister Martens of Belgium was not monitored because the telephone operators failed to alert the NSC Secretariat of the call.

Bob Blackwill concurs.

RECOMMENDATION

That the MEMCONS be filed for record purposes.

Attachments

Tab 1	MEMCON with FRG Chancellor Kohl
Tab 2	MEMCON with Italian Prime Minister De Mita
Tab 3	MEMCON with Finnish President Koivisto
Tab 4	MEMCON with Soviet General Gorbachev
Tab 5	MEMCON with British Prime Minister Thatcher
Tab 6	MEMCON with French President Mitterrand
Tab 7	MEMCON with Spanish Prime Minister Gonzalez
Tab 8	MEMCON with Danish Prime Minister Schlueter
Tab 9	MEMCON with Vatican Pope John Paul II

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Declassify on: OADR

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PER E.O. 13526

2012-1557-MR
11/8/2013 MM

~~CONFIDENTIAL~~

THE WHITE HOUSE

0019

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: President's Telephone Conversation with
FRG Chancellor Helmut Kohl

PARTICIPANTS: The President
Rudolf V. Perina, NSC (Notetaker)
Gisela Marcuse, State Department
(Interpreter)

Chancellor Kohl

DATE, TIME January 23, 1989, 10:07 a.m. - 10:12 a.m.
AND PLACE: Oval Office

The President identified himself and asked the Chancellor how he was.

The Chancellor greeted the President and said he was very well. He said he watched the President's inauguration on television with great interest. It was a big event. He wanted to wish the President good luck, much success and God's blessing.

The President said this was the first call he was placing because he wanted to thank the Chancellor for the very warm message of congratulations.

The Chancellor said that this was how he hoped the two could handle matters in the future. It would be very useful to call even when no urgent business was at hand.

The President replied that he was strongly in favor of that. He had one point to make today. Because he knew how opposed the Chancellor was to chemical weapons, he was personally outraged by some of the recent commentaries on the Libyan issue in the U.S. press. He had spoken out on this publically, and he hoped the Chancellor's staff had shown him these comments.

The Chancellor said he had seen the comments and was grateful for them. He wished to reiterate clearly that it was his intention in coming weeks to amend the legislation which had led to this problem. The present legislation had been in effect since before he came to office, and up until now it had presented no problem.

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AS AMENDED

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2008-0429-F
2/25/09 KO

The Chancellor said he was strongly opposed to the involvement of any German firm in the production of CW anywhere in the world. He wanted to bring the present firm to court but this required evidence, and the situation regarding evidence was not good. There was an old saying that the President perhaps knew: Before a court and the open seas, one is in the hands of the Lord.

The President said he understood. He asked the Chancellor to convey his love to Hannelore and say that he looked forward to seeing them.

Chancellor Kohl asked the President to give his love to Barbara and to tell her that she was doing a great job. She was doing things in her own way and everyone liked her for that. She should not change.

The President said he would convey that message, and the two leaders said good-bye.

~~CONFIDENTIAL~~

THE WHITE HOUSE

0019

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: President's Telephone Conversation with Finnish President Koivisto

PARTICIPANTS: The President-
Rudolf V. Perina, NSC (Notetaker)

President Koivisto of Finland

DATE, TIME January 23, 1989, 10:42 a.m. - 10:45 a.m.
AND PLACE: Oval Office

The President asked President Koivisto how he was.

President Koivisto replied he was well and asked if it was morning in Washington.

The President said it was morning. He said he wanted to thank the President for his congratulatory telegram. He wanted to continue the personal relationship he had with him, and to wish him well.

President Koivisto said this was very nice of the President. He said the President had gotten a very good start, with very favorable press coverage.

The President said jokingly that that would change. He had big budgetary problems which would change the press. But he wanted to continue the good relationship with Finland and with President Koivisto.

President Koivisto thanked the President and said he had interest in keeping this connection open.

The President said he wanted to do that also. He had made this clear to Brent Scowcroft, who was of the same view. The President said he had discovered that the White House had a sauna, though it was not as good as a Finnish one.

President Koivisto said he would see.

The President said that he and Mrs. Bush still fondly remembered the hospitality of their last visit to Finland. He again thanked President Koivisto for his message, and the two men said good-bye.

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PER E.O. 12958,
AS AMENDED

2000-0429-F
8/21/09 KO

~~CONFIDENTIAL~~

THE WHITE HOUSE

0019

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: President's Telephone Conversation with
Soviet General Secretary Mikhail Gorbachev

PARTICIPANTS: The President
Rudolf V. Perina, NSC (Notetaker)
Dimitri Zarechnak, State Department
(Interpreter)

General Secretary Gorbachev
Unidentified Soviet Interpreter

DATE, TIME January 23, 1989, 12:33 p.m. - 12:46 p.m.
AND PLACE: Oval Office

The President said he appreciated very, very much the cordial message of congratulations which he received from the General Secretary. He said this was a thank you call to express his appreciation.

General Secretary Gorbachev said he welcomed the call and was very pleased to speak on the telephone with the President. He again wished to congratulate him on his inauguration.

The President thanked Gorbachev and said his intention was to go forward as they had discussed on Governor's Island. He was undertaking policy reviews immediately which would come up with ideas on how to improve the bilateral relationship and the policies started by President Reagan. He could assure the General Secretary that there would be no unnecessary delay. He just wanted to take a new look at policies and would then be ready to move forward as quickly as possible for both sides.

General Secretary Gorbachev thanked the President for his words. He said that, for his part, he wished to reaffirm all that they had discussed on Governor's Island. Everything he had told the President remained valid. General Secretary Gorbachev said that he had familiarized himself with the President's speech and found new elements that were of interest and importance in it, especially on the subject of U.S.-Soviet relations. Combined with what the President had just said, it strengthened his conviction that the two would expand relations and build upon the assets which already existed.

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AS AMENDED

2000-0429-F
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The President thanked Gorbachev and said he had just two points to make. He wanted the General Secretary to know that his son and grandson had been deeply moved by their visit to Armenia. This had not been a political trip but rather a way to express how Americans felt about the enormous tragedy in Armenia. The President said he and Mrs. Bush were very grateful for the warm way in which their son and grandson had been received.

General Secretary Gorbachev said he wished to confirm that this very human gesture had been very well received by the Soviet public.

The President thanked Gorbachev and said his second point was that the General Secretary had been very generous in his time with Henry Kissinger. General Scowcroft would be inviting Kissinger to the White House in the next few days, and they would listen attentively to what Kissinger reported. They would not necessarily believe everything because this was, after all, Henry Kissinger but they knew that the General Secretary had been generous with his time, and they would listen attentively to what Dr. Kissinger said.

General Secretary Gorbachev thanked the President for this information and said he hoped that the President would find something of interest in what Dr. Kissinger reported.

The President said he had one last point. He hoped that Jim Baker, after consulting in Europe with Allies, would be able to establish a relationship with Foreign Minister Shevardnadze along the lines of the one Secretary Shultz had had. The President said that Jim Baker was very close to him, and a good working relationship with Foreign Minister Shevardnadze would benefit U.S.-Soviet relations.

General Secretary Gorbachev said he understood fully and would do everything in his power to assure that the relationship between the two foreign ministers would not only be maintained, but also expanded and multiplied.

The President thanked Gorbachev and said he looked forward to working with him to strengthen world peace.

General Secretary Gorbachev said the President could rely on full cooperation from him in this effort. Everything which they had discussed remained valid. The Soviet side would proceed from a position of realism but also see the broad perspectives and try to act in a manner which benefited both the Soviet and American people and the world community as a whole. General Secretary Gorbachev said he had heard that at 7:30 that morning the President had sworn in his White House team. He sent regards to all these people, and thanked the President for his call. He also wished to pass sincere regards from him and Mrs. Gorbachev to the President's wife Barbara.

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3

The President thanked Gorbachev and said that his wife looked forward very much to getting to know Raisa even better. The two would get along very well.

General Secretary Gorbachev said he was very pleased by their conversation and wished the President all success in his activity.

The President thanked Gorbachev and wished him good-bye.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

THE WHITE HOUSE

0019

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Phone Call between the President and Prime Minister Margaret Thatcher of Great Britain

PARTICIPANTS: The President
Barry F. Lowenkron, NSC (Notetaker)

Prime Minister Margaret Thatcher

DATE, TIME January 23, 1989, 1:19 p.m. - 1:23 p.m.
AND PLACE: Oval Office

The President thanked Prime Minister Thatcher for returning his call, and for the congratulatory letter. Prime Minister Thatcher responded by congratulating the President on his inauguration.

The President said he looked forward to working with the Prime Minister on the key international issues they faced. Prime Minister Thatcher responded that the President would always be welcome in Britain. She then outlined the most pressing problems the West had to tackle: preparing for a NATO Summit, taking a decision on nuclear modernization, and maintaining a unified Western position on East-West issues.

The President said that he had put together a solid team of pragmatists like Secretary Baker and National Security Advisor Scowcroft. They shared his view on the importance of maintaining the special relationship with Great Britain.

Prime Minister Thatcher said that she had not been able to take the President's earlier call because she had been dedicating a statue to Eisenhower in Grosvenor Square, at a ceremony which was also attended by General Galvin and Ambassador Walters. She emphasized that both countries could rely on each other.

The President said he hoped he could feel free to call on the Prime Minister for her advice, and hoped that she would feel the same about calling him. Prime Minister Thatcher responded that she would indeed do so.

Prime Minister Thatcher then reiterated the "urgent" need for nuclear modernization, saying she would be discussing the issue with Chancellor Kohl next month. Prime Minister Thatcher also expressed concern about the euphoria surrounding General Secretary Gorbachev. She said that the West was responding to his words, but his deeds were what counted.

~~CONFIDENTIAL~~

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2008-0429-F
8/21/09 KC

~~CONFIDENTIAL~~

2

The President said that, while he did not want to be cast as the person stalling better East-West relations, he would continue to stress caution and the need for the NATO Allies to work together. Prime Minister Thatcher said that the President's past statements on dealing with the Soviets were right on the mark.

The President again thanked the Prime Minister for returning his call. Prime Minister Thatcher said that Mrs. Bush was "going down really big in Britain." The President said he appreciated Denis Thatcher's handwritten postscript to the Prime Minister's congratulatory letter. Prime Minister Thatcher said that the United States could always rely on Britain.

The conversation ended at 1:23 P.M.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

THE WHITE HOUSE

0019

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: The President's Telephone Conversation with Prime Minister-Mitterrand of France

PARTICIPANTS: The President
Barry F. Lowenkron, NSC (Notetaker)

President Mitterrand

DATE, TIME January 24, 1989, 9:21 a.m. - 9:30 a.m.
AND PLACE: Oval Office

The President thanked President Mitterrand for his warm message of congratulations. President Mitterrand said that it was only natural for him to send the President congratulations on his inauguration.

The President asked President Mitterrand whether he would be traveling to Tokyo for the Emperor's funeral. President Mitterrand replied that he had not yet made up his mind, but that he was leaning toward going. The President then suggested that the two get together in Tokyo to renew their friendship and consult on key issues. He stressed that there would be no set agenda. The President then raised the idea of having lunch with President Mitterrand in Tokyo.

President Mitterrand said that he looked forward to working closely with the President. He characterized his relations with the President as going beyond strictly official, and joked about how friendly and "disrespectful" his house dog had been to the President. President Mitterrand then asked whether the President would be announcing his trip to Tokyo today. The President responded that the White House would issue the announcement later in the day. He then repeated his interest in meeting with President Mitterrand.

President Mitterrand replied that, in that case, he would go to Tokyo, and that he would accept the President's invitation to lunch. The President said his plan was to have his bilaterals on February 23, and proposed lunch on that date. He stressed that if President Mitterrand could not make lunch on the 23rd, they could have lunch at a later date.

~~CONFIDENTIAL~~

Declassify on: OADR

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PER E.O. 12958,
AS AMENDED

2008-04-29-F
2/25/09 KO

President Mitterrand asked whether the President would be in Tokyo both the 23rd and 24th? The President said yes. President Mitterrand then asked whether the President's announcement would include his specific schedule of activities in Tokyo? The President said that the announcement would be general, making no mention of specific events in Tokyo. President Mitterrand said that he would issue an announcement of his trip to Tokyo, but that it would make no mention of a luncheon with the President.

President Mitterrand said that the funeral in Tokyo was not an event that one looked forward too. But, he said he did look forward to meeting with the President. He promised that his dog would be more respectful in the future. The President said that his dog was pregnant. President Mitterrand asked that the President convey his warmest regards to Mrs. Bush. The President said he looked forward to seeing President Mitterrand soon.

The conversation concluded at 9:30 a.m.

~~CONFIDENTIAL~~

THE WHITE HOUSE

0019

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: The President's Telephone Conversation with Prime Minister Gonzalez of Spain

PARTICIPANTS: The President
Barry F. Lowenkron, NSC (Notetaker)

Prime Minister Gonzalez

DATE, TIME January 24, 1989, 11:16 a.m. - 11:25 a.m.
AND PLACE: Oval Office

The President thanked Prime Minister Gonzalez for his congratulatory message. The President said he recalled his previous visits with the Prime Minister, and looked forward to seeing him again. Prime Minister Gonzalez said he was pleased with the President's victory, and again congratulated him.

The President said he looked forward to discussing key international issues with the Prime Minister, in particular developments in Europe and in Central and Latin America. Prime Minister Gonzalez said he would be delighted to exchange views with the President. He said that, in his capacity as EC President, he would be traveling to the inauguration of Venezuelan President Carlos Andres Perez and would be meeting with various Latin American heads of governments.

Prime Minister Gonzalez asked whether Vice President Quayle would be attending the inaugural. The President said that the Vice President would be going to Venezuela, and asked the Prime Minister to meet with the Vice President. Prime Minister Gonzalez said he would do so.

Prime Minister Gonzalez said he looked forward to meeting the President. The President asked whether Prime Minister Gonzalez was planning to travel to Tokyo for the Emperor's funeral. Prime Minister Gonzalez said that King Juan Carlos would be representing Spain at the funeral. He then said he would appreciate the opportunity to pay a visit to Washington during the first half of this year.

~~CONFIDENTIAL~~

Declassify on: OADR

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AS AMENDED

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The President said that he would discuss the possibility of such a visit with General Scowcroft and Secretary Baker. He reiterated that he was anxious to meet with the Prime Minister and promised that he would try to work something out.

Prime Minister Gonzalez said he was delighted, and that he could raise the issue when he meets with Vice President Quayle in Venezuela.

The President thanked the Prime Minister again for his congratulatory message. Prime Minister Gonzalez thanked the President for the telephone call.

The conversation ended at 11:25 a.m.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

THE WHITE HOUSE

0019

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: The President's Telephone Conversation with Prime Minister Schlueter of Denmark

PARTICIPANTS: The President
Barry F. Lowenkron, NSC (Notetaker)

Prime Minister Schlueter

DATE, TIME January 24, 1989, 3:10 p.m. - 3:21 p.m.
AND PLACE: Oval Office

Prime Minister Schlueter said he was delighted with the excellent start of the President's Administration. The President said that both he and Mrs. Bush were delighted with the Prime Minister's congratulatory message.

The President said that he had put together a strong national security team headed by Secretary Baker and General Scowcroft. Prime Minister Schlueter said he knew both of them. The President said that the United States would be a steady partner. Prime Minister Schlueter said he did not doubt it.

The President said that he did not want to play "defense" all the time, and that he would be interested in the Prime Minister's views on how to set the NATO agenda. He said he appreciated the political problems the Prime Minister faced, and he considered the Prime Minister a friend.

Prime Minister Schlueter asked the President for his thoughts on a NATO Summit. The President said he thought a Summit built around the fortieth anniversary of NATO was a good idea. He asked the Prime Minister for his recommendation on where to hold the Summit. Prime Minister Schlueter said that the location was not as important as the fact that it take place soon. The President said he was leaning toward Brussels, although the British were interested in hosting it as well. As for timing, the President thought late May or early June was most appropriate. Prime Minister Schlueter said that was fine with him. He then stressed the importance of the President meeting with the NATO Allies before meeting with Gorbachev. The President said he agreed completely, emphasizing that Allied consultations would precede any meeting with Gorbachev.

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Declassify on: OADR

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PER E.O. 12958,
AS AMENDED

2000-0429-F
8/21/09 KO

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2

The President said that the Prime Minister was always welcome to contact him on any issue.

Returning to the issue of the NATO Summit, the President said that he thought that Brussels was the most appropriate site. Prime Minister Schlueter agreed.

The President said that he and Mrs. Bush were looking forward to meeting the Prime Minister and his wife. Prime Minister Schlueter said he felt the same way, and thanked the President for the call.

The conversation ended at 3:21 p.m.

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THE WHITE HOUSE

0019

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: The President's Telephone Conversation with Pope John Paul II of the Vatican

PARTICIPANTS: The President
Paul Lebras, WHSR (Notetaker)

Pope John Paul II

DATE, TIME January 26, 1989, 12:02 p.m. - 12:03 p.m. and
AND PLACE: 12:14 p.m. - 12:16 p.m., Oval Office

The President said he was calling to thank the Pope for his warm note of congratulations. He remembered the warmth of his reception, both at the Vatican and here in the United States.

The Pope said he again wished to congratulate the President.

(At the point the connection was cut-off and resumed after a few minutes.)

The President said they had been cut off but he again wished to thank the Pope for his message. He said he had great respect for all that the Pope was doing in the cause of world peace. He wanted the Pope to know that he was welcome to call at any time to discuss things of concern. The President said he also looked forward to seeing the Pope before too long. He had a very good relationship with the Reverend Pio Laghi, the Vatican representative here. He was also well acquainted with Cardinal O'Connor. So he was very familiar with the Pope's official family here.

The Pope said he wished to send greetings to both the President's family and the entire United States.

The President thanked the Pope. He said, once again, that he looked forward to seeing him soon and that he should not hesitate to call.

The Pope said he was very grateful for the offer which should prove useful.

~~CONFIDENTIAL~~

Declassify on: OADR

DECLASSIFIED
PER E.O. 12958,
AS AMENDED

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

0749

ACTION

February 14, 1989

MEMORANDUM FOR G. PHILIP HUGHES

FROM: RUDOLF V. PERINA 

SUBJECT: Agreement of Mr. Anders Thunborg as
Sweden's Ambassador to the U.S.

We have received a request from the State Department (Tab II) for the President to grant agreement to Mr. Anders Thunborg to become Sweden's new Ambassador to the United States. Attached at Tab I is a memorandum to the State Department stating that the White House concurs in Mr. Thunborg's appointment.

Bob  Blackwill and Bob Perito concur.

RECOMMENDATION

That you sign the memorandum at Tab I to Melvyn Levitsky.

Approve _____

Disapprove _____

Attachments

Tab I Memo for Levitsky
Tab II State Recommendation

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 9/3/25

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

0749

MEMORANDUM FOR MR. MELVYN LEVITSKY
Executive Secretary
Department of State

SUBJECT: Agreement of Mr. Anders Thunborg as
Sweden's Ambassador to the United States (U)

The President has reviewed and concurs in the recommendation of the Department of State that the appointment of Mr. Anders Thunborg as Ambassador Extraordinary and Plenipotentiary of Sweden would be agreeable to the Government of the United States. You are requested to so inform the Government of Sweden. (C)

G. Philip Hughes
Executive Secretary

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 9/3/25

~~CONFIDENTIAL~~

Declassify on: "Appointment of Ambassador"

~~CONFIDENTIAL~~



8902897

United States Department of State

0749

Washington, D.C. 20520

February 11, 1989

UNCLASSIFIED
(With CONFIDENTIAL
Attachment)

MEMORANDUM FOR BRENT SCOWCROFT
THE WHITE HOUSE

SUBJECT: Appointment of Mr. Anders Thunborg of the
Republic of Sweden as Ambassador to the United
States

The Government of Sweden has inquired whether our
Government agrees to the appointment of Mr. Anders Thunborg as
Ambassador Extraordinary and Plenipotentiary of Sweden to the
United States (TAB 2). A biography of Mr. Thunborg is attached
(TAB 1).

The Department believes from the information available that
Mr. Anders Thunborg will make a good Ambassador to the United
States and recommends that the President agree to the proposed
appointment. If he concurs, the Department will inform the
Government of Sweden.

Melvyn Levitsky
Melvyn Levitsky
Executive Secretary

Attachments:

1. Biography.
2. Memorandum of January 31, 1989.

UNCLASSIFIED UPON
REMOVAL OF CLASSIFIED
ATTACHMENTS

SS 9/3/25

UNCLASSIFIED
(With CONFIDENTIAL Attachment)

8902897 v8: 21

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02d. Report	Government report [FOIA EXEMPTIONS REDACTED] (1 pp.)	n.d.	(b)(1), (b)(3)	C

Collection:

Record Group: Bush Presidential Records
Office: National Security Council
Series: Blackwill, Robert D., Files
Subseries: Chronological Files
WHORM Cat.:
File Location: January-February 1989 [3]

Document Partially Declassified
(Copy of Document Follows)
 By MM on 3/2/2015

Date Closed: 5/3/2011	OA/ID Number: 30540
FOIA/SYS Case #: 2011-0298-F	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #: 2012-1557-MR(501)
AR Disposition:	MR Disposition: Released in Part
AR Disposition Date:	MR Disposition Date: 11/8/2013

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

~~CONFIDENTIAL~~



Proposed New Ambassador: Anders Thunborg
(Phonetic: TOONboree)

Sweden

Anders Thunborg has an extensive background in defense and foreign policy matters. Among his other assignments, he served from 1977 to 1983 as Sweden's Permanent Representative to the United Nations.

Thunborg joined the Social Democratic Party as a student at the University of Stockholm, where he earned a B.A. degree in political science and economics in 1958. At the age of 24 he became legal adviser to the Stockholm SDP organization. He subsequently became SDP information secretary and later international secretary. From 1967 until 1969 Thunborg was assistant SDP secretary. He served as under secretary in the Defense Ministry during 1969-74 and as Secretary of State in the Foreign Ministry during 1974-76. Thunborg was chairman of the Swedish Government's Defense Planning Commission during 1975-76.

Thunborg is highly regarded by both Swedish and US Government officials for his ability and his knowledge of defense and foreign policy matters. Several years ago he told US diplomats in Stockholm that one of his paramount concerns was the need for cooperation with this country on defense production.

Thunborg has traveled widely. He has written many books on defense and politics. He speaks English and German. He was a racing car driver in his youth. During 1969-76 he was chairman of the Swedish Motorcyclists' Federation. Thunborg has been married twice, as has his wife; he has two daughters and three stepsons.

(b)(1); (b)(3)

Sources include:

(b)(1); (b)(3)

Information from Embassy of Sweden

~~CONFIDENTIAL~~
DECL:OADR

DECLASSIFIED IN PART
PER E.O. 13526

2012-1557-MR

11/8/2013 MM



United States Department of State

Washington, D.C. 20520

January 31, 1989

MEMORANDUM

TO : S/CPR - Miss Jennifer Fitzgerald
FROM : S/CPR - Richard Gookin *RG*
SUBJECT : Request for Agreement for New Swedish Ambassador

For the record, I wanted you to know that the Swedish Ambassador, Count Wilhelm Wachtmeister, visited me today to request agreement, on behalf of his Government, for his successor, Anders Thunborg. He did not present a formal note making the request, but simply left the curriculum vitae of Mr. Thunborg. Orally, he described Thunborg as eminently qualified.

Count Wachtmeister explained that the Swedish Foreign Ministry had bowed to pressure from the Swedish media to announce his successor. In response to Wachtmeister's question about the length of time required to process the agreement, I answered that it usually takes about 10 days - which he found entirely acceptable. As to his own assignment to Washington, Wachtmeister informed that he would complete his tour on May 31, 1989.

Attachment: Curriculum Vitae of
Anders Thunborg

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

0784

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

February 14, 1989

ACTION

MEMORANDUM FOR G. PHILIP HUGHES

THROUGH:

int LINTON BROOKS/ROBERT D. BLACKWILL *OB*

FROM:

Sam DON MAHLEY/PHILIP ZELIKOW *PZ*

SUBJECT:

SNF Paper

Attached at TAB I is a proposed memorandum to your counterpart at both Defense and State formally tasking a paper, the outline of which was discussed at a meeting on February 13. State has agreed to take the lead in putting the paper together, and both agencies have agreed to the drafting deadline of Thursday. Once the paper is drafted, it will be circulated interagency and discussed at an Arms Control PCC Working Group (chaired by Don Mahley) next Tuesday.

RECOMMENDATION

That you approve and sign the memorandum at TAB I.

Approve _____

Disapprove _____

Attachment

TAB I Proposed memorandum to agencies

~~CONFIDENTIAL~~

Declassify on: OADR

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DECLASSIFIED
PER E.O. 13526

2012-1557-M/R

11/6/2013 MM

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03b. Memo	G. Philip Hughes to Melvyn Levitsky/Col. George P. Cole, Jr. RE: Paper on SNF Language (1 pp.)	n.d.	(b)(1)	C

Collection:

Record Group: Bush Presidential Records
Office: National Security Council
Series: Blackwill, Robert D., Files
Subseries: Chronological Files
WHORM Cat.:
File Location: January-February 1989 [3]

Date Closed: 5/3/2011	OA/ID Number: 30540
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AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

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PRM. Removed as a personal record misfile.

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(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

0762

February 13, 1989

ACTION

MEMORANDUM FOR G. PHILIP HUGHES

FROM: PHILIP D. ZELIKOW *PZ*

SUBJECT: MEMCON of the President's Telephone Call with
Prime Minister John Swan of Bermuda, February 11,
9:45 a.m.-9:50 a.m, Kennebunkport, Maine

Attached at Tab A for your review is subject MEMCON.

BB
Bob Blackwill concurs.

RECOMMENDATION

That the attached MEMCON be filed for record purposes.

Attachment

Tab A MEMCON

DECLASSIFIED

White House Guidelines
E.O. 13526, SEC 3.4 (b), September 11, 2006
By SS NARA, Date 9/3/25

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Declassify on: OADR

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~~CONFIDENTIAL~~

THE WHITE HOUSE

0762

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: President's Phone Call to Prime Minister John Swan of Bermuda

PARTICIPANTS: The President
Philip D. Zelikow, NSC (Notetaker)

Prime Minister John Swan

DATE, TIME February 11, 1989, 9:45 a.m. - 9:50 a.m.
AND PLACE: Call placed from Kennebunkport, Maine

The President offered the Prime Minister belated congratulations on his electoral win.

Prime Minister Swan thanked the President.

The President asked what the numbers had been.

The Prime Minister said that the opposition (Progressive Labor Party) won 15 seats, 1 seat went to an Independent, 1 to the NLP (National Liberal Party) and we (United Bermuda Party) won 23.

The President noted that the outcome had not been in doubt, but it was always nice to have it in the bank. The President asked how Colin was doing?

The Prime Minister said he was great.

The President said that Marlin sent his best and asked about the weather, commenting that it was freezing where he was.

The Prime Minister said the weather was wonderful.

The President asked the Prime Minister not to tell him any more about it. "We're coming," he added, "turn down the blanket in the guest bedroom."

The Prime Minister said he would be glad to welcome the President any time.

Closing the conversation, the President said he did hope to come at some point, and he reiterated his congratulations on the Prime Minister's victory.

~~CONFIDENTIAL~~

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PER E.O. 12958,
AS AMENDED

2000-0429-F
8/21/09 K0

~~CONFIDENTIAL~~

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RICE

THE WHITE HOUSE

WASHINGTON

February 28, 1989

Dear Arnold:

Thank you for sending your recently concluded report, "Managing U.S.-Soviet Relations in the 1990s." As you know, we are undertaking a major review of our policies toward the Soviet Union and the report is thus very timely. I have made it available to the members of the National Security Council staff who will be participating in the review. All the best to you and to Abe Becker.

Sincerely, *My best,*
Brent

Brent Scowcroft

Mr. Arnold L. Horelick
RAND/UCLA Center
1700 Main Street P.O. Box 2138
Santa Monica, California 90406-2138

SUMMARY

This report considers the effects of the process of change initiated by Gorbachev on the Soviet Union's probable future internal development and external behavior, and the appropriate U.S. strategy toward the USSR under these conditions.

The Soviet Union has been perceived as a major security threat to the West largely because of its formidable military capabilities and aggressive external behavior; the threat appeared magnified by the apparent connection of Soviet power and external behavior to the central features of the Soviet system—communist ideology, totalitarian/authoritarian social-political structure, and centralized, military-favoring economic organization. Western views have varied on the relative weight of the internal or external factors and therefore on the advisability of directing Western policy to one or the other ends of this nexus. With the advent of Gorbachev, Soviet domestic and foreign policy change seem to be coming together, and many people in the West now believe that the Soviet system is at last being transformed.

How much has the Soviet Union changed in fact?

Gorbachev came into office in 1985 with an apprehensive view of the Soviet economy and society as well as of its internal and external policy; he spoke of the country being in "pre-crisis." Over the next few years in a now familiar litany, he built up a scathing indictment of his predecessors' misrule and of the USSR's "administrative command" system generally. He charged them with bringing on economic stagnation, assorted social pathologies, and ethnic conflict at home and costly setbacks and isolation abroad.

Gorbachev has undertaken to resolve this multi-layered "pre-crisis" with a far-ranging program of change that has both domestic and external components. The hallmarks of domestic Gorbachevism are *demokratizatsiia*, *glasnost*, and *perestroika*. Among the three, "democratization" has so far produced the least change in Soviet society, *glasnost* the most. In a remarkably short period, the constraints on free expression in the Soviet Union have been substantially relaxed.

Perestroika, the process of social transformation, has had mixed results. The principal content of "restructuring" is economic, which has had two emphases—industrial modernization and economic reform. The former was initially Gorbachev's main concern, but his gradual recognition that the Soviet system itself stood in the way of achieving that goal impelled him in the direction of more substantial reform. Because the progress of economic reform has been largely stymied by

opposition, foot-dragging, and inertia, Gorbachev is now pursuing a set of political changes that would weaken or eliminate anti-reform forces, break the hold of the ministerial bureaucracy on economic progress, and curb the Party's micromanagement of economic activity without sacrificing its strategic control of the economy or its monopoly of political power. However, bloody disturbances in Armenia and Azerbaïd-zhan and agitation for economic and political autonomy in the Baltic republics have shown that the relaxation of social controls deemed desirable for perestroika is having unintended consequences that could threaten the entire Gorbachev program.

Gorbachev's foreign and security policy changes, said to be the product of "New Thinking," have included concessions to Western arms control positions, steps to terminate Soviet and client military interventions in several Third World countries, conciliatory declaratory overtures to the West, and generally restrained international behavior thus far during his tenure. But the most radical assertions about Soviet readiness to alter established behaviors and security structures—e.g., by restructuring Soviet military forces to render them incapable of large-scale offensive operations—remain to be tested. Many of these promised changes have been deferred to the future, and others have been made contingent on mutual agreement with the West.

The ferment in Soviet policy has evoked a wide spectrum of reaction in the West, ranging from considerable skepticism on the reality and durability of the apparent changes to jubilant acceptance of the changes as evidence of the imminent transformation of the Soviet Union into a democratic state with "normal," peaceful foreign relations. Underlying these contrasting views on the meaning of Soviet developments are multiple uncertainties and divergent assumptions about key variables. The major uncertainties include Gorbachev's ultimate goals, his role in the changing Soviet picture, and his political survival; the character of his foreign and security program; the actual results of domestic and foreign programs; the current goals and relative strengths of various leadership factions; the likelihood of developments (such as major changes in the regime's ability to control national minority agitation) that could substantially affect the political balance; or the effect of momentum and expectations in preventing retrogression and maintaining the course of reform.

These uncertainties point to alternative possible near to mid-term Soviet futures, discussed here in terms of the connection between internal system change and Soviet external behavior. We consider three alternative states of domestic reform:

1. **Limited reform.** Three subcases of effects on system performance and external behavior are examined:

- a. Improved economic performance makes more resources available for external purposes without changing the present system of essentially authoritarian-oligarchical political decisionmaking, thus leading to increased external competitiveness. This scenario is judged unlikely on both political and economic grounds.
 - b. Poor economic performance drives an authoritarian regime to external diversions. This strategy seems risky given the inadequate resource base and the likelihood of Western resistance.
 - c. Poor economic performance under conditions of growing internal social-political tensions leads to lowered external involvement. This subcase seems less unlikely than the others, but perhaps transitory, because internal forces would tend to push the Soviet Union onto one or the other of the remaining alternative paths of change.
2. **Retreat and reaction** resulting from economic stagnation or internal political-social crises might mean a return to cold war with the West and revived Soviet foreign and military policy assertiveness, but Soviet ability to implement a militant external strategy would presumably continue to be resource-constrained.
 3. **Radicalization of reform** leading to accelerated growth and political pluralism might result in a Soviet foreign policy of accommodation with the West. The combination need not mean abandonment of great power ambitions, and it would probably mean enhanced economic wherewithal to pursue such ambitions.

Other combinations of domestic change and external policy consequences can be imagined, including a prolongation of the present situation; but the tensions of the present—unresolved economic, political, and social problems—are likely to threaten the stability of such other scenarios too.

The most important conclusion we draw from this assessment of alternative Soviet futures is that there are grounds for hope for substantial improvement in East-West relations, but the uncertainties besetting this prospect are large enough to warrant reservation and even some skepticism about its likelihood. Perception of economic, technological, and social weakness has been driving the Politburo to domestic and foreign policy change. The initiatives for change could take on a dynamic that may escape central control, leading possibly to internal system and external policy transformation. However, success in meeting the challenges of national weakness could induce the leadership to halt or reverse much of the progress toward a more benign

USSR. That systemic reforms lead to benign attitudinal changes is in part a statement of faith that can be tested only over a period of time that may amount to decades.

We identify four principal alternative Western strategies for dealing with the USSR at this juncture:

1. **Perestroika is irrelevant or dangerous: Impede Soviet modernization.** Proponents of this course maintain that there has been and will be no substantive change in Politburo goals or in its efforts to maintain and expand the Soviet empire. The West should therefore attempt to impede Soviet modernization, which would be used to enhance Soviet strategic capabilities, by denying all economic assistance and straining Moscow's capabilities to match the West's military modernization.

We reject this strategy as counterproductive, making for a more belligerent, less cooperative USSR and precluding any possibility of favorable outcomes for East-West relations that might result from unobstructed Soviet reform. Our allies would unequivocally reject this strategy, and it would be highly controversial in the United States as well.

2. **Perestroika is benign: Help Gorbachev.** Supporters of this strategy are confident that Gorbachev's world outlook is accommodationist and that perestroika, if unobstructed, is likely to lead to internal democratization, thence to the Soviet Union's behaving like a "normal" state. The political survival of Gorbachev and his program are vital to the West, but these are threatened by internal opposition. Therefore, helping Gorbachev should essentially drive Western policy toward the Soviet Union.

We reject this strategy too: (a) It would put too many Western eggs too soon in one basket of uncertain structure and durability; (b) there is no theory of Soviet politics that would permit reliable judgments about how to effect a particular direction of internal political and economic development; (c) to concentrate on advancing Gorbachev's fortunes could prevent us from identifying and pursuing our own interests, which might be opposed to his.

3. **Soviet future uncertain, West's role negligible: Wait and see.** In view of the multiple uncertainties and the demonstrated impotence of the West in affecting Soviet developments, the

only rational policy is to sit on the sidelines, waiting until the dust settles.

We reject this course as well. There are costs to waiting out the game—opportunities for further Western gains as Soviet policy develops and tactical advantages the Soviet Union would derive from U.S. obstruction or indifference to Soviet initiatives, because America's allies are unlikely to be persuaded to follow a do-nothing course.

4. **Uncertainties, true, but Western engagement is inevitable and desirable.** The Soviet future is uncertain, and we can have little confidence in our ability to shape the Soviet course. Unwarranted optimism or pessimism about Soviet developments would both be dangerous for Western interests; agnosticism that translates into passivity and inaction could lead to our missing transitory opportunities for breakthroughs. The U.S. policy problem is not only how to remain open to possibilities for major improvements in U.S.-Soviet relations but also how to limit the costs of adverse developments. We believe that a strategy of step-by-step engagement is the most appropriate instrument for achieving those goals.

Of course, the United States "engaged" the Soviet Union before, and did so on a broad front during the years of detente. But now there are unusually favorable international conditions for pursuing long-standing Western interests on the traditional U.S.-Soviet agenda—controlling and, if possible, reducing the risks and costs of the competition. Unlike the situation in the detente period, global trends have been running against the Soviets in the 1980s, and they know it. Whatever Gorbachev's long-term foreign policy plans or intentions may be, the current circumstances of the Soviet Union constrain the Soviet leadership in ways that make it less inclined, at least for the time being, to fish in troubled waters abroad, and more open to agreements and arrangements to ease competitive pressures.

Where long-standing Western interests in managing East-West relations more safely, reliably, and at lower cost intersect with current Soviet interests in providing a congenial international environment for perestroika, the case for engagement is compelling and unambiguous. But deep structural and institutional change in the Soviet Union and a major reorientation of Soviet foreign policy raise the possibility of our engaging the Soviet Union on a new agenda that might shift the balance in East-West relations from competition toward cooperation.

A substantially demilitarized and increasingly cooperative relationship such as Gorbachev expounded at the UN in December 1988 would

signify a paradigm shift in East-West relations. Because movement toward such a shift would entail perhaps irreversible changes in Western security structures and strategies on which we have for so long successfully relied, the case for engaging the Soviets on this new agenda is much more complex. So long as a visibly reforming Soviet Union continues to put forward cooperative options, backed by meaningful concessions and a general policy of self-restraint, the United States should begin to explore the new and wider horizons in East-West relations. This will require a broader conceptual dialogue with the Soviets and a parallel one among the Western allies.

In exploring these new horizons with the Soviets, however, we should proceed carefully and step by step.

- Radical uncertainties about the outcome of Soviet reform will be resolved only gradually, and we can't know how they will be resolved.
- Anticipatory responses to Soviet changes merely promised could trigger a process of structural weakening of the Western security system that might easily outpace actual change on the Eastern side.
- Progress is bound to be uneven. Gorbachev remains a highly competitive adversary who will seek offsetting compensations for any concessions he offers.
- A Western, and especially a U.S., domestic consensus that is sufficiently broad and enduring will need time and confidence-building experience with the USSR to mature.

To prepare for this kind of broad strategic dialogue with the Soviets, U.S. policymakers need to begin thinking through and articulating the kinds of fundamental changes in the Soviet Union that the West would need to see; what we might regard as persuasive evidence that such changes were actually taking place; and what the West might be prepared to offer in return.

Soviet policy changes such as have already occurred may be sufficient for further incremental progress on the traditional agenda; but for a more far-reaching reordering of East-West relations, the changes required go to the heart of the Soviet political and economic system and to its core relationship with Eastern Europe.

Changes in the domestic political and economic systems. Democratic states, where leaders are accountable to their electorates and are constitutionally constrained, are limited in the extent of accommodation they can make with the leaders of an enormously powerful state who can command the resources of their society for

potentially hostile purposes with no effective constitutional or systemic constraints; with leaders who can change policy course quickly and without warning, and who are under no domestic obligation to debate alternative courses of action. This is why the domestic evolution of the Soviet political-economic system is a vital foreign policy matter for the United States and why we would have to see evidence in the actual workings of the political-economic process of institutionalized domestic political constraints on the external behavior of Soviet leaders.

The Soviet military priority. The most substantial change that would be required in the military sphere would presuppose radical reform of the Soviet economic and political systems. To be credible and reliable, greater transparency and consistency of Soviet force size, posture, and deployment with stated Soviet policy and doctrine should not occur merely as a concession to the West for foreign policy purposes, but as an integral domestic political function of an accountable Soviet leadership.

Self-determination of Eastern Europe. The corollary of change required in the Soviet domestic political system is the evolution of the socialist states of Eastern Europe toward greater self-determination. Western willingness to move toward substantially less reliance on nuclear weapons and stationed forces would depend not only on Soviet force reductions and restructuring but also on fundamental changes in the nature of the USSR's relations with its Warsaw Pact allies, such that their territories and resources would no longer be so readily at the disposal of the Soviet Union.

What could the West offer in return for such far-reaching Soviet changes? Initially, the United States could offer assurance that Washington prefers to deal with the Soviet Union rather than to squeeze it during a period of adversity and difficult domestic change. Moscow would take seriously this kind of assurance from a new administration because of Kremlin concern that some quarters in the West perceive Gorbachev's concessions as signs of weakness calling not for reciprocation but still more pressure.

If and as changes in the Soviet Union deepen and become less readily reversible than they are now, the Soviets could hope for accommodating Western responses across a wide range of issues of long-standing concern to them:

- Reducing the pace and scope of Western military competitive efforts, especially in the high technology areas of Western advantage (linked to progress in eliminating Soviet offensive advantages).
- Western agreement to consider further nuclear reductions, which the Soviets seek (as the conventional balance is made

more acceptable and as Eastern Europe achieves more autonomy).

- Wider acceptance of the Soviet Union as a full-fledged participant in the world community, and
- Progressive liberalization of Western political restrictions on trade, acceptance into international economic organizations, such as the International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade (GATT), and, ultimately, even Western economic development assistance (in parallel with transformation of the Soviet system and its foreign policy).

We have suggested that the new, broad conceptual dialogue with Moscow should proceed in parallel with the ongoing discussion and negotiation of issues on the current U.S.-Soviet agenda. The latter discussion could provide a bridge to the dialogue appropriate for exploring the new limits of the possible that may be emerging in relations with the USSR. The following discussion suggests directions of progress on the four sets of issues making up the current agenda—arms control, regional issues, bilaterals, and human rights—as well as a fifth, East European instability, likely to be important in the near term.

In *arms control*, there is chiefly the unfinished business of START and the launching of the Conventional Stability Talks (CST) negotiations.

A START-like agreement is important on several counts: It would

- keep the existing arms control regime, whose legal basis is now in disarray, from unravelling;
- improve prospects for further reducing first-strike instabilities, thus helping to stabilize a strategic balance that both sides seem to believe is already quite robust;
- strengthen the viability of the strategy of nuclear deterrence by bolstering public confidence in Western leaders' ability to manage nuclear deterrence prudently;
- prevent damage to alliance and domestic U.S. consensus that would result from perceived U.S. responsibility for a breakdown of START negotiations;
- make it easier for NATO to hold the line against further nuclear cuts until the conventional balance is more stable.

The preferred NATO strategy for CST negotiations has been to seek reductions in Pact, especially Soviet, tank and artillery holdings down to levels just slightly below NATO's, thus obviating the need to make more than token reductions on the NATO side and avoiding the issue

of substantial reductions in stationed U.S. forces. Gorbachev's unilateral cuts announcement has complicated the West's approach. This makes all the more urgent a high-level NATO dialogue on how to define Western interests in the new circumstances. It is true that a new Western security review—in effect, revisiting the Harmel Doctrine—would risk divisive debate; but without confronting these fundamental issues it will be very hard for the alliance to make politically viable and strategically sensible responses to Soviet proposals. This would leave the initiative in Soviet hands and, in the end, probably invite just the kind of alliance dissension that avoiding the issue tries to duck.

Because instability in *Eastern Europe* poses what is probably the greatest single threat of a major discontinuity in international politics, the status of that region is almost certain to become an increasingly prominent issue in the East-West dialogue. The paradox of persisting East European instability in the face of Soviet reforms whose spread might add fuel to the fire sharpens the dilemmas of Western policy for Eastern Europe: how to promote self-determination for these countries, removing the security threat posed by the USSR's massive military presence there, while avoiding triggering a Soviet military intervention that would disrupt ongoing Soviet as well as regional reforms, divide the Western alliance on how to respond, and threaten the peace of Europe.

The new circumstances call for at least some changed emphasis in traditional Western policies. We should tie prospects of far-reaching change in European security arrangements more closely to Soviet acceptance of greater autonomy for East European states. In the upcoming negotiations on CST and Confidence and Security Building Measures (CSBM), we should try to devise explicit, contractual inhibitions against the cross-border movement of Soviet forces in any East Europe contingency, such as Budapest 1956 or Prague 1968. And on the incentive side, particularly in any East European crisis in which Moscow did *not* intervene, we should be prepared to reciprocate Soviet acceptance of greater East European autonomy by being more forthcoming on such issues of Soviet concern as trade with the West.

In the past few years, there has been accumulating evidence of overlapping U.S. and Soviet interests in making political arrangements in several *regional* conflicts to facilitate the military disengagement of the Soviet Union or its clients (Afghanistan, Angola, and Cambodia). The United States should continue to exploit opportunities to cooperate with the Soviets in facilitating regional settlements that are consistent with U.S. interests. This may entail continued U.S. support for insurgencies against pro-Soviet regimes employing communist military

forces from the outside to keep them in power, which has helped bring the Soviets to make more sober cost-benefit calculations in the Third World.

A strategy of step-by-step engagement would call for extending the same political approach and diplomatic style for resolving issues on which there has as yet been little if any progress: Central America (establishing agreed limits on Soviet military aid); Middle East (testing Soviet readiness to move its clients toward settlement of the Arab-Israeli conflict); Persian Gulf (arms export limitations and noninterference in post-Khomeini Iran); Korean peninsula and other future hot spots.

Bilateral relations. In economic policy, the United States should try to phase liberalization of trade (relaxing technology transfer controls, repealing the Jackson-Vanik and Stevenson amendments, reopening the Export-Import Bank credit window, admitting the USSR to international economic organizations (IEOs)) with indications of substantial change in the structure of East-West relations and in the nature of Soviet society. But this does not mean trying to repeat previously failed efforts to design explicit quid pro quos (such as Most Favored Nation treatment and U.S. government loans in exchange for higher levels of Jewish emigration), because the values involved are not coordinate and we can't fine-tune the economic quids very well, especially with our allies. In the 1970s the United States sought Soviet performance that would be an exception to the generally repressive practices then prevailing. Now Soviet domestic policy is moving toward liberalization to an unprecedented degree, reinforcing the case for a more generalized linkage of Western trade liberalization to continued positive change in the USSR.

It may now be appropriate for Washington to end U.S. denial of Soviet access to U.S. government loans and guarantees. In this initial phase, the United States should still seek to minimize the transfer of militarily relevant dual-use technology. With our allies, we should emphasize sustainable export controls, recognizing this probably means reducing their number and frequently reviewing lists. With continued positive Soviet change, the West might consider agreeing to greater Soviet involvement in IEOs, under the condition that the Soviet Union has to adapt to the practices and goals of the IEOs—a process we should favor—rather than the other way around—a contingency we shouldn't fear all that much in any case because Soviet economic leverage is so limited.

Placing *human rights* on the agreed official agenda is an important innovation of the new phase in U.S.-Soviet relations, because it provides a legitimized vehicle for direct U.S. access to the evolving Soviet domestic scene, which will be very useful in monitoring and assessing

Soviet change. If Soviet human rights performance continues to improve, it will be as part of a sustained process of internally driven societal change. The West exerts enormous influence primarily by our very existence and the force of our example. We can perhaps nudge the pace of such change by holding the Soviet leaders up to the highest standards of their new-found commitment to human rights. We should welcome evidence they are living up to those standards, condemn departures from them, and highlight remaining obstacles.

Human rights issues play a less immediate role in the imperative security aspect of our relations than in optional aspects, such as trade. But in the long run, the condition of human rights in the Soviet Union will determine the upper limits on progress toward a more cooperative East-West relationship generally, including security relations. Consideration of fundamental alterations in the existing international security system will be warranted only in the advanced stages of gradual systemic change in the Soviet Union itself, in which the overall condition of human rights will be the most sensitive indicator.

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1. Plaff to
Mr. Blumhull

THE **RAND** CORPORATION

JAN 30 1989

January 23, 1989

Lt. General Brent Scowcroft
Assistant to the President
for National Security Affairs
The White House
1600 Pennsylvania Ave., N.W.
Washington, DC 20500

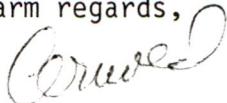
Dear Brent:

My RAND colleague, Abe Becker, and I have just completed a report of "Managing U.S.-Soviet Relations in the 1990s." In view of the major policy review which the new administration is undertaking, Abe and I thought you might find this paper of interest and I am enclosing a pre-publication copy for your perusal.

Abe and I would be happy to discuss the paper with you or your ~~colleagues~~ if you believe that would be helpful.

With best wishes for success in your new position,

Warm regards,



Arnold L. Horelick
Director, RAND/UCLA Center for the Study
of Soviet International Behavior

ALH:jr

Encl.

cc: Abraham Becker

Prepublication copy

R-3747-RC

Managing U.S. -Soviet Relations in the 1990s

Abraham S. Becker, Arnold L. Horelick

Prepublication copy

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PREFACE

A surprising feature of the 1988 presidential election campaign was the absence of any debate on U.S.-Soviet relations. Perhaps this may be explained by the shift in American policy in recent years, evoked by and paralleling the unfolding of new policies in the Soviet Union. The American Center and Left seem to have been largely disarmed by the policy changes in the second Reagan administration; much of the Right seems disoriented by developments in the USSR, uneasy with the Reagan administration's rapprochement to Moscow, but unable yet to formulate a viable alternative course.

In the meantime, the Soviet Union continues to surprise the world (and its own citizens as well) by changes in policies, expressed views, and, to some extent, even institutions. The reinvigoration of Kremlin policy with Gorbachev's arrival on the Soviet scene challenges the West to rethink its own attitudes and policies. Unfortunately, the West has responded to Soviet initiatives in ad hoc fashion, without reexamining either its objectives or its strategy. The result has been some confusion and disarray. The new American administration just coming into office has the opportunity and the obligation to review the U.S. perspective and to help develop an alliance-wide dialogue that should lead to a reformulation of Western strategy for dealing with the Soviet Union in the last decade of this century. This study, prepared under RAND Corporation sponsorship, is presented as a contribution to the U.S. national discussion of these tasks.

SUMMARY

This report considers the effects of the process of change initiated by Gorbachev on the Soviet Union's probable future internal development and external behavior, and the appropriate U.S. strategy toward the USSR under these conditions.

The Soviet Union has been perceived as a major security threat to the West largely because of its formidable military capabilities and aggressive external behavior; the threat appeared magnified by the apparent connection of Soviet power and external behavior to the central features of the Soviet system—communist ideology, totalitarian/authoritarian social-political structure, and centralized, military-favoring economic organization. Western views have varied on the relative weight of the internal or external factors and therefore on the advisability of directing Western policy to one or the other ends of this nexus. With the advent of Gorbachev, Soviet domestic and foreign policy change seem to be coming together, and many people in the West now believe that the Soviet system is at last being transformed.

How much has the Soviet Union changed in fact?

Gorbachev came into office in 1985 with an apprehensive view of the Soviet economy and society as well as of its internal and external policy; he spoke of the country being in "pre-crisis." Over the next few years in a now familiar litany, he built up a scathing indictment of his predecessors' misrule and of the USSR's "administrative command" system generally. He charged them with bringing on economic stagnation, assorted social pathologies, and ethnic conflict at home and costly setbacks and isolation abroad.

Gorbachev has undertaken to resolve this multi-layered "pre-crisis" with a far-ranging program of change that has both domestic and external components. The hallmarks of domestic Gorbachevism are *demokratizatsiia*, *glasnost*, and *perestroika*. Among the three, "democratization" has so far produced the least change in Soviet society, *glasnost* the most. In a remarkably short period, the constraints on free expression in the Soviet Union have been substantially relaxed.

Perestroika, the process of social transformation, has had mixed results. The principal content of "restructuring" is economic, which has had two emphases—industrial modernization and economic reform. The former was initially Gorbachev's main concern, but his gradual recognition that the Soviet system itself stood in the way of achieving that goal impelled him in the direction of more substantial reform. Because the progress of economic reform has been largely stymied by

- a. Improved economic performance makes more resources available for external purposes without changing the present system of essentially authoritarian-oligarchical political decisionmaking, thus leading to increased external competitiveness. This scenario is judged unlikely on both political and economic grounds.
 - b. Poor economic performance drives an authoritarian regime to external diversions. This strategy seems risky given the inadequate resource base and the likelihood of Western resistance.
 - c. Poor economic performance under conditions of growing internal social-political tensions leads to lowered external involvement. This subcase seems less unlikely than the others, but perhaps transitory, because internal forces would tend to push the Soviet Union onto one or the other of the remaining alternative paths of change.
2. **Retreat and reaction** resulting from economic stagnation or internal political-social crises might mean a return to cold war with the West and revived Soviet foreign and military policy assertiveness, but Soviet ability to implement a militant external strategy would presumably continue to be resource-constrained.
 3. **Radicalization of reform** leading to accelerated growth and political pluralism might result in a Soviet foreign policy of accommodation with the West. The combination need not mean abandonment of great power ambitions, and it would probably mean enhanced economic wherewithal to pursue such ambitions.

Other combinations of domestic change and external policy consequences can be imagined, including a prolongation of the present situation; but the tensions of the present—unresolved economic, political, and social problems—are likely to threaten the stability of such other scenarios too.

The most important conclusion we draw from this assessment of alternative Soviet futures is that there are grounds for hope for substantial improvement in East-West relations, but the uncertainties besetting this prospect are large enough to warrant reservation and even some skepticism about its likelihood. Perception of economic, technological, and social weakness has been driving the Politburo to domestic and foreign policy change. The initiatives for change could take on a dynamic that may escape central control, leading possibly to internal system and external policy transformation. However, success in meeting the challenges of national weakness could induce the leadership to halt or reverse much of the progress toward a more benign

only rational policy is to sit on the sidelines, waiting until the dust settles.

We reject this course as well. There are costs to waiting out the game—opportunities for further Western gains as Soviet policy develops and tactical advantages the Soviet Union would derive from U.S. obstruction or indifference to Soviet initiatives, because America's allies are unlikely to be persuaded to follow a do-nothing course.

4. **Uncertainties, true, but Western engagement is inevitable and desirable.** The Soviet future is uncertain, and we can have little confidence in our ability to shape the Soviet course. Unwarranted optimism or pessimism about Soviet developments would both be dangerous for Western interests; agnosticism that translates into passivity and inaction could lead to our missing transitory opportunities for breakthroughs. The U.S. policy problem is not only how to remain open to possibilities for major improvements in U.S.-Soviet relations but also how to limit the costs of adverse developments. We believe that a strategy of step-by-step engagement is the most appropriate instrument for achieving those goals.

Of course, the United States "engaged" the Soviet Union before, and did so on a broad front during the years of detente. But now there are unusually favorable international conditions for pursuing long-standing Western interests on the traditional U.S.-Soviet agenda—controlling and, if possible, reducing the risks and costs of the competition. Unlike the situation in the detente period, global trends have been running against the Soviets in the 1980s, and they know it. Whatever Gorbachev's long-term foreign policy plans or intentions may be, the current circumstances of the Soviet Union constrain the Soviet leadership in ways that make it less inclined, at least for the time being, to fish in troubled waters abroad, and more open to agreements and arrangements to ease competitive pressures.

Where long-standing Western interests in managing East-West relations more safely, reliably, and at lower cost intersect with current Soviet interests in providing a congenial international environment for perestroika, the case for engagement is compelling and unambiguous. But deep structural and institutional change in the Soviet Union and a major reorientation of Soviet foreign policy raise the possibility of our engaging the Soviet Union on a new agenda that might shift the balance in East-West relations from competition toward cooperation.

A substantially demilitarized and increasingly cooperative relationship such as Gorbachev expounded at the UN in December 1988 would

potentially hostile purposes with no effective constitutional or systemic constraints; with leaders who can change policy course quickly and without warning, and who are under no domestic obligation to debate alternative courses of action. This is why the domestic evolution of the Soviet political-economic system is a vital foreign policy matter for the United States and why we would have to see evidence in the actual workings of the political-economic process of institutionalized domestic political constraints on the external behavior of Soviet leaders.

The Soviet military priority. The most substantial change that would be required in the military sphere would presuppose radical reform of the Soviet economic and political systems. To be credible and reliable, greater transparency and consistency of Soviet force size, posture, and deployment with stated Soviet policy and doctrine should not occur merely as a concession to the West for foreign policy purposes, but as an integral domestic political function of an accountable Soviet leadership.

Self-determination of Eastern Europe. The corollary of change required in the Soviet domestic political system is the evolution of the socialist states of Eastern Europe toward greater self-determination. Western willingness to move toward substantially less reliance on nuclear weapons and stationed forces would depend not only on Soviet force reductions and restructuring but also on fundamental changes in the nature of the USSR's relations with its Warsaw Pact allies, such that their territories and resources would no longer be so readily at the disposal of the Soviet Union.

What could the West offer in return for such far-reaching Soviet changes? Initially, the United States could offer assurance that Washington prefers to deal with the Soviet Union rather than to squeeze it during a period of adversity and difficult domestic change. Moscow would take seriously this kind of assurance from a new administration because of Kremlin concern that some quarters in the West perceive Gorbachev's concessions as signs of weakness calling not for reciprocation but still more pressure.

If and as changes in the Soviet Union deepen and become less readily reversible than they are now, the Soviets could hope for accommodating Western responses across a wide range of issues of long-standing concern to them:

- Reducing the pace and scope of Western military competitive efforts, especially in the high technology areas of Western advantage (linked to progress in eliminating Soviet offensive advantages).
- Western agreement to consider further nuclear reductions, which the Soviets seek (as the conventional balance is made

of substantial reductions in stationed U.S. forces. Gorbachev's unilateral cuts announcement has complicated the West's approach. This makes all the more urgent a high-level NATO dialogue on how to define Western interests in the new circumstances. It is true that a new Western security review—in effect, revisiting the Harmel Doctrine—would risk divisive debate; but without confronting these fundamental issues it will be very hard for the alliance to make politically viable and strategically sensible responses to Soviet proposals. This would leave the initiative in Soviet hands and, in the end, probably invite just the kind of alliance dissension that avoiding the issue tries to duck.

Because instability in *Eastern Europe* poses what is probably the greatest single threat of a major discontinuity in international politics, the status of that region is almost certain to become an increasingly prominent issue in the East-West dialogue. The paradox of persisting East European instability in the face of Soviet reforms whose spread might add fuel to the fire sharpens the dilemmas of Western policy for Eastern Europe: how to promote self-determination for these countries, removing the security threat posed by the USSR's massive military presence there, while avoiding triggering a Soviet military intervention that would disrupt ongoing Soviet as well as regional reforms, divide the Western alliance on how to respond, and threaten the peace of Europe.

The new circumstances call for at least some changed emphasis in traditional Western policies. We should tie prospects of far-reaching change in European security arrangements more closely to Soviet acceptance of greater autonomy for East European states. In the upcoming negotiations on CST and Confidence and Security Building Measures (CSBM), we should try to devise explicit, contractual inhibitions against the cross-border movement of Soviet forces in any East Europe contingency, such as Budapest 1956 or Prague 1968. And on the incentive side, particularly in any East European crisis in which Moscow did *not* intervene, we should be prepared to reciprocate Soviet acceptance of greater East European autonomy by being more forthcoming on such issues of Soviet concern as trade with the West.

In the past few years, there has been accumulating evidence of overlapping U.S. and Soviet interests in making political arrangements in several *regional* conflicts to facilitate the military disengagement of the Soviet Union or its clients (Afghanistan, Angola, and Cambodia). The United States should continue to exploit opportunities to cooperate with the Soviets in facilitating regional settlements that are consistent with U.S. interests. This may entail continued U.S. support for insurgencies against pro-Soviet regimes employing communist military

Soviet change. If Soviet human rights performance continues to improve, it will be as part of a sustained process of internally driven societal change. The West exerts enormous influence primarily by our very existence and the force of our example. We can perhaps nudge the pace of such change by holding the Soviet leaders up to the highest standards of their new-found commitment to human rights. We should welcome evidence they are living up to those standards, condemn departures from them, and highlight remaining obstacles.

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I. INTRODUCTION

PURPOSE OF THE REPORT

U.S.-Soviet relations form a central issue of any administration's agenda, if only because no power other than the USSR is capable of destroying the United States. The issue assumes new and particular importance now because the Soviet Union is engaged in a wide-ranging program of internal change that General Secretary Mikhail Gorbachev describes as "revolutionary." At the same time, the Kremlin seems to be rethinking its national security interests and strategy. What difference has the advent of Gorbachev made to the character and behavior of the USSR? How has this affected U.S.-Soviet relations since he took over? How might Soviet internal and external behavior develop in the foreseeable future? How would that development affect the nature of the Soviet threat? What should U.S. policy toward the USSR be under these conditions? These questions, fundamental to any consideration of U.S.-Soviet relations at the present, are the concern of this report.

Discussions of these fateful issues are taking place across the United States, and counterpart debates have been in process throughout the Western world. In the past, the American public was often hard-pressed to understand the issues because the participants in the debate, whatever the quality of their contributions, and whether these were analytical or policy-prescriptive, tended to talk past each other. They often failed to come to grips with their different assumptions, perceptions, forecasts, and values. One of the purposes of the first half of this report is to expose the logical and empirical underpinnings of conflicting analyses and divergent policy recommendations in this area. We will try to distinguish what we believe we know about Soviet policy and behavior from what we do not know and from what may be unknowable. We will try to define differences among various currents of thought and opinion, in terms of the structure of their argument and in relation to our sense of the uncertainties about the present and future of the USSR. In the second half, we will set out our personal views of an appropriate U.S. strategy.

that Realpolitik considerations (a pragmatic politics of objective realities rather than ideology), especially those arising from the U.S.-Soviet nuclear superpower relationship, had since the 1960s come increasingly to dominate the Soviet foreign policy calculus. Long-term Soviet goals might be "ambitious" and the rhetoric unsettling, but Soviet external behavior could be modified in important ways by appropriate Western policy. Acceptance of Realpolitik made the USSR amenable to a broad range of cooperative arrangements with the West that could be mutually beneficial. This school, moreover, was skeptical of Western ability to influence internal Soviet processes. Thus, the policy conclusion was to try to influence Soviet external behavior by concentrating on the international environment of Soviet decisionmaking, rather than attempt to change the Soviet system. This viewpoint was generally held by American political liberals but also by many moderates in both parties.¹

The first view, focusing on the Soviet system, was consistent with the mainline American conception of the conflict with the Soviet Union as more than a contest of military power and over international influence and presence, but as ultimately a struggle of values concerning human rights and the good society. The second view, which concentrated on Soviet foreign behavior, reflected American hopes that it would prove possible to live peacefully with the USSR, even though it remained Soviet. The guiding strategic conception of U.S. policy since World War II, the doctrine of containment, supposedly integrated these contrasting outlooks by suggesting that sustained containment pressures would ultimately mellow, dissolve, or transform the Soviet system. However, whereas containment was a clear imperative for U.S. and Western security, Soviet system change was only a probability estimate, with varying likelihood values attached by different observers at different times.

The uneasy and unstable coexistence of these views makes the West prone to wide, sometimes wild, swings of national emotion in response to particular events and changing circumstances. Summit meetings featuring jovial and personal exchanges humanize the adversary and reawaken Western inclinations to believe that, at bottom, they are "just like us." A KAL 007 shootdown or Afghanistan invasion evokes the charge that the Soviets are showing their "true nature" and brings into the foreground a tendency to view the USSR as an immutable enemy. In the optimistic environment of detente in the early and mid-1970s, little importance was attached to whether the domestic

¹Many political liberals, however, emphasized improvement of human rights in their approach to policy toward the Soviet Union.

A STRATEGY FOR U.S.-SOVIET RELATIONS IN THE NEW PHASE

The old anchors of the Western policy debate on East-West relations seem to be floating away before our eyes. New possibilities appear on the horizon that many Westerners believe (or hope) are transforming the parameters of the West's debate. New linkages between internal and external Soviet developments are unfolding. Some Western leaders and analysts, who see Soviet external accommodations as flowing almost inevitably from internal reform, identify Gorbachev's success so closely with Western interests that they would make "helping Gorbachev" and promoting Soviet reform objectives of Western policy. Other Western observers fear that shadow is being mistaken for substance and promise for reality already attained. They see in successful Soviet economic reform only one certainty—that the resource base at the disposal of Soviet leaders would become larger and more sophisticated. Western interests, in this view, would be better served by a policy of impeding rather than promoting Gorbachev's modernizing reform.

How then should the United States conduct itself in this new phase of Soviet-American relations? Our conclusions are developed at length in this report. Briefly, they are as follows:

In the nearly four years of Gorbachev leadership, important changes have indeed taken place in Soviet policy and behavior, foreign and domestic. More significant than the alterations that have already occurred is the potential for further change, in the nature of the East-West relationship and in the character of the Soviet system itself, the foundation of Soviet external behavior.

At the same time:

- The West cannot be certain at present whether Gorbachev is committed to a long-term process of accommodation with the West or whether he is seeking a mid-term breather to strengthen the domestic foundations of Soviet military might, preparatory to more effective resumption of the competitive struggle.
- Powerful forces in Soviet society are resisting radical change in various spheres. Partly for this reason, the pattern of change in Soviet domestic and foreign policy is complex; "new thinking" and "old thinking" coexist in Soviet behavior in varying mix.

II. THE USSR YESTERDAY, TODAY, TOMORROW

THE BREZHNEV LEGACY

To appreciate where Gorbachev wishes to take the USSR, it is necessary to understand his point of departure—an apprehensive view of the state of the Soviet economy and society, of its internal and external policy: He spoke of the country being in “pre-crisis.” A survey of the domestic and foreign scenes in the early 1980s would indeed have revealed a sobering array of problems. Domestically:

- Economic growth, once robust and a basis for Kremlin boasts about the superiority of the Soviet system, slowed in the 1960s, but the retardation became precipitous in the late 1970s and 1980s. Near or actual stagnation also meant widening of the technological gap with the West, continued inability to diversify Soviet exports away from dependence on raw materials (particularly oil), and even deterioration of living standards. The prospect of continued economic decline relative to the West threatened not just the military power and international prestige of the Soviet Union but also the stability of its internal order.
- The Soviet Union appeared a sick society as well as economically stagnant. Alcoholism was rampant and, as we are learning now, drug addiction and various categories of crime (on a smaller scale) were also increasing. Public health conditions were bad enough to be screened from public knowledge: The sensitive indicators of deteriorating birth and death rates were banned from publication until the mid-1980s. A shadow economy, operating side by side with the official, engendered widespread official corruption, undermining public respect for authority and belief in the probity of the nation's leaders. Indifference to politics and official ideology were pandemic.
- Despite official assurances of harmony among the numerous ethnic-national minorities of the USSR, nationalist resentment boiled not far beneath the surface in a great arc from the Baltics through the western and southern regions of the USSR to Central Asia.
- Possibilities of change—economic, social, or political—seemed frozen under an ageing, sclerotic leadership whose chief goals seemed to be stability and continuity.

the United States was more willing to actively support anti-communist insurgencies. Moscow seemed incapable of crushing these counterrevolutionary threats, or unwilling to undertake the costs.

- As clients weakened, Soviet prestige declined, and the West was emboldened, the Kremlin felt increasingly isolated.

Gorbachev would undoubtedly demur on some of the characterizations used above, but the general tenor and most of the particulars of what amounts to a damning indictment of the Brezhnev leadership and the Soviet system in the early 1980s can be documented in his speeches and writings, as well as in those of his colleagues and close supporters. Certainly, most Western students of the Soviet Union would accept the picture as accurate. Western analysts were indeed generally familiar with the elements of this picture, although with few exceptions they would not have used quite as gloomy colors in the early 1980s as is customary now in both Soviet writings and Western assessments. Gorbachev himself claims he did not have a full appreciation of the extent of the "pre-crisis" when he came into office (although he may have tactical reasons to claim partial initial ignorance). In any case, his public sense of the gravity of the national disorder visibly deepened with time.

THE GORBACHEV PROGRAM

The program of change Gorbachev has undertaken to resolve this multi-layered "pre-crisis" has evolved over time, and it has distinctive domestic and external components. At this point, the hallmarks of domestic Gorbachevism are contained in the slogan troika of *glasnost*, *demokratizatsiia*, and *perestroika*. It is a tribute to his showmanship and the remarkable worldwide interest in recent Soviet affairs that these Russian terms need no translation for educated Western audiences. Among the three, "democratization" has produced the least Soviet change in Soviet society. Until recently it was chiefly a means to encourage greater worker participation in factory production management and greater popular involvement in discussion of local, regional, and national issues. The June 1988 Party Conference may have set in train more important changes in the relation between the Communist Party and the economy and government, as well as in electoral procedures for Party and government bodies, but as Soviet liberals have protested, many of the proposed changes seem far from democratic.

The process of societal transformation is *perestroika*; so far it has produced mixed results. The principal content of "restructuring" is

being discarded or destroyed. Even Lenin has been criticized, although gingerly and rarely to be sure. Current Politburo members, with the still conspicuous exception of Gorbachev, are no longer automatically immune, although there is by no means an open season in the Soviet press; and the military and the security forces are gradually coming under the glare of public examination. The Soviet Union is far from a free society, but in a remarkably short period the constraints on free expression have been substantially weakened.

Glasnost continues to be the main lubricant of political change. It has transformed the attitude of most of the intelligentsia to the regime, making that group Gorbachev's most important ally in the struggle for change. Glasnost helps enlarge the pool of bright ideas, thereby helping Gorbachev escape the limitations of narrow circles of Party and government specialists. By the harsh light it has cast on the errors and crimes of the past, glasnost undermines perestroika opponents, while the elimination of former taboos makes the idea of change respectable. Thus, glasnost helps generate and maintain a momentum for change.

Along with desired change, however, the regime has also encountered less palatable effects of reform and liberalization. The considerable easing of censorship of ideas and the loosening of social controls has brought to the surface ethnic-national tensions, of which the bloody disturbances in Armenia and Azerbaidzhan are only the most visible sign. Agitation for economic and political autonomy in the Baltic republics has been formalized in regional legislative resolutions and has spilled over into massive street demonstrations. Still other nationalist problems, in other regions of the country, are waiting in the wings. Conflict among nationality groups and between the central authorities and the minorities could seriously affect the balance of political forces in the Soviet Union, threatening the political survival of Gorbachev personally and of his reform program. More generally, glasnost, perestroika, and demokratizatsiia have escalated popular demands on the state that are difficult or even impossible to meet, and these demands are being articulated with increasing vociferousness.

Gorbachev's *foreign and security* policy is said to be the product of a "New Thinking." Among the leading propositions of this new orientation are:

- the interdependence of all parts of a highly interrelated world,
- the dependence of superpower national security on international mutual security,
- the prevention of war as the guiding principle of military preparations, and

There have been important shifts in Soviet arms control negotiating positions, however: Soviet consent to remove the intermediate range missiles deployed in Europe and Asia and to intrusive verification procedures made possible the signing of the INF treaty; Soviet acceptance of the principle of deep cuts in strategic nuclear forces, particularly in heavy ICBMs, where they have had a major advantage, has enabled substantial progress toward a START agreement. Looking to a set of negotiations that is still in preparation, Moscow has also agreed in principle to asymmetric reductions of conventional forces. The announced unilateral cut in Soviet forces in Eastern Europe, if it appears to be implemented, is likely to accelerate the movement to Conventional Stability Talks (CST). However, Soviet spokesmen, apparently unwilling to accept a concept of net asymmetry, have insisted on unbalanced cuts in elements of Western forces—for example, “strike” aircraft—where, the Kremlin maintains, the West has the advantage, to compensate for deeper Soviet cuts in tanks. Also, Moscow continues to press for complete denuclearization of Western and Central Europe, which would undermine American extended deterrence and erode trans-Atlantic ties. Thus, the proposal raises doubts in Western minds about ultimate Soviet intentions.

In Soviet external behavior, too, there are mixed signals, although the changes in policy are important. The most prominent and dramatic of these is the Politburo's decision to withdraw Soviet forces from Afghanistan, a decision that few Western analysts or politicians believed possible just a few short years ago. At this writing, there is still some uncertainty whether the withdrawal will be completed on time, or indeed at all. In the West it seems to be the general belief, nevertheless, that Moscow has little choice but to complete the withdrawal. In Angola, clearly, and in Cambodia, less certainly, Moscow is supporting settlements that would include withdrawal of its clients' forces (Cuban and Vietnamese). More generally, the Soviet leadership appears to have recalculated the costs and benefits, political as well as economic, of Brezhnev's Third World interventionism. In consequence the priority of that arena in the Kremlin's perspective seems to have been sharply reduced, especially with regard to the poorer and strategically marginal parts of the Third World, where the USSR had invested fairly heavily. There is no evidence at present of substantial new Soviet commitments, and in view of the heavy resource requirements of domestic restructuring, one would expect Moscow to be wary of costly reengagement in the near future.

With regard to China, the application of “New Thinking” has accelerated the process of normalization that was already in train at the very end of the Brezhnev era. While Gorbachev's conciliation of

competitive potential. The well-publicized changes of glasnost and perestroika, the argument proceeds, are temporary concessions reversible at the appropriate time. A French journalist (Annie Kriegel of *Le Figaro*) dubbed perestroika "a formidable happening, a gigantic logorrhea." From the other end of the spectrum, Gorbachev's goal, or the ultimate outcome of the dynamic of current Soviet change, is seen as conversion of the Soviet polity to democratic pluralism and the Soviet economy to a variant of market socialism that will differ little from the regulated capitalism of many European countries.

These polar views of the significance of Soviet domestic change have counterparts with regard to Soviet foreign and security policy. At one end, the "New Thinking" is seen as a smokescreen, behind which Soviet military modernization for offensive superiority proceeds as usual, and the Kremlin is only waiting for favorable opportunities to advance its geopolitical aims at the West's expense in the manner of the mid-1970s. Those at the other end of the spectrum believe the Soviet military apparatus is coming under as radical a restructuring as the economy and society, one that will sharply reduce force levels and transform their doctrinal orientation; these changes are judged in keeping with a new Soviet foreign policy perspective that sees cooperation bringing greater benefits than aggressive competition.

Between these poles there are, of course, many intermediate positions. There are those who are also skeptical about the extent of change already achieved or about the dedication of Gorbachev's Politburo colleagues to reformist and internationally cooperative goals but who, like Margaret Thatcher, view these considerations as

secondary to whether [Gorbachev] or indeed anyone can limit change once it starts. If we believe that the human spirit's deepest urge is for freedom, then we have to believe too that the more freedom is granted, the more it will be wanted, and this convinces me that I am right to be giving full support to the policies of perestroika and glasnost. (Speech in London, January 13, 1988.)

Others are more impressed with the political, bureaucratic, and national-psychological obstacles to change in the USSR and therefore less optimistic about the outcome. Still others grant the novelty and excitement of current Soviet developments but give greater weight to concerns about the modernization of Soviet military and economic capabilities.

Underlying these contrasting views on the shape and meaning of current Soviet developments, but unfortunately rarely articulated, are both multiple uncertainties and divergent assumptions about key variables. A critical set of issues revolves around Gorbachev, his goals and

inferior to that on programs, and the imperative to make the record look good persists even under glasnost. It is not surprising, therefore, that there is a wider dispersion of Western judgments on the extent of realized than of intended change. If this applies in the first instance to domestic economic and social programs, it is even truer of security policy, where the paucity of hard evidence opens the door to sheer speculation.

There is much less dispute about the qualitative economic and social progress achieved under Gorbachev, not because different schools arrive at convergent results, but because most analysts are dependent on Soviet reports and on the more or less independent evaluations of Soviet data performed by the U.S. government, especially the CIA. In the past, such government analyses have been criticized as both understating and overstating Soviet economic growth and its major components. The bulk of the criticism, however, is directed at possible overestimation, charging that the Soviet raw statistics, which are inevitably the foundation of all outside evaluations, overstate quantitative increases and qualitative improvements and understate price inflation. Those who regard these criticisms of CIA analyses as merited may also discount in varying degree the estimates of Soviet change under Gorbachev, although these display little optimism from a Soviet point of view.

Controversy over the degree of progress in economic reform takes place less over the facts of change than on the potential of reform and the intentions of the leadership. We know, for example, how few individual and cooperative profit-oriented enterprises have actually been established; we have a reasonably good sense of the degree to which the autonomy of state enterprises and collective farms is still constrained by central regulation. But those who take a particularly jaundiced view of reform's prospects are factoring in perceptions about Soviet ideological rigidity, political and bureaucratic resistance, and perhaps also criteria of "real" or effective reform that are judged to require more or less capitalist forms of economic organization. On the other side, reform optimists tend to downgrade the importance of these factors and to place more emphasis on the Soviet leaders' perception of the necessity of reform and the possibilities of perfecting the present, admittedly incomplete, mechanisms.

The uncertainties of political change encompass not only the "real" goals of the various leadership factions but also their current relative strengths and the likelihood of developments that could substantially affect the balance. An example of such a development might be major changes in the center's ability to control national minority agitation for greater economic, cultural, or political autonomy: for example, an

nexus, we choose to focus on the degree of internal system change—primarily economic and political—and its connection to Soviet external behavior. We examine the possible external consequences of three states of domestic reform: the status quo or slow progress, retrogression, radicalization and rapid progress. In each case, the foreign policy implications of a particular scenario of domestic change are far from self-evident.

Limited Reform

In this alternative, a combination of system inertia, bureaucratic footdragging, popular suspicions, and political opposition would sharply limit the reform impetus, confining it to actual achievements or perhaps with minor further progress. Three subcases of effects on system performance and external behavior suggest themselves.

Improved Performance, External Competitiveness. Despite the constraint on reform, economic performance might improve tangibly through a combination of campaigns for disciplined labor, improved incentives, the payoff of high investment in modernization, and luck—for example, sustained good weather, which would increase agricultural output. (The last element would contrast with the misfortunes that have plagued Gorbachev's restructuring effort so far, especially the disasters of Chernobyl and the Armenian earthquake.) The result would be growth of the total resource pie, easing the leadership's allocation choices among consumption, economic growth, and defense and making more resources available for external purposes. All this would take place without changing the present system of essentially authoritarian-oligarchical political decisionmaking. Soviet foreign policy objectives and behavior might then be less accommodating to the West than now appears to be the case: Domestic economic problems might seem less pressing, resources would be available for continued military force growth and qualitative improvement, and the leadership would be fairly unconstrained by public and interest group pressures to move in a contrary direction.

We do not attach high probability to this scenario. It assumes that Gorbachev is driven only by economic weakness and that some minimal resolution of the economic problem would induce him to abandon "New Thinking" and resume where Brezhnev left off. Further, we are skeptical of the economic growth potential of limited reform. Even if it achieved some economic success it would be unlikely to provide a long-run solution to the Soviet economic problem, so that the Kremlin's satisfaction with this scenario and therefore its duration would probably be short-lived.

military coup seems unlikely; but a military peeved at reduced resources, unilateral force reductions, and a constrained political role could reinforce the anti-reform faction. Whether it appears in a neo-Stalinist "national Bolshevik" form or is joined to militant great-Russian nationalism, reaction to the fruits of glasnost, demokratizatsiia, and perestroika could substantially alter the internal and external face of Soviet policy.

The platform of reaction would vary depending on its political makeup. A neo-Stalinist version would probably combine accelerated economic modernization with public discipline and minimum reform. The counterpart based on Russian patriotism would attempt to rally the public with a plea to "save the country" from impending catastrophe, and it would call for substituting moral impulses for the profit-making, income-maximizing slogans of perestroika.

A reactionary USSR exploiting the mobilization potential of Russian or Soviet patriotism might mean a return to cold war with the West, diminishing probabilities for arms control agreement, heightened East-West military tensions, and revival of Soviet militancy in the Third World. These do not, however, seem inevitable consequences of retreat and reaction, if only because the economics of reaction would be unlikely to yield a substantial narrowing of the technological gap with the West. As in the poor performance, external competitiveness case, Soviet ability to implement a militant external strategy would probably continue to be resource-constrained. Would-be neo-Stalinist leaders of the nineties might be guided by the example of the prototype a half century earlier, whose hostility to the West was generally kept in check by prudent consideration of the weaknesses of the USSR and the risks of confrontation with a stronger enemy.

Radicalization of Reform

In this alternative, the Kremlin would have recognized the inadequacies of the present situation, as well as the dangers embodied in the previous alternatives, and would sharply accelerate economic and political reform in the direction of market socialism and political pluralism. This could bring economic dividends of qualitative and quantitative growth, as well as the development of formal and informal groups and institutions that would substantially enlarge the circle of policymaking and circumscribe Kremlin decisionmaking.

The foreign policy of such a Soviet Union might indeed be as imagined by those who place great confidence in Gorbachev—accommodation and cooperation with the West, especially in reducing the threat of Soviet military power. Less benign outcomes, however,

III. IMPLICATIONS FOR U.S.-SOVIET RELATIONS

GENERAL IMPLICATIONS

The most important conclusion we draw from this assessment of Soviet change now and in the foreseeable future is that the achievements and process of change hold out hope for substantial gains for the cause of international peace and security, but the uncertainties besetting this prospect are large enough to warrant reservations and even some skepticism about its likelihood.

The reasons for optimism depend on two phenomena, the first short term, the second bridging over to the longer term. Until now, recognition of economic, technological, and social national weakness has been a powerful force driving the Politburo to a change of course at home and abroad. The perception of weakness impels a concentration on domestic restructuring and an effort to tailor external policy so as to protect that concentration. It is therefore substantially responsible for Soviet retrenchments in the Third World (reflecting a more sober assessment of cost/benefit ratios), improvements in international atmospherics, and concessions in arms control negotiations.

The second reason for optimism emerges from the Kremlin's attempt to repair the most obvious weakness, poor economic performance. In the process, the Soviets identified systemic roots of the problem, which led to bolder economic and political reform initiatives than had been contemplated originally. These initiatives take on a dynamic that may escape central control, particularly as feedback relations develop among greater liberality in public discussion, political change, and economic reform. The next step is part historical generalization and political analysis but also part assertion: Marketization, competition, and political pluralism would shape a Soviet Union that would reject traditional communist ideology and increasingly institutionalize the attitudes and policies of democratic socialism, perhaps even of liberal capitalism. Even over the longer term such a Soviet Union would be more interested in internal progress than in external rivalry. It might insist on its "rightful" role in international relations, but it would be concerned about insuring a peaceful environment for domestic progress rather than sponsoring destabilizing, pre-Soviet change.

Here we find four main alternatives:

1. Perestroika Is Irrelevant or Dangerous: Impede Soviet Modernization

This alternative insists that the USSR is hardly likely to be transformed into a democratic society with a benign foreign policy and that the probable Soviet future is in "Limited Reform" or "Retreat and Reaction," possibly in that time sequence. In all these cases, proponents assert, there would be little change in the Politburo's goals inherited from the Brezhnev period and continued efforts to improve capabilities for maintaining and expanding the Soviet empire. Economic modernization would probably not alter external goals, but it could make the USSR a more dangerous rival by qualitatively upgrading Soviet military industry. Therefore, the cardinal Western objective should also be unchanged: defense against Soviet expansionism.

Short of egregious acts of Soviet provocation, which appear highly unlikely at present, a deliberate Western effort to thwart perestroika is not politically sustainable. However, the argument continues, the West should make every effort to impede Soviet military modernization, principally by disciplined embargoes on the export of "dual-use" technology (that may be of use to the military as well as in civilian pursuits) and by denying all economic aid (e.g., subsidized credits) and even loans at market rates to the USSR. At the same time, the West must press forward on its own military modernization. In doing so, it is contended, the West should, where the choice is available, opt for measures that are likely to force Soviet planners into responses that would strain Soviet resource allocation, if Moscow wishes to stay in the global race. With respect to regional conflicts, raising Soviet costs would take priority over settlement of the conflict, which might only ease the Soviet burden of empire. Convinced that Soviet goals are and will remain inimical to the West, proponents of this strategy seek means to frustrate Soviet purposes.¹

As explained in Sec. IV, we favor maintaining controls on technology exports and market criteria for other economic intercourse with the USSR, at least in the first phase of relations with a reform-minded Soviet Union. Nevertheless, we reject this strategy because, as a package, with the indicated assumptions, goals, and policies, it promises to be counterproductive: It is likely to make for a more belligerent, less cooperative Soviet Union. It could provoke hostile Soviet responses

¹Supporters of this strategy might regard it as equally appropriate if the Soviet future were poor performance and external quiescence; the aim would then be to accelerate the apparent process of dissolution of the Soviet system.

massive Western Marshall Plan for the USSR could exert influence in the other direction. But short of such beneficence, which is not being seriously considered anywhere in the West, our ability to shape Soviet developments to our benefit is limited. The fate of Soviet internal change hangs essentially on the balance of internal forces, and there is no theory of Soviet politics that would permit reliable judgments about how to effect a particular direction of internal political and economic development. Indeed, efforts to intervene would stand a good chance of hurting rather than helping the intended beneficiaries. It is one thing for the West to respond favorably to evidence of major Soviet change attained, quite another to attempt to shape Soviet processes to a particular mold.

A U.S. policy goal of advancing Gorbachev's fortunes could easily prevent us from identifying and pursuing our own interests. In some of the circumstances suggested earlier, Soviet interests could be opposed to ours. Moreover, an effort to "help Gorbachev" would inevitably open us up to counter-manipulation from Moscow, and in such a contest the Soviets enjoy a distinct advantage.

These three arguments provide sufficient grounds to reject this alternative. In addition, it is likely to complicate the Western alliance's decisionmaking, unless one assumes that substantial economic aid to the USSR would be an unalloyed good for the West. But if that is far from self-evident, as we believe, then the strategy of helping Gorbachev would have to devise means of influencing Soviet policy toward desired ends, in short to fashion instruments of leverage. It would therefore need to incorporate provisions for denial as well as extension of benefits: Carrots without sticks are nourishing but do not promise much leverage. Historically, however, the alliance has been able to agree to relax constraints and extend benefits to the USSR far more easily than to impose sanctions and withdraw rewards.

3. Soviet Future Uncertain, West's Role Negligible: Wait and See

The third alternative is so impressed with the uncertainties surrounding the identification of ultimate leadership goals, the degree of system change already achieved, and the projection of present trends, as well as with the West's impotence in affecting Soviet developments, that it sees the only rational policy as sitting on the sidelines, watchfully waiting until the dust settles.

We reject this course as well. We certainly share the stand on the importance of uncertainties, as we have made clear, but not the implicit assumption that there are no substantial costs to waiting out the

IV. A STRATEGY OF STEP-BY-STEP ENGAGEMENT

A NEW DIALOGUE WITH THE USSR

For the new phase of U.S.-Soviet relations we are entering, a strategy of what we call step-by-step engagement is more appropriate than trying either to impede or "help" Gorbachev, or just to wait on the sidelines to see what happens after the dust settles in the USSR. Of course, the United States has been "engaging" the Soviet Union actively now for several years, and did so on a broad front during the years of detente. But this new phase of engagement begins under conditions that are strikingly different from those in either the early 1970s or the 1980s.

We start now with unusually favorable international conditions for pursuing long-standing Western interests in relations with the Soviets. This is quite different from the detente period, when American strategy rested on the premise of a shifting correlation of geopolitical forces moving against the United States and the West. In retrospect, this was a more pessimistic view than was objectively warranted, but its broad acceptance in the West gave Moscow some reason to believe that the United States and the West would accept Soviet expansion in peripheral areas in exchange for Soviet restraint at the center.

The phase we have now entered also rests on a widely shared premise about the correlation of forces, but it is the converse of the underlying premise of detente, and the Soviets all but explicitly acknowledge it. The new premise is that in almost all components of the global competition the tide is running against the Soviet Union. It is not the military equation per se that has changed adversely for them but the domestic, systemic foundations of Soviet global political influence and its future military prowess that the Soviet elite now perceive to be in a state of acute disrepair.

For U.S. strategic purposes, this means that whatever Gorbachev's long-term foreign policy plans or intentions may be, and no matter what the ultimate fate of his reform program, current Soviet circumstances constrain the Soviet leadership in ways that make it now less inclined to fish in troubled waters abroad and more open to international agreements and arrangements to ease competitive pressures that are potentially mutually beneficial. Where long-standing Western interests in managing East-West relations more safely, reliably, and at

engage the Soviet Union politically and diplomatically on this level is therefore a much more complex matter and far more challenging than pursuing the traditional East-West agenda. Gorbachev's call to transcend the tried and true paths of East-West relations has aroused deep ambivalence in the West and, in some quarters, even outright resistance.

Nevertheless, in addition to pursuing long-standing Western interests in a more propitious environment, we believe the West should begin to explore the new and wider horizons opened up by the possibility of far-reaching changes in the external aspirations and internal structure of the Soviet Union. The West should seek to determine what Gorbachev's millennial visions may mean, into what they may be concretely translatable, by a broad conceptual dialogue with the Soviet leadership. The most important justification for such a venture lies in the implications for East-West relations of the possible deeper changes in basic Soviet economic and political structures and institutions, changes that go beyond the important, but still readily reversible, shifts in policy that have fueled the recent improvement in U.S.-Soviet relations.

At issue here is exploration of the logical conclusions of successful containment, the underlying strategic concept guiding our relations with the Soviet Union over the past four decades. Our strategy of containment was designed to create a system of alliances that would block Soviet expansionism and compel Soviet leaders to live with the internal contradictions of their own system. Eventually, in some distant future, it was hoped that successful containment might lead to the gradual "mellowing" of Soviet power and to a Soviet Union with which a more civilized balance of competition and cooperation would be possible.

Until recently, the prospect of such a changed Soviet Union seemed so remote that we took little trouble to consider its policy implications. That prospect remains highly uncertain, but it is no longer merely a theoretical possibility. Few in the West, and especially few in the United States, challenge the contention that containment and its military corollary, deterrence, will continue to be indispensable elements of Western strategy for dealing with the USSR in the present more dynamic phase of East-West relations. But now the possibility of systemic change in the Soviet Union is no longer purely theoretical; it is sufficiently plausible to justify serious consideration of an important shift in the overall balance of competition and cooperation in the relationship, to move it more heavily toward the latter, perhaps even to breakthroughs in relations with the USSR.

While proceeding cautiously and building incrementally on successes in regularizing and stabilizing East-West relations, we should not reject

established framework. There are grounds for believing that such a dialogue would benefit both East-West and West-West relations:

- It could help deal with understandable Western anxieties about "runaway peace," "preemptive dismantling," etc. by providing conceptual grounds for distinctions between (1) within-system improvements that are possible on the strength of the USSR's current predicament, the policy changes it has already made, and the thrust of its still not realized reforms; and (2) the necessary assurance of irreversibility to justify movement toward a transformation of the East-West relationship.
- It would help the West to fashion a strategy for the new circumstances that combines the essentials of containment and deterrence with pursuit of opportunities for moderating the adversarial character of East-West relations during what could be the early phase of Soviet evolution toward structures and behavior more compatible with Western interests.
- It would provide the West with a conceptual basis for calibrating the process of change in the Soviet Union to Western requirements for appropriate guarantees against Soviet backsliding, reversals, or deception. The feedback we might get from such a dialogue could help our policymakers to elaborate criteria for measuring and assessing progress or retreat in the Soviet Union's evolution toward more compatible domestic structures and international postures.
- It could be used as a vehicle for encouraging the Soviets to take unilateral steps that address Western concerns, in cases where negotiated agreement may not be appropriate, or for which conditions may not be ripe. The United States could encourage these unilateral Soviet steps by signalling that they would be assessed positively, and not downgraded or dismissed, without hint of reciprocation, in the normal pattern of superpower responses to the other side's unilateral steps.
- Finally, the conceptual dialogue suggested here could help U.S. policymakers, in concert with the allies, to shape and elaborate a detailed specific agenda for negotiations, and as conditions warrant, to advance particular issues from the broad, long-term agenda to the immediate concrete one.

The modalities of such a dual-level dialogue will depend on the styles, proclivities, and staff capabilities of the U.S. and Soviet leaders. In any case, it would be an iterative process with continuous monitoring of progress and with appropriate corrections and reinforcement.

3. A West whose capabilities and political will were weakened by anticipatory responses to Soviet change would be unable to compete effectively and maintain the international conditions that helped induce the Soviets to make the new kinds of promising cost/benefit calculations we have seen recently. A change in the external environment that made renewed Soviet assertiveness more promising could well play into the hands of Moscow conservatives already chafing at what they may regard as Gorbachev's foreign policy retreats.

4. In making a series of policy changes—in START, INF, Afghanistan, conventional arms reductions—that the West has rightly regarded as concessions to its long-standing positions, Gorbachev has succeeded in making a glistening virtue of hard necessity. But he has not yet converted the "evil empire" into a philanthropic organization. Even in his currently constrained circumstances, Gorbachev remains a highly competitive adversary who will seek offsetting compensations for any concessions he offers. Progress toward an improved relationship with the Soviet Union that accords with Western goals and interests will inevitably be halting and uneven.

5. In the absence of a robust domestic consensus, no U.S. policy toward the Soviet Union can be effective or survive the snags and setbacks that are certain to occur. Given the deep ambivalence about the Soviet Union in American public opinion, a consensus that is sufficiently broad and enduring will need time and confidence-building experience with the USSR to mature.

For these reasons, we should follow an approach that builds progressively on successes. Initially, we should minimize the extent to which we rely on trust and on the sincerity of the Soviet conversion to "New Thinking" in reaching new agreements or making new arrangements with the Soviets. We should resist the kinds of "one fell swoop" solutions that Gorbachev from time to time proposes, such as his calls for radical denuclearization and demilitarization of Europe. Because Gorbachev has more credibility in the West than his predecessors who made similarly grandiose proposals, it may not always be sufficient now merely to reject "grand" Soviet proposals flatly. We should be responding with Western alternatives that restructure, refocus, and reorient those Soviet proposals so that they seriously address our real concerns. And we should use new departures of our own to test Soviet willingness to cooperate for mutual benefit by pushing the limits of their flexibility.

A word of caution is in order here. We should be careful not to be too clever by half in designing proposals and positions to seize the political initiative or throw the Soviets off balance. The fate of the "zero/zero" INF arms control option shows that, in dealing with

debate alternative courses of action. This is why the evolution of the Soviet political system is a vital foreign policy concern for the United States. A substantially transformed East-West relationship almost certainly requires an institutionalized regime of effective domestic constraints on the international behavior of Soviet leaders.

What would be indicators for us that the Soviet Union was in fact moving toward the internal changes the West requires for confidence that a far-reaching accommodation with the USSR is desirable and possible? Reforms that effectively decentralized Soviet economic decisionmaking, replacing producer with consumer sovereignty, would signify to the West that basic changes had occurred in the Soviet economic system that could make the USSR a more appropriate potential international partner. Among the specific measures we would expect to see would be meaningful price reform, real competition in production and distribution, sharp limitation of central planning, and the elimination of the state monopoly of foreign trade.

Glasnost has clearly stimulated a great deal of critical self-examination of Soviet society and history, including, to a lesser extent, criticism of past Soviet international behavior. The Soviet past has become appreciably more transparent, but the present decisionmaking process on foreign policy and military issues of greatest concern to the West remains as much a "black box" as it was in the past. Moreover, the limits of glasnost and the process itself continue to be controlled from above, with no effective constitutional guarantees of continuity. So long as glasnost is not institutionalized, it will remain tenuous, requiring for its preservation individual risk-taking and periodic acts of civic courage. The "Andreeva affair" in the spring of 1988, when glasnost was choked off for more than a month by fear that the "party line" on reform might be changing, suggests that the practitioners of glasnost may not always be ready or willing to rise to the occasion. The adoption of appropriately drafted constitutional amendments in themselves would tell us little; we would be looking for evidence of effective implementation in the actual workings of the political process, including open debate of alternatives and leadership accommodation to opposing views.

There are, of course, no constitutional guarantees against aggressive foreign policies. The "popular will" is not always benign toward foreign nations. Political pluralism and economic efficiency might combine to nurture great power ambitions. But in a pluralistic political system with a regime of institutionalized constraints on decision-making, state leaders have limited capacity to allocate shares of GNP that are blatantly disproportionate to declared goals for military and foreign policy ends, to reverse policy directions covertly, and to violate

Self-determination in Eastern Europe

Far-reaching arms control agreements that would fundamentally alter the East-West security regime in Europe will inevitably run up against limitations imposed by the satellite status of Eastern Europe. Western willingness to move toward a security regime in which there was sharply reduced reliance on nuclear weapons for deterrence and in which stationed forces (including American troops) were substantially reduced would depend not only on appropriate Soviet force reductions and restructuring, but also on fundamental changes in the nature of the USSR's relations with its Warsaw Pact allies.

The corollary of change required in the Soviet domestic political system is the evolution of the socialist states of Eastern Europe toward greater self-determination. From the perspective of Western security, the basic requirement is the end of Soviet hegemonial control over Eastern Europe, such that its territories and resources are no longer so freely at the disposal of the Soviet Union for potential hostilities against the West. This need not require the dissolution of the Warsaw Treaty Organization—for which the dissolution of NATO would surely be the price—but it does presuppose an evolution of Soviet political relations with increasingly autonomous allies that would substantially reduce decisionmaking asymmetries in the two alliance systems.

WHAT CAN THE WEST OFFER IN RETURN?

These would be very profound changes indeed, and if the Soviet Union moved very far in these directions, its leaders would not do so merely to impress the West for public relations purposes. Most of these changes, especially in the domestic political and economic system and in Eastern Europe but also, up to a point, in military and foreign policy, would have to be driven by irresistible internal needs and priorities, if they were to occur at all. Although Gorbachev has skillfully exploited Western sympathy for his internal reform program to advance his foreign policy interests, he is not seeking to reform the Soviet Union as an exercise in foreign policy, or as a favor to the West. However, the Soviet leadership's expectations about the Western response, especially about Western propensities to exploit or reciprocate Soviet change, could greatly affect the pace and scope and, in some instances, even the direction of their own moves.

Initially, the West, and particularly the United States, could offer assurances that its leaders have no interest in undercutting perestroika, or to back the Soviet Union to the wall during a period of adversity and difficult domestic change; in short, that they prefer to deal with

BUILDING ON THE OLD AGENDA

We have suggested that the new, broad conceptual dialogue with Moscow should proceed in parallel with the ongoing discussion and negotiation of issues on the current U.S.-Soviet agenda. The new Bush administration will hardly be starting from scratch in developing an approach to the Soviet Union. Both sides agreed to a practical, four-part agenda several years ago, and it has provided the organizational basis for the most recent summits and for the extensive ministerial meetings between Secretary Shultz and Foreign Minister Shevardnadze. That agenda includes arms control, regional conflict, bilateral relations, and human rights. Further discussion of the large range of issues developed under these four headings, as well as on a fifth, Eastern Europe, with high destabilizing potential, will provide a bridge from the established practical agenda to the broader dialogue appropriate for exploring the new limits of the possible that may be emerging in relations with the USSR.

Arms Control and the Military Competition

Security issues have always been central to U.S.-Soviet relations, and regulation of the military competition will almost certainly continue to be the primary area of U.S.-Soviet political engagement in the emerging phase of their relations. In arms control, there is chiefly the unfinished business of START and the launching of the conventional arms stability talks (CST).

To maintain a suitable international environment for exploring what a strategy of step-by-step engagement is capable of producing, it will be important for a new administration to try to keep the nuclear arms control regime from unravelling. The legal basis of that regime—consisting of lapsed, unratified, and contentious treaties of the 1970s—is now in great disarray. It is primarily the prospect of a new START agreement that keeps the tenuous arms control regime reasonably stable.

A START agreement more or less along present lines would preserve and, from the Western vantage point, marginally improve the U.S.-Soviet strategic balance that provides the nuclear underpinning for extended deterrence. Although it surely would be preferable for the United States to resolve all outstanding strategic force modernization issues before concluding a START agreement, achieving a consensus on modernization has proven politically elusive, largely because of uncertainties about arms control. So long as a new agreement left sufficient headroom for the United States to move in the major alternative strategic modernization directions being considered, completing the

savings to be realized from trimming some excess manpower and equipment from the swollen Soviet conventional force structure. No doubt with political effects on the West very much in mind, the Soviets were willing to include in the unilateral reductions cuts in Soviet tank forces in Eastern Europe and the western military districts of the USSR sufficiently large that they could not reasonably be dismissed as cosmetic.

This development has complicated the preferred Western strategy, which is to seek reductions in Pact, especially Soviet, tank and artillery holdings down to levels just slightly below NATO's, thus obviating the need to make more than token reductions on the NATO side and avoiding the issue of substantial reductions in stationed U.S. forces. It has also dealt a blow to chances that NATO governments will go ahead with the modernization and deployment in Europe of an extended-range Lance surface-to-surface missile. At a minimum, it has assured that any effort to go forward now with Lance modernization will again bring up the NATO debate on extended deterrence and the relationship between the conventional balance and reliance on nuclear weapons in NATO strategy.

Gorbachev has imparted political momentum to negotiations that before December 7 seemed fated to endure a prolonged phase of inconclusive maneuver. His announcement of substantial unilateral reductions has won a higher degree of credibility for his previously expressed willingness to accept deep and asymmetrical cuts in Soviet ground forces and to restructure remaining ones so as to weaken their capability for large-scale offensive operations.

The change in the political atmosphere surrounding the opening of the CST negotiations makes even more urgent a high-level NATO dialogue on how to define Western interests in the new circumstances. Failure to do so would impede the West's ability to develop politically viable and strategically sensible responses to Soviet proposals. It would leave the initiative in Soviet hands and, in the end, probably invite precisely the kind of alliance dissension that avoiding the issue tries to skirt.

The new administration should consider early on whether it wishes to call for a new, concerted look at alliance security interests and objectives in the altered circumstances of the late 1980s. Changes now occurring in the USSR, and especially the potential for even more far-reaching change in the future, indicate the need for such a review. The Western dialogue with the Soviet leaders on alliance issues—conventional arms control being the quintessential alliance security issue—requires alliance consensus.

A decision to initiate a systematic broad security review, in effect to review the Harmel Doctrine adopted in the late 1960s, carries real

What is different in the Gorbachev era? Just as before, the USSR continues to be the ultimate "enforcer," limiting change in Eastern Europe. But now, an avowedly reformist Soviet leadership is also the most important agent for change acting on the region from the outside. The countries of Eastern Europe confront bleak economic prospects, demoralization, and generational leadership change, all of which combine to present grave threats to stability. The elites of Eastern Europe are increasingly aware that their countries are falling steadily behind both the West and the newly industrialized countries of the world; there is a widespread sense of desperation because solutions within the framework of the present systems seem so unpromising. Poland is, of course, the extreme case, but structurally the dilemmas confronting the other socialist countries are the same.

Against this background, a reforming Soviet Union is proselytizing its fraternal East European comrades, carefully to be sure, to embark on Gorbachev-style reforms. At the same time, at least verbally, Moscow is displaying a growing reluctance to contemplate forcible intervention. Soviet forces in East Germany, Czechoslovakia, and Hungary are to be reduced over the next two years, with the prospect of further cuts under the provisions of a CST agreement.

This new Soviet posture presents a deeply contradictory set of prospects. The example of Soviet reform may spur and accelerate change in Eastern Europe. Soviet force reductions and perceptions of Soviet reluctance to enforce limits may encourage Eastern European elites seeking greater autonomy, or new political forces seeking to alter the system, to aggressively test what the traffic will bear. Gorbachev's zeal for reforming socialism and his preaching of "New Thinking" in international relations could combine to increase the chances of destabilization and, in the end, of Soviet intervention, in Eastern Europe.

For the West, this paradoxical situation sharpens the long-standing dilemmas of policy toward Eastern Europe: how to promote the political independence and self-determination of the countries of Eastern Europe, diminishing the security threat to the West from the USSR's massive military presence in Eastern Europe, without triggering a Soviet military intervention. Such an intervention would victimize the people of Eastern Europe, disrupt any ongoing reforms in both Eastern Europe and the Soviet Union, probably divide the alliance on how to respond, and, possibly, threaten the peace of Europe.

In these altered circumstances, some changes at least in emphasis are in order in the traditional Western policies that have evolved to deal with this continuing dilemma. The West should tie the prospects for far-reaching change in European security arrangements more

commitments, and a process of cutting losses, most dramatically so in Afghanistan. If fully implemented, the Soviet decision to withdraw its military forces from Afghanistan may turn out to have been a watershed event. Ensuring the completion of the Soviet withdrawal will almost certainly be the first priority issue on the U.S.-Soviet regional conflicts agenda under the new administration. In Angola the Soviets have cooperated in facilitating an agreement, under U.S. auspices, among Angola, Cuba, and South Africa that is consistent with objectives the United States has sought for many years. And in Cambodia, both superpowers have been using their influence with the contending parties to secure withdrawal of Vietnamese military forces.

These are important developments for which there are many reasons: Some may turn out to be transitory, some more fundamental. U.S. assistance to insurgencies resisting Soviet-supported Marxist regimes has surely been an element; so has a Soviet reassessment of the damage that these excursions have done to broader Soviet interests with the United States and others; but so, too, has been a Soviet recalculation of the elusive nature of benefits to be gained from supporting inherently weak, unpopular, poor, and unreliable clients.

The United States should continue in the next administration to exploit opportunities to cooperate with the Soviets in facilitating regional settlements consistent with U.S. interests that local conditions make ripe and to test Soviet intentions in still other areas of contention where the United States and Soviet Union have some influence they can bring to bear. This means not only being prepared to engage the Soviets diplomatically where appropriate, but also to help perpetuate the conditions that have helped bring the Soviets to make new cost-benefit calculations in the Third World: continued U.S. support, as long as needed, for insurgencies against pro-Soviet regimes that employ external Communist military forces to keep them in power. To be effective, this U.S. support must be politically sustainable, especially at home, and be so perceived both in the region and in Moscow. Where the role of external Communist forces has been clear and where the deep indigenous roots of resistance have been evident, as in Afghanistan, congressional and public support for U.S. military aid to the resistance has been strong and U.S. staying power unquestioned. Where these conditions have not obtained, or when there has been great domestic controversy about them, as in Nicaragua, congressional and public support has been inadequate to sustain effective U.S. policy.

In Angola and perhaps also in Cambodia, the long and what seemed to many inconclusive U.S.-Soviet dialogue on regional settlements has finally begun to bear fruit. The sides have shown considerable flexibility and ingenuity in the variety of modalities they have devised for

Whether the Soviet Union's willingness to pay a substantial price for liquidating lost causes, as in Afghanistan, or reducing the costs of inconclusive or unpromising ventures, as in Angola, will be generalizable to other areas remains to be seen. The formula for success seems to require unpromising conditions for the Soviets on the ground, to which the United States can contribute; greater extra-regional Soviet interests that a local settlement would serve, where the United States looms very large; and a readiness on both sides to find negotiated modalities for Soviet or Soviet-client military disengagement.

Bilateral Relations

Three major sets of issues are contained in this basket: exchanges and contacts, economic relations, and human rights. The first of these can be disposed of quickly. The break in *exchanges and contacts* that occurred after the Soviet invasion of Afghanistan has been repaired and then some, and there is now a large and growing set of programs underway. With further improvement in the general climate of East-West relations, the organized and unorganized streams of personal contacts and exchanges should broaden and deepen. As in the past, such contacts and exchanges provide the West on balance with greater opportunities for influencing Soviet development than vice versa. And under conditions of glasnost in the USSR, the United States is in a better position than ever before to press for maximum reciprocity in exchanges.

Whatever changes may take place in the next few years in East-West *economic relations*, they will not play the same role in this new phase of U.S.-Soviet relations as they did during the period of detente. At that time, expectations about economic relations were central to the strategies of both sides. The Soviets offered and much of the West was inclined to buy an implicit trade of Soviet forbearance in exploiting its newly gained military advantages in return for Western economic concessions. Now it is Gorbachev who is seeking to ease competitive pressures in the military arena, both for its own sake and to improve the general environment for perestroika. The West may still seek to use economic instruments to affect Soviet policy, but the emphasis is likely to be on Soviet domestic policy or relations with Eastern Europe.

Until recently, Gorbachev appeared to be assigning a less central place to resource transfers from the West in his domestic programs than did Brezhnev, perhaps because he sought to avoid dependence on the West. The Kremlin's decision during the second half of 1988 to establish substantial credit lines with a number of European banks, primarily to finance modernization of Soviet consumer goods

The main economic policy issues for the United States in the new phase are, with one exception, familiar old questions to be revisited in altered circumstances:

- Should unilateral U.S. and COCOM (Coordinating Committee for Multilateral Controls) controls on technology transfer to the USSR be loosened?
- Should the Jackson-Vanik Amendment be repealed and Most Favored Nation (MFN) status granted to the USSR?
- Should the U.S. Export-Import Bank credit window be reopened?
- Should we continue in effect to subsidize grain sales to the Soviet Union?
- Should we pressure our allies for a common credit policy toward the USSR?

Finally, Soviet bids for a role in the international trade and banking systems raise a new issue:

- Should we attempt to deny Soviet Union membership in GATT, IMF, the World Bank, or other international economic organizations?

Specific positions on these issues will depend heavily on circumstances and agreements among the allies that cannot now be foreseen, but what follows are some principles for making choices in economic policy that are in accord with a strategy of step-by-step engagement:

1. The provision of economic benefits and the levying of economic sanctions constitute the second most important instrument of leverage on Soviet policy and behavior, after security measures, to be found in the Western arsenal. This instrument has often been misused in the past and few successes can be chalked up to its account, but its potential remains great by virtue of the productivity gulf between East and West and the Soviet Union's fervent desire to close that gap. Accordingly, as far as it is politically possible, the West should husband that scarce resource, expending it prudently in exchange for an equally valuable Soviet quid pro quo. That means, it seems to us, that the West should seek to phase the extension of economic benefits with indications of substantial change in the structure of East-West relations and in the nature of Soviet society.

In the past, efforts to apply Western leverage have attempted to match concrete Western economic packages with Soviet behavioral modification. Almost uniformly, these efforts were unsuccessful. The Soviets were always reluctant to allow specific linkages of their

with Western interests, and East-West tensions are melting in the warmth of Soviet rhetoric. As long as Soviet policy continues on its present course, it should be easier for the alliance to agree on the desirability of further progress in the same direction. A generalized linkage of improvements to economic benefaction to the Soviet Union should then be a manageable alliance objective.

Is the effort worthwhile at all, in view of the unfortunate history of leverage attempts? But Western governments and businessmen seem eager to explore the economic opportunities presented by perestroika and "New Thinking." To forgo an attempt to develop an alliance economic strategy now is to risk an uncontrolled effusion of the potential energy of Western leverage under the pressures of competitive response to Soviet blandishments. At least let us try.

2. The chief U.S.-Soviet bilateral economic issues on the agenda of the last decade—Jackson-Vanik and Stevenson amendments, MFN and Eximbank credits—should be handled on these principles. An appropriate starting point, it seems to us, can be found in the appreciation of both the achievements and limitations of Soviet policy change, as well as in the recognition of the readiness of our allies to extend credit to Moscow on favorable terms. The positive turn in Soviet policy suggests that an American policy oriented simply to denial of economic benefits to the USSR is obsolete; however, the limited progress of Soviet internal reform, as well as other factors noted earlier, caution against premature Western commitment to all-out support of Gorbachev's cause. European banks and governments are even less amenable than they were a few years ago to arguments about the undesirability of lending to Moscow. Under these conditions, therefore, Washington could end U.S. denial of Soviet access to U.S. government loans and guarantees. Such a move would represent a conciliatory gesture to Moscow, and it might also improve Washington's ability to seek a coordinated alliance credit policy. Granting the USSR MFN treatment need not be immediately on the agenda, but could be visible on the horizon, if and as Gorbachev makes good on the human rights promises of his December 7, 1988, UN speech.

3. In the initial phase of our rapidly evolving relations with the USSR, we should still seek to minimize the transfer of military-relevant, dual-use technology. We should emphasize in concert with our allies sustainable export controls, recognizing that this probably means reducing their number and maintaining the lists under frequent review.

4. In response to continued positive change in Soviet domestic and foreign economic organization, we should move to greater accommodation with Soviet wishes for increased involvement in international economic organizations (IEOs), provided that the integrity of the IEOs

has grown greatly as the communications revolution and Soviet glasnost have dramatically increased the exposure of Soviet citizens to the outside world.

- We can nudge the pace of internally driven change by holding Soviet leaders up to the highest standards of their self-proclaimed, new-found commitment to human rights. We should welcome evidence they are living up to those standards, condemn departures from them, and highlight remaining obstacles. In this connection, the nationalities ferment unleashed by reform in many parts of the USSR could present the West and particularly the United States with delicate human rights policy challenges, where it will be necessary to balance our fundamental commitment to self-determination against concern that explosive protest could play into the hands of "law and order" anti-reformers in Moscow.

In the long run, the evolution of human rights in the Soviet Union will determine the upper limits on progress toward a more cooperative East-West relationship generally, including security relations. Fundamental alterations in the existing international security regime will be warranted only in the advanced stages of a process of gradual systemic change in the Soviet Union itself, in which the overall condition of human rights will be the most sensitive indicator.

REPRISE

To sum up, there are real and promising changes occurring in the Soviet Union, and in Soviet foreign policies. Although future prospects of Soviet reform and the implications for East-West relations in the long term are uncertain, a strategy of step-by-step engagement holds out good promise of early progress.

Where long-standing Western interests in managing East-West relations more safely, reliably, and at lower cost intersect with current Soviet interests in providing a more congenial environment for perestroika, the case for engagement is compelling and unambiguous. But while exploring the limits of Soviet cooperativeness, we should guard against Soviet backsliding, avoid advance payments against unrealized promises, hedge against uncertainties, and build progressively on successes. Far-reaching alterations in existing Western security structures, alliances, and strategies, especially in Europe, will be warranted only in the advanced stages of a process of systemic change in the Soviet Union itself, in its relations with Eastern Europe, and in its patterns of international behavior.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

0275

February 9, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: ROBERT BLACKWILL

FROM: CONDOLEEZZA RICE

SUBJECT: Rand Report: "Managing U.S.-Soviet Relations in the 1990s"

SIGNED

The letter attached at Tab III from Arnold Horelick of the Rand Corporation forwards a recent Rand report, "Managing U.S.-Soviet Relations in the 1990s." The executive summary is appended at Tab II. I am making the summary available to the relevant NSC staff members.

The report lays out three alternative futures for the Soviet Union (limited reform, retreat and reaction or radicalization of reform). The authors then identify four alternative Western strategies for dealing with the USSR at this juncture:

- Perestroika is irrelevant or dangerous: Impeded Soviet modernization
- Perestroika is benign: Help Gorbachev
- The Soviet future is uncertain: Wait and see
- The future is uncertain but the West should engage the USSR

e The report adopts the fourth option as the most realistic

RECOMMENDATION

That you send the acknowledgement attached at Tab I thanking Arnold Horelick for the report.

Approve ☒ Disapprove ☐

Attachments:

Tab I Letter to Arnold Horelick
Tab II Executive Summary
Tab III Rand Report