

## Editor's Introduction to the Spring 1998 Issue

Russia's identity has been shaped historically by European and Asian influences, what many scholars have called the "enlightened" West and the "despotic" East. Currently, it is in the East, and especially Northeast Asia, that some of the most exciting political and economic changes are occurring. Although some aspects of despotism remain, market forces have been unleashed, leading numerous analysts to refer to China as the "rising hegemon" in Asia, Eurasia, and the world. What does this mean for Russia? How does the specter of the "rising hegemon" influence Russia's relations with Japan, North and South Korea, and China itself?

We at *Demokratizatsiya* decided the time was ripe to explore Russian-Northeast Asian relations in depth, especially in light of Russian President Boris Yeltsin's Asian diplomatic offensive of late 1997 and the promise of improved relations with Asian states in general. In this issue, **Peggy Meyer** and **Tsuneo Akaha** take a fresh and comprehensive look at Russian-Japanese relations and the prospects for a peace treaty by the year 2000. **James Clay Moltz** examines Russia's policy of "dual engagement" whereby Moscow is courting South and North Korea simultaneously—a policy filled with uncertainties and risks as well as tremendous benefits if a consensus among the Russian political elite can be secured. **Gilbert Rozman** documents Sino-Russian relations since the collapse of the USSR and identifies the costs and benefits of the "strategic partnership" for both sides and the promise of Russia and China acting together as counterweights to U.S. influence in a multipolar world.

In addition, we have a thought-provoking piece on U.S.-Russian relations by **Michael McFaul** who critiques U.S. policy toward Russia and calls for an American "grand strategy" aimed at promoting political and economic reform in Russia in a more effective and comprehensive manner. **William Kovatch** explores Russia's new religious law in the context of the Russian constitution, Russian history, and nationalism. Finally, we continue our ongoing discussion of "pipeline politics" with a new look at Russian foreign policy objectives in the Caspian basin by **Brent Griffith**.

Sally W. Stoecker,  
Issue Editor, *Demokratizatsiya*

# Refocusing American Policy Toward Russia: Theory and Practice

MICHAEL MCF Faul

The next time Bill Clinton and Boris Yeltsin meet at a U.S.-Russian summit, three kinds of issues will dominate their agenda—arms control, regional conflicts, and human rights. In fact, these three issues may dominate the agenda of future U.S.-Russian summits for a long time. Regarding arms control, the Russian ratification of START II stands as one of the major stumbling points in U.S.-Russia relations. The two presidents probably will not meet again until this agreement has been ratified by the Russian parliament. Regarding regional conflicts, the American and Russian governments have radically divergent positions concerning trade with Iran. For several years, the United States has objected to the Russian-assisted construction of nuclear reactors in Iran, yet the Russian Ministry of Atomic Energy continues with the project. Regarding human rights, American officials have quite rightly expressed their outrage concerning the passage of a new draconian law on religion that restricts the freedom of worship of most “nontraditional” Russian faiths. In reaction to this law, the U.S. Senate has threatened to end all aid to Russia.

To scholars of U.S.-Soviet relations, this agenda should sound familiar. Arms control, regional conflicts, and human rights were the main components of most summit agendas between the United States and the Soviet Union during the cold war. This old agenda suggests that the promise of a new post-Communist strategic partnership between the United States and Russia has not emerged, or at best is under siege. After all, the United States does not have summits with Great Britain to discuss arms control, regional conflicts, and human rights. What has gone wrong in U.S.-Russian relations? Given the balance of power in the international system, are the United States and Russia simply destined to be strategic adversaries? Or can the relationship be reframed and refocused as a strategic partnership?

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Michael McFaul is an assistant professor and Hoover Fellow at Stanford University, and senior associate at the Carnegie Endowment for International Peace. He is author most recently of *Russia's 1996 Presidential Election: The End of Polarized Politics* (Stanford, CA: Hoover Press, 1997). An earlier version of this paper was presented at the United States Army War College in April 1997.

In this article, I make the case for the latter. The recent ascendancy of military and strategy issues in U.S.-Russian relations need not evolve into a long-term trend. To avoid the militarization of U.S.-Russian relations, however, requires strategic vision by American foreign policymakers. For Americans and the world to understand why Russia is not and should not be treated like the Soviet Union requires a new conception, a new language, and a new game plan for addressing foreign affairs in general and U.S.-Russian relations in particular.

Since the collapse of communism and commensurate disappearance of containment as the organizing principle of American foreign policy, U.S. foreign policymakers have lacked a unifying framework for interpreting the international system or a grand strategy for guiding U.S. actions in this system.<sup>1</sup> Lacking a grand strategy, American motivations and objectives in international affairs often seem ambiguous or confused, if not slyly sinister to outside observers. Either inside or outside of U.S. policy circles, no new *X* has penned a comprehensive yet parsimonious analysis of the new nature of power, either within Russia or in the international system more generally, that is accepted by all or at least most concerned with international affairs.<sup>2</sup> The absence of a shared conception about the nature of the international system and Russia's place in it has spawned several competing visions of American foreign policy regarding Russia. The list of new frameworks is long and includes such diverse strategies as isolationism, neo-containment, limited engagement, enlargement, and world policeman.

Strikingly, proponents of these competing visions do not fall neatly within party lines. Buchanan Republicans have teamed up with AFL-CIO leaders on several isolationist issues, neoconservatives and "new democrats" have allied to promote democracies abroad, while *realpolitik* Republicans of the Nixon and Bush ilk clash with the more ideological Reaganites over responses to human rights violations in China and Russia. Even within the current administration, one can identify different "game plans" and alternative motivations behind a shared policy. NATO expansion is illustrative. Some see NATO expansion as a policy of containment; others see it as a policy of integration.

Ambiguity is not always bad and grand strategy is not always good. In fact, many ill-conceived and tragic foreign policies in American history have been cloaked and legitimized in the name of grand strategy. Moreover, the development of foreign policy strategies on the scale of containment takes time to emerge, as did containment itself. Finally, the world today does not resemble George Bush's "New World Order" or Frank Fukuyama's "end of history," but neither is it one threatened by anti-systemic ideologies like fascism or communism. In this transitional setting, the Bush and Clinton administrations may have focused quite rightly on the specific foreign policy issues of their time, and wisely avoided constructing sweeping agendas, making lofty new commitments, or pontificating about new foreign policy philosophies.

However, the first administrations since the collapse of communism also may have been lucky. In the first post-Communist decade, few Americans died in Bosnia, Boris Yeltsin won reelection, and China did not invade Taiwan. The second post-Communist decade, however, may not be so trouble free. Over time,

ambiguity regarding grand strategy and incongruence between means and ends will prove increasingly costly to American national interests. Perhaps most important, the lack of clarity and transparency regarding intentions will fuel uncertainty, suspicion, and doubt both in Moscow, Russia, and Moscow, Idaho. To foster international trust and maintain support for American foreign policy at home requires a clearer assessment of the nature of the international system and more precise statement of America's role in it.

In this article, I seek to provide such an assessment and statement, followed by an application of this framework to U.S. relations toward Russia, still the United States' most strategically important bilateral relationship. Accepting the premise that the Soviet Communist system, and not Russia as a country or Russians as people, threatened American national interests during the cold war, I argue that U.S. strategic interests in the post–post–cold war era are tied intimately to the fate of Russia's new political and economic system. U.S. interests are best served by a Russia that remains on a trajectory toward greater marketization and democratization. If this trajectory is maintained, then recent topical issues in U.S.-Russian relations in the areas of arms control, regional conflicts, and human rights eventually will be resolved. After all, it was the collapse of communism, not skilled diplomacy, that triggered the greatest progress in all of these three issue areas over the last decade.

Conversely, reversals of either democratization or marketization will have a dramatic impact on American security and economic interests in the region. Reversals also will make it more difficult to achieve American objectives in other issue areas such as arms control, regional conflicts, and human rights. Consequently, American foreign policymakers must make renewed efforts to ensure that Russia continues to make progress in consolidating a liberal democracy and a liberal market economy. Policies that hedge against the future return of a threat from the East may actually help to stimulate the reemergence of such a threat.

To develop this argument, I begin with an interpretation of the nature of the international system since the collapse of the Soviet Union. Section 2 then traces the evolution of new political and economic institutions within Russia. Based on these assumptions about the international system and Russia's reform efforts, section 3 outlines a set of principles regarding American policy toward Russia. Section 4 spells out how the "grand strategy" outlined in section 3 might reshape the set of specific policies, or at least the motivations behind these policies, that currently dominate the U.S.-Russia agenda. Section 5 concludes.

### **1. The Nature of the International System**

For four decades after World War II, the international system was dominated by two superpowers anchoring two antagonistic political and socioeconomic subsystems. Conflict between the United States and the Soviet Union and their respective transnational socioeconomic systems—capitalism versus communism—defined the central drama within the international system for this period. Several features of this system distinguished this period in international relations from previous ones. First, the system was bipolar, not multipolar. The logic of

bipolarity meant that every change in the balance of power in the world, however incremental, was seen as a gain for one side and a loss for the other.

Second, the two great powers in this system were organized internally in radically different ways. The United States had a democratic polity and a market economy, while the Soviet Union had a totalitarian polity and a command economy. Because both countries believed that their respective systems were superior, they actively promoted the replication of these political and socioeconomic systems in other countries while also resisting the expansion of the other's system in other countries. This ideological divide drove the competition between the two states. In other words, the Soviet Union and the United States were rivals not only because they were the two

greatest powers in the international system, but because they were two powers with antithetical visions about how domestic polities and economies should be organized.<sup>3</sup>

Third, a new component in the international system after World War II was the balance of terror that accompanied the introduction of intercontinental

missiles and nuclear weapons into the arsenals of the United States and the Soviet Union. This new condition had eliminated international war as a foreign policy option for either side. The nuclear stalemate, in turn, pushed competition between the United States and the Soviet Union into the periphery.

In 1991, one pole within this bipolar, ideologically divided system collapsed. For the first time in the history of the modern world, the international balance of power changed without a major war. This systemic reconfiguration resulted from revolution within the Soviet Union and only tangentially from power shifts between states.<sup>4</sup>

In the aftermath of the Soviet collapse, competing interpretations of the future of the international system emerged. The realist approach to the post-cold war posited that the collapse of one great power again would produce a multipolar balance of power in the international system.<sup>5</sup> According to this interpretation of international politics, the new multiple powers in the system would be compelled to balance against one another by forming shifting alliances, akin to the international system in the nineteenth century. This new balance of power between the great powers also would influence alliance relationships with weaker countries, which would be compelled to balance against or bandwagon with these greater powers to ensure security. The predictions about order and stability that followed from this realist interpretation were dire, as they posited that multipolar systems were inherently more unstable than bipolar systems.<sup>6</sup> The most dire of these realist analysts predicted war again in Europe between the great powers.

To date, realism has offered only a partial road map for navigating the

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post-cold war order. Balance-of-power politics has remained a central component of international relations in the “periphery,” but has played only a minor role in shaping relations between states in the “core.”<sup>7</sup> Germany, Japan, and the United States have not begun to balance against each other as predicted by realists. There have been no arms races, spiraling threats, or even trade wars between these core powers. At the same time, military conflict in the periphery has not subsided with the end of the cold war, but has continued. Wars in the former Yugoslavia and in central Africa, and the continued standoff in the Middle East provide compelling (and tragic) examples of realist balancing still playing a central role in shaping international relations.

Realism has provided poor predictions about the post-cold war international system because realists have focused and continue to focus only on the first feature of the international system described above—the balance of power between states. More important to understanding the cold war order and its collapse is the second characteristic noted above—the degree of ideological homogeneity regarding the organization of *domestic* politics and economies. Before the collapse of the Soviet Union, there were two antithetically opposite models for organizing economic and political life. Since 1991, there is only one that holds any legitimacy within the great powers of the international system—markets and democracies. Of course, within the core states, there are different kinds of democracies and different kinds of market systems, but these differences pale in comparison to the range of political and economic systems available to states only twenty years ago. When states are organized in similar ways (that is, with the same set of political and economic institutions), cooperation is more likely, while the cost of conflict is greater.<sup>8</sup> Consequently, relations between states *in the core* are driven by a different dynamic than balance-of-power politics. In the language of Hedley Bull, relations between states in the core exhibit features of an “international society” in which shared internal features of members help to generate shared norms of behavior between members.<sup>9</sup>

The homogeneity of domestic institutions, both economic and political, and the institutionalization of shared norms governing interactions between states found in the core stands in sharp contrast to many of the highly heterogeneous and conflictual neighborhoods outside of the core. In the Middle East, authoritarian regimes in Muslim states still balance against the democratic, Jewish state of Israel. The shared set of norms and institutions found in the core is not present in this region. Likewise, religion and ethnic cleavages divide peoples in the former states of Yugoslavia. In Central Africa, the meltdown of authoritarian regimes in Somalia, Burundi, Ruanda, and Zaire has created environments of anarchy as predicted by realist theories. In Asia, the peace has been maintained not through homogenization, but by classic balance-of-power balancing.

So where is Russia? Is Russia in the core or periphery? Obviously, the collapse of communism in the Soviet Union created the new international system described above, but the kind of political and economic system that emerges in Russia to fill the void left by the Soviet implosion is still uncertain. Russia could return to the international arena as a “new” member of the international society

found in the core, or Russia could emerge (remain) a menacing outsider to this community. To understand the factors that influence which course Russia takes requires a careful assessment of the nature of the Russian revolution.

## 2. The Russian Revolution

Although it has been six years since the collapse of the Soviet Union, Western scholars and analysts of this part of the world still have not agreed upon a common definition, description, metaphor, or framework (let alone an explanation) of what we witnessed when the USSR dissolved. For many, that event represented the collapse of the last great colonial empire. For those scholars, the Soviet collapse should be compared to the collapse of other empires, such as the Ottoman, Hapsburg, or British.<sup>10</sup> Close to the empire collapse metaphor, Weimar Germany is also invoked as a historical parallel to present-day Russia.<sup>11</sup> For others, these changes have been framed as a transition to democracy, making the Soviet Union one of the last places where the “third wave” of democracy splashed.<sup>12</sup> For these scholars, the comparative set is southern Europe and South America. Still others have labeled the tumultuous decade of Soviet and Russian change an instance of “economic reform.” For these analysts, the comparative set comprises other developing countries that have undergone macroeconomic stabilization and structural adjustment in the previous decade.

Without denying that all of these comparisons and metaphors have some heuristic value, the analogue that I adopt in this article is Russia as revolution.<sup>13</sup> Revolutions are rare and distinct moments in history that destroy the economic and political institutions of the old order and create the space for the emergence of a new political and socioeconomic order.<sup>14</sup> This definition emphasizes the *simultaneity* of radical change in both the polity and socioeconomic structure, distinguishing revolutions from situations in which the polity and/or government changes without altering the organizing principles of the socioeconomic structure, or historical developments when the socioeconomic structure changes without altering the basic organization of the polity.

The Soviet/Russian state has undergone monumental political, economic, and social change in the past several years, rivaled only by the French Revolution or the Bolshevik Revolution in scope or consequence. The breakdown of the state, the emergence of two groups claiming sovereign authority over the same territory, and the subsequent attempt by the revolutionary victors to destroy the political and economic institutions of the *ancien regime* and replace them with new forms of political and economic organization constitute the classic attributes of a revolution.<sup>15</sup> The old Soviet polity, consisting of a state subordinated to the Communist Party of the Soviet Union, has been destroyed. In the vacuum, new political institutions are emerging, including elected parliaments and executives, a separation of power between the legislature and the executive, and a political party system. Although the endpoint of this political transformation is still uncertain, thus far the *Soviet* dictatorship has been replaced by an emerging (albeit weak, unstable, and unconsolidated) Russian democracy.<sup>16</sup> Likewise, the old Soviet command economy in which virtually all production and distribution were controlled by the party-state also has

collapsed. It is being replaced by a system based on private property, free prices, and market forces.<sup>17</sup> Of course, what kind of capitalism and what kind of democracy will emerge in Russia remains to be seen.

### **Institutional Legacies**

Several specific dynamics of this revolution have important implications for whether Russia becomes part of the core or periphery of the international states system described above. First, unlike most revolutions, this one has been relatively peaceful. If, typically, revolutionaries use violence to imprison or extinguish the opponents within the *ancien regime*, Russia's revolutionaries have sought (or, at least purported to seek) revolutionary transformation of the Soviet system through peaceful, cooptive means.<sup>18</sup> This peaceful method of change has magnified the influence of the old on the new in the transformation process. Consequently, institutions and organizations created during the Soviet era continue to influence politics and economics in the post-Soviet era, be they formal institutions such as the Communist Party or the welfare system, or informal practices such as the organization of property rights or the absence of a rule of law. By definition, these old institutions influence, if not impede, the emergence of new practices, new cultural norms, and new "rules of the game."<sup>19</sup>

### **Ideological Ambiguity**

Second, like most revolutions, the "ideology of opposition" that unified Russia's revolutionary movement was not necessarily a set of ideas deeply internalized by either Russia's revolutionary leaders or the population more generally. All revolutionary movements need a clearly defined enemy and an alternative "ideology of opposition" to rally the troops and win domestic support. In the Soviet/Russian context, concepts such as "democracy," "the market economy," and Russian "sovereignty" defined the basic contours of an "ideology of opposition" for Russia's revolutionaries. Yet to what extent Russia's revolutionaries either believed in, understood, or were committed to these concepts was not obvious when they suddenly came to power after the coup attempt of August 1991. In his words and actions, Boris Yeltsin, the leader of Russia's revolutionary movement, demonstrated genuine ambivalence regarding this revolutionary agenda.

Regarding the economy, for instance, Yeltsin selected a team of young reformers led by Yegor Gaidar to implement radical market reform. Only three months after they initiated their plan, however, Yeltsin tacitly withdrew his support by appointing three leaders from the Soviet *ancien regime* into his government. By the end of the year, one of them, Viktor Chernomyrdin, was prime minister and Gaidar was unemployed.

Regarding political reform, Yeltsin was even more indecisive after assuming power in fall 1991. He decided to postpone elections for regional heads of state, he refrained from pushing for the adoption of a new constitution, he ignored calls for new elections to a national parliament, and he refrained from building a political party. Building a democracy polity obviously was not high on Yeltsin's agenda at the time.

Even on the question of Russian sovereignty, Yeltsin's position was not firm.



After all, only days before the August 1991 coup attempt, Yeltsin and his entourage were negotiating with Gorbachev the “9-plus-1” agreement, a document that tried to carve out a middle ground between full sovereignty and full subordination for nine of the republics. When the coup attempt forced Yeltsin to choose between fighting for sovereignty or accepting a unified Soviet state, he opted for the former and won. And yet, the signing of the Belovezhkaya Accord in December 1991 between Russia, Ukraine, and Belarus was a secret and somber event that sought another new middle ground between complete sovereignty and confederation by attempting to create a Commonwealth of Independent States. It did not work. With time, most Russian elites have attempted to distance themselves from the decision to dis-

solve the USSR. Retrospectively, Yeltsin has said that he had no choice and would have preferred to preserve the Soviet Union.<sup>20</sup> Subsequent attempts to reincorporate Belarus suggest that this issue has not been resolved.

Outside of Yeltsin’s political circles and in society more generally, the commitment to this revolutionary project was even more ambiguous. Leaders and organizations that benefited from the *ancien regime*, including first and foremost the Russian Communist Party and its supporters, rejected all aspects of the revolutionary agenda. They were suspicious of markets and rejected private property altogether, they distrusted “bourgeois” concepts of democracy, and they refused to accept the dissolution of the USSR. Likewise, nationalists rejected the agenda of Russia’s revolutionaries, claiming that they were importing Western ideas that were antithetical to the “Russian way.” Opinion polls conducted five years later still reveal a profound divide within society regarding many aspects of the revolutionary ideology outlined above. For instance, when asked in November 1996 about the optimal economic system, only 35 percent cited the market, while 42 percent believed that a planned economy was best.<sup>21</sup> In 1996, over two-thirds of all Russians still believed that the breakup of the Soviet Union was a tragic event.<sup>22</sup> As a demonstration of this divide, an amazing thirty million people voted for Gennadii Zyuganov in last year’s presidential election, the candidate that most clearly represented a rejection of this post-Communist revolutionary agenda.<sup>23</sup>

The combination of lingering institutions from the Soviet era and ambiguity regarding commitment to a new set of ideas on the organization of Russia’s economy and polity suggests that the endpoint of Russia’s revolution is still uncertain. In other historical cases of revolutionary change, revolutionaries often have attempted to fill the power vacuum of state collapse by following idealistic blueprints and morally righteous principles, but then ended up violating these ideas and principles to end anarchy and/or avoid political defeat.

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All too often, periods of revolutionary euphoria end in the usurpation of power by radicals, dictators, and generals.<sup>24</sup> Will contemporary Russia follow a similar trajectory?

In comparing Russia's current revolution to other "great" revolutions of the modern era, such as France after 1789 or Russia after 1917, one fundamental difference stands out. If all of these other revolutionary situations were created by revolutionaries armed with an ideology that fundamentally challenged the order of the international system, the ideology and aims of Russia's current revolutionaries do not challenge the status quo within the international system. On the contrary, the "ideology of opposition" advocated (to varying degrees) by Boris Yeltsin and his entourage is the very same set of beliefs and institutions that structure the economies and politics of the Western "core" states. Rather than seeking to rebuff the status quo powers, Yeltsin seeks to join them. This unique feature of Russia's revolution offers the West, and the United States in particular, an opportunity to influence the course of Russia's revolution, at least in the margins. To what extent can or should the United States play this role?

### 3. American "Grand Strategy"

As referred to earlier, the United States lost its organizing principle for conducting foreign policy after communism collapsed. In the aftermath, several competing visions have dominated discussion about America's role in the new post-cold war order: isolationism, neocontainment, and engagement/enlargement.<sup>25</sup> Each of these strategies offers rational strategies with tangible benefits. However, if (and only if) the framework for understanding both the nature of the international system and the nature of domestic politics in Russia outlined above is correct, then the strategy of engagement offers the best approach for pursuing American national interests. As long as the core countries in the international system have similar internal political and economic institutions, and as long as Russia seeks to join this core by developing and consolidating the same set of institutions, American foreign policy interests are best served by facilitating both the consolidation of these domestic institutions within Russia and the incorporation of Russia into to the "core" of the international system.<sup>26</sup>

A "grand strategy" of promoting democratic and market institutions abroad must be guided by several basic principles. First, the United States must lead by example. A growing market economy and a robust democracy in the United States provide the best arguments for adopting capitalism and democracy in other countries. Foreign policies that weaken American market and democratic institutions are incompatible with a strategy of engagement.

Second, engagement or enlargement requires a sustained and unwavering commitment to the principles of free markets and democracy. When American foreign policymakers are willing to sacrifice these goals for the sake of balance-of-power objectives, they undermine their own legitimacy and reputation. When American leaders promote market institutions at the expense of democratic institutions, they also undermine this grand strategy.<sup>27</sup> Like doctrines from other eras in American foreign policy, a clear and coherent articulation of American inter-

ests helps others to understand U.S. aims and at the same time encourages commitment to these aims from American leaders.

Third, engagement is not always a non-zero-sum game. Sometimes, U.S. foreign policy leaders must be prepared to accept short-term losses (and these are usually economic losses) to win long-term gains regarding enlargement of the “core.” A corollary to this principle is that engagement requires the use of both carrots and sticks. Progress in the development of market and democratic institutions is not cost free.

Fourth, American leaders must not only expend their energies trying to get “bad guys” to do good deeds, but they also must assist “good guys” to do good things, even if such engagement might complicate relations with heads of sovereign states. American détente with Soviet Communist dictators in the 1970s or U.S. “constructive engagement” with South African racist dictators in the 1980s was premised on a belief that through engagement we could alter the behavior of these authoritarian leaders. In both countries, however, regime change occurred only when democratic challengers organized from below. An effective engagement strategy, therefore, entails a two-pronged strategy of encouraging old authoritarian leaders to modify their behavior and at the same time assisting new democratic leaders to come to power.

Taken together, these principles offer the United States a coherent strategy for dealing with the international system and the Russian revolution in particular. The next section demonstrates how this set of principles for an American grand strategy translates into concrete policies regarding U.S.-Russian relations.

#### **4. American Policy Toward Russia**

Because analysts and policymakers hold different interpretations of the nature of the international system; competing explanations about change, reform, or revolution in Russia; and alternative conceptions, whether implicit or explicit, of American grand strategy in international affairs, American policy toward Russia over the last several years has seemed erratic and ill-defined. Some have even argued that no policy exists at all.<sup>28</sup> Single events in Russia have seemed to alter American strategy, indicating a lack of long-term vision or resolve. For instance, the American refrain of “more therapy, less shock” articulated in the wake of Vladimir Zhirinovskiy’s surprising electoral victory in 1993 helped to undercut domestically the political position of reformers within the Russian government. Similarly, the lack of a clear response to the Russian invasion of Chechnya served to undermine American credibility regarding human rights issues.

On other kinds of issues, commentators, pundits, and policymakers have advocated the same policy but for entirely reasons. NATO expansion, for instance, is promoted by those advocating both neocontainment and enlargement.<sup>29</sup> At the same time, other advocates of an engagement strategy have opposed NATO expansion.<sup>30</sup> The debate over aid to other new states from the former Soviet Union also demonstrates how people with different strategic visions for American foreign policy can adopt the same position on a given policy. For instance, proponents of neocontainment have advocated greater American assistance to Ukraine

and Uzbekistan as a way to balance Russia, while proponents of enlargement have encouraged these same aid programs as a method of bringing these new states into the “international society” of states. Sometimes, these odd alliances serve American interests; other times, especially when temporary alliances break down, they impede the effective implementation of a coherent strategy.

To demonstrate what kinds of policies would follow from a more comprehensive and clearly articulated policy of U.S. engagement in the promotion of market and democratic institutions in Russia, in the remainder of this article I discuss several specific issues in U.S.-Russian relations. Given space limitations, past policies are not discussed in detail. Nor are all aspects of the U.S.-Russian relationship addressed. Rather, the focus is on general policies and the principles guiding them that emerge from the strategy outlined above.

### **The Role of International Institutions**

If guided by the grand strategy outlined in the previous section, American foreign policymakers must employ international institutions of every stripe to foster market institutions and democratic practices. International institutions that serve to isolate Russia should not be maintained, let alone strengthened.

The West’s major international financial institutions, such as the International Monetary Fund, the World Bank, and the European Bank for Reconstruction and Development, already have been actively engaged in promoting market reforms in Russia. This kind of engagement did not come quickly enough, and Russian reform suffered as a result. Now, however, the continued engagement of these institutions should be supported. Likewise, U.S. foreign policy leaders should promote Russian membership in other international financial groups, such as the Paris Club, the World Trade Organization, and the G-7, or the “group of eight.”

U.S. policymakers also must expand international security institutions in a way that engages rather than isolates Russia. NATO is no exception. While President Clinton may have decided to expand NATO for the wrong reasons, a decision to renege on American commitments to expand NATO to East Central Europe also would be costly in terms of America’s reputation.<sup>31</sup> Given this situation, Russian engagement with NATO through the NATO-Russia Founding Act and the Partnership for Peace program should be promoted at all costs. Russians must be convinced that NATO’s mission has changed. In parallel, greater Russian participation in other security institutions such as the OSCE also must be promoted. Beyond financial and security institutions, Russia also must be encouraged to join other kinds of international institutions, treaties, and conventions. Even the most mundane tasks of integration, such as the adoption of international accounting standards by Russian firms, serve this objective. Russian commitment to these international regimes will empower domestic advocates of these causes and at the same time expose Russia to international norms and standards.

### **U.S.-Russian Bilateral Relations**

The strategy outlined above suggests that the promotion of market and democratic institutions must take priority over other issues in the U.S.-Russia bilateral

agenda. The strategy also suggests that the policy of sequencing reform—first economic reform and then political reform—is flawed. Ultimately, American foreign policymakers will have an easier time in reaching agreement with their Russian counterparts on issues of arms control, regional conflicts, nuclear safety, international terrorism, or human rights if Russia has a democratic polity and a market economy. Market institutions help to enforce rationality in foreign policy behavior by creating domestic groups with tangible interests in economic integration. Democratic institutions compel national leaders to justify their policy actions to a voting public. Public opinion polls demonstrate conclusively that the Russian population as a whole is much less interested in aggressive foreign policy behavior than Russian elites.<sup>32</sup> The greater the voice of the public in foreign policy, therefore, the less threatening Russia will be.

However, recognizing that Russian market and democratic institutions serve American interests is much easier than developing policies that actually promote the consolidation of these institutions. At the bilateral level, the United States has very little leverage to promote or sustain these domestic Russian institutions. At the same time, the recent history of U.S.-Russian relations offers some general lessons about effective versus ineffective policy.

### **Limiting Expectations**

American leaders severely undercut their own credibility to promote domestic change in Russia by raising expectations about the West's ability to foster these changes. When they defeated communism, Russians expected to enjoy overnight Western standards of living. Instead, most Russians have been frustrated with the minimal fruits of nascent capitalism and democracy. For most Russians, life was better and easier under Brezhnev.<sup>33</sup> These disappointed expectations have been exacerbated by Western pledges of assistance. Great fanfare surrounded both the forty-seven-nation conference on aid to the former Soviet republics hosted by the United States in January 1992, and the April 1992 pledge of \$24 billion in assistance by the Bush administration. Only a fraction of that aid, however, was delivered, and few Russians experienced any direct effect from the assistance that did arrive. Perhaps most tragically, the failure of the United States and the West more generally to deliver on these promises undermined the credibility of Russian reformers and raised suspicion about America's true intentions within Russia.

Given this earlier record, expectations about American assistance are low. The United States has a vested interest in maintaining these low expectations and then exceeding them by providing more effective assistance.

### **The Importance of Institutional Design**

American resources for assisting Russia's revolution always have been limited. Because Americans see no imminent danger such as communism or fascism threatening U.S. security interests directly, they are unwilling to transfer large resources abroad for ill-defined ends.<sup>34</sup> Given these limitations, the focus of U.S. assistance programs must be (and should have been) the creation and consolidation of liberal institutions to shape both political and economic transactions.

For instance, regarding economic reform, U.S. assistance programs should focus on facilitating the development of important market institutions, such as laws governing property rights, disclosure, bankruptcy, pension funds, taxes, and the securities markets. Russia has made the transition to a market economy, but it is a market still closely tied to the state and dominated by a handful of large financial industrial groups (FIGs).<sup>35</sup> In two short years from 1994 to 1996, these FIGs have captured a significant proportion of Russia's productive assets, accounting officially for 10 percent of Russia's GDP.<sup>36</sup> Unofficially, experts have estimated that the eight largest FIGs control between 25 percent and 30 percent of Russia's GNP.<sup>37</sup> Only through the development of a more competitive and open economic

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environment can Russia develop a liberal market economy. Especially as American funds for assistance to Russia decrease, a focus on institutions, rather than individual projects or technical assistance for specific economic actors, should remain a top priority.

On the political front, expertise targeted to promote the development of a party system, federalism, and civil society should be expanded. AID budget cuts for democracy assistance are wrong, and plans to exit Russia in the near future are premature. Market economies need market-friendly states to grow. Unfortunately, Russian reformers (as well as some of their Western advisors) believed that economic and political reform had to be sequenced, with economic reform coming first.<sup>38</sup> U.S. assistance programs also adopted this logic, meaning that the lion's share of American aid to Russia was channeled into economic reform while only a fraction went to promoting democratic institutions. Empirically, however, the record of reform in the post-Communist world has demonstrated that the fastest democratizers are also the best performers regarding economic reform.<sup>39</sup>

These attempts at sequencing in Russia have meant that the development of democratic institutions has lagged significantly behind the development of market institutions. Pluralist institutions of interest intermediation are weak, mass-based interest groups are marginal, and institutions that could help to redress this imbalance—such as a strong parliament, an effective party system, or an independent judiciary—do not exist. Elections may have become the only game in town—an important achievement considering the long authoritarian shadow of Russian history. In consolidated democracies, however, elections are only one of many channels of interest mediation between state and society. In other words, Russia has become an “electoral democracy” but not a “liberal democracy.”<sup>40</sup> More generally, basic tools for fostering democratic values, such as civics textbooks, public policy programs, and higher education courses on democracy, simply do not exist in Russia today. While the market creates incentives for Russians

to learn how to be entrepreneurs, Russians today have few incentives for learning how to be good democrats.

U.S. assistance efforts must remain focused on transforming the electoral democracy into a liberal democracy. That liberal political institutions have not taken hold does not mean that previous assistance efforts have failed; rather it means that there is more work to be done. Russia has been ruled by dictators for hundreds of years. That democracy has been slow to emerge in this country, therefore, should have been expected. Simplistic “impact” evaluations of American democratic assistance programs fail to take into account the domestic factors that influence the emergence of democratic institutions in Russia and consequently create unrealistic expectations for the programs. While critical evaluations of the programs is necessary and useful, they should not be cited as reasons to end assistance. On the contrary, the weakness of liberal political institutions in Russia suggests that those assistance programs need expansion, not contraction.

### **The Harmful Effects of Corporate Welfare**

In focusing specifically on institutional reform, other kinds of assistance should be avoided. Above all else, U.S. government assistance should not go directly to firms, be they American or Russian, unless that aid is tied specifically to a market return. In the early years of American aid to Russia, the U.S. government wasted millions of dollars in the form of direct grants to U.S. firms tasked with providing technical assistance on restructuring to Russian enterprises. Because the market incentives were not in place to reward restructuring, little of that assistance translated into actual restructuring. Western companies reaped huge profits from AID contracts but did little to foster the development of market institutions in Russia.

Today, a new type of corporate welfare has grown to occupy an increasingly large share of the U.S. assistance budget to Russia—subsidies, investment insurance, and direct loans to U.S. companies seeking to trade or invest in Russia. Under programs administered by the U.S. Trade and Development Agency, the Overseas Private Investment Corporation, and the Export-Import Bank, American companies have received giant subsidies from the U.S. taxpayers to do business in Russia.<sup>41</sup> Not only do these programs support dubious projects such as expensive feasibility studies, but they also crowd out private sector investment and promote “big business” at the expense of “small business” development. Given Russia’s highly centralized economy and the low level of market entry and small business emergence, these programs serve to reify the wrong kinds of economic actors. To the extent that money is allocated to foster individual economic entities, it should be channeled through commercial banks, enterprise funds, and nonprofit organizations that aim to promote start-ups and small businesses.

### **Privileging Society over the State**

Whenever given the choice, American assistance programs should be directed at nongovernmental organizations rather than state bureaucracies. In consolidated democracies, societal actors usually initiate reform. Only when state officials are compelled by society or provided incentives from society do they implement

reforms of the state. For instance, if a goal of U.S. assistance to Russia is the promotion of the rule of law, it is much better to support a nongovernmental legal services office (like those supported by the AFL-CIO in Russia that helped citizens pressure the state) than to fund programs aimed at retraining prosecutors or policemen. Especially now that Russian civil society is weak and the state is immune from societal pressures, U.S. assistance programs must target the survival of non-state actors.<sup>42</sup> State institutions will reform only when there are strong societal groups in place that can pressure them to do so.

Targeting of the non-state actors is also more efficient and less prone to corruption. In contrast, direct assistance programs to Russian government bureaucracies more often than not have produced corruption, not reform. Moreover, American programs with Russian state bureaucracies can lead inadvertently to the indirect subsidization of activities that the United States should not condone. Often, and in contrast to nongovernmental organizations, these state actors have no normative attachment to democratic or economic reforms. Rather, they just go through the motions with their American counterparts in order to appease their bosses or secure trips to the United States. Funding for such interactions should be stopped.

### **Individuals Matter**

For the last decade, American analysts and policymakers have debated the relative merits of backing individual Soviet and then Russian politicians. Many argued that the Bush administration identified its policy too closely with Mikhail Gorbachev in the waning months of the Soviet Union. A similar criticism has been lodged against the Clinton administration's attachment to Boris Yeltsin. More recently, critics have called into question Vice President Al Gore's close personal relationship with Russian Prime Minister Viktor Chernomyrdin.

In bilateral relations, American government leaders must deal directly with their counterparts in the Russian government, no matter who they are or what their beliefs may be. Secretary Albright must develop a relationship with Foreign Minister Primakov even though she may prefer to engage with Russian foreign policy experts who more closely share her vision of U.S.-Russian relations. Critics who chastise American government leaders for developing relationships with their equivalents in the Russian government often forget this fundamental principle of diplomacy.

At the same time, however, American officials must choose to engage more directly and closely those individuals committed to the long-term project of developing market and democratic institutions. After all, these individuals will be the actors most effective in promoting institutional change from within Russia. The strategy of engaging individuals with dubious reform credentials in order to convince them of the benefits of reform has been less successful.

Several examples illustrate the importance of developing relationships with individual reformers. Without question, the most important personal relationship for American foreign policy has been between President Clinton and President Yeltsin. Yeltsin has made a series of bad and sometimes disastrous decisions that have impeded economic and political reform in Russia. His decision to invade



Chechnya, in particular, made it difficult to justify continued engagement with him as an active partner in Russian reform. Over time, however, Clinton's personal relationship with the Russian reformer has helped to produce very tangible benefits, including Yeltsin's adherence to the electoral process during the 1996 presidential elections and his more recent acquiescence to NATO expansion. A different Russian leader with more dubious reformist credentials and a more strained personal relationship with the American president may have acted very differently regarding both of these issues.

American commitment to individual Russian economic reformers also has produced high returns. Long-term cooperative relationships with people such as Anatolii Chubais, Boris Nemtsov, Yegor Gaidar, and Dmitrii Vasiliev have proved instrumental in fostering the development of market institutions even when these individuals have moved in and out of government. The political comebacks of Chubais and Gaidar (a key advisor to the present government) should be a reminder to U.S. officials not to abandon reformers just because they are out of office. Prime Minister Chernomyrdin's poor record on deepening economic reform underscores the negative consequences of engaging too closely with individuals not committed to radical reform.<sup>43</sup>

A similar philosophy must guide U.S. engagement with Russia's democratic reformers. Quickly after the euphoric days of the Communist collapse in 1991, U.S. government officials and nongovernmental organizations devoted less effort to assisting those seeking to foster democratic institutions. Instead, they devoted more time to whoever was in power. By the winter of 1996, many American analysts, politicians, and NGO leaders were advocating engagement with the Communists and their allies, as Communist leader Gennadii Zyuganov appeared poised for electoral victory in Russia's presidential election. Today, General Aleksandr Lebed is the focus of attention for those concerned more with power than principle.<sup>44</sup> Without denying the benefits of deepening relations with all important political forces in Russia, American engagement policies should be directed first and foremost at those with proven democratic credentials. To survive, Russian democracy needs Russian democrats.

More generally, programs that increase contacts between Russians and Americans must be expanded.<sup>45</sup> As stated above, America's most effective tool in promoting markets and democracy is the example of the United States itself. The more people exposed to this model, the better. That includes educational exchanges, military-to-military programs, sister city programs, and business-to-business meetings, as well as government contacts. Likewise, mass civic education projects within Russia should be expanded. While hundreds of business schools have sprouted throughout Russia, there are virtually no public policy schools and only a handful of organizations dedicated to the dissemination of materials on democracy.<sup>46</sup>

### **Consistency**

To maintain credibility before Russian elites and the Russian population more generally, U.S. policymakers must be consistent in their statements and actions regarding their commitment to fostering market and democratic institutions in

Russia. Too often in the past, U.S. government leaders have failed to criticize Russian actions and policies that inhibit the development of liberal market and democratic institutions. These silences, in turn, undermine our allies within Russia. For instance, by failing to speak out forcefully against Russia's invasion of Chechnya, American officials inadvertently undermined the credibility of Russian human rights activists who opposed the war. By failing to criticize Gazprom's resistance to paying taxes, U.S. officials tacitly have helped to sustain a dangerous and unfair policy. By sanctioning IMF transfers to Russia at the same time that major companies in Russia refuse to pay taxes, those officials are tacitly approving the U.S. taxpayers' effectively financing the Russian government budget on behalf of multibillion dollar Russian companies.

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***“Russia’s size, natural resources, educated population, and strategic location in Europe and Asia ensure that it will emerge again as a power in the international system.”***

Despite these lapses, the United States still has a surprisingly high degree of moral authority within Russia. Without sounding preachy or imperialist, U.S. government officials must seek to maintain a consistent commitment to a coherent American policy regarding the development of market and democratic institutions

in Russia. At times, this consistency may even require that U.S. policymakers incur costs as well.<sup>47</sup> Wavering produces doubt and thereby reduces our leverage over the long term.

#### **Russia and the Commonwealth of Independent States**

The United States has a real interest in fostering the full independence of all the states that have emerged from the former Soviet Union. To the extent that resources are available, a similar strategy of engagement must be developed with each of these countries. Ultimately, however, the fate of democracy and capitalism in all of them depends on the future of democracy and capitalism in Russia. The converse is not true. The history of Eastern Europe in the interwar period demonstrated that weak democracies in small countries cannot survive if they are threatened by authoritarian (be they Communist or fascist) regimes in large countries on their borders.

Moreover, just as the United States should support and reward reformers in Russia, so too should American assistance and engagement in those other countries be directed at those with a demonstrated commitment to democracy and capitalism. Aid channeled to Ukraine, Uzbekistan, or Armenia, simply in the name of “geo-strategic” objectives, will ultimately be money wasted.<sup>48</sup>

#### **Conclusion**

Over the long term, Russia's size, natural resources, educated population, and strategic location in Europe and Asia ensure that it will emerge again as a power

in the international system.<sup>49</sup> Whether Russia makes this re-entry as a member of the international society of core Western states or as a rogue state seeking to threaten international society depends in large measure on the kinds of institutions that shape economic and political activity within Russia in the years to come. Several years after the collapse of the Soviet Union, there is still a chance that Russia will develop a market economy and a democratic polity and that Russia therefore will join rather than threaten the community of democratic and capitalist states. That this window of opportunity is still open is surprising considering all that Russia has endured, including a sustained economic free fall, a threat of fascism, two civil wars (in October 1993 and in Chechnya), and the expansion of an alliance system aimed ultimately at keeping Russia *out* of the West.

To ensure that Russian domestic reforms continue in the right direction and encourage the further integration of Russia into the international community of liberal states, American foreign policymakers must refocus and revitalize American relations with Russia. At a conceptual level, American foreign policy leaders must recast the relationship in broader terms. U.S.-Russian relations cannot be dominated by the cold war agenda again. Even when American diplomats seek specific policy outcomes regarding issues of arms control, regional conflicts, or human rights, the bigger picture cannot be ignored. At the strategic level, American foreign policymakers must refocus attention on facilitating the emergence and consolidation of liberal institutions regarding both politics and economics. Improvement in other aspects of the U.S.-Russian relationship will follow from progress in liberal institutional consolidation. In contrast, regress regarding political and economic reform within Russia will make U.S.-Russian relations more contentious and confrontational.

It is in the vital national interests of the United States to ensure that the window of opportunity for Russia to join the international community of states remains open. The costs of its closing are too high.

#### NOTES

1. As a guide to foreign policy, containment was never a static doctrine, but changed over time and between administrations. See John Lewis Gaddis, *Strategies of Containment: A Critical Appraisal of Postwar American National Security Policy* (Oxford: Oxford University Press, 1982).

2. To date, the closest approximation of such a statement is Strobe Talbott, "The End of the Beginning: The Emergence of a New Russia," address at Stanford University, 19 September 1997.

3. In contrast, there have been other periods in which the both the norms of behavior between states and the internal organization of states more closely correlated. See for instance, Edward Gulik, *Europe's Classical Balance of Power* (Ithaca: Cornell University Press, 1955); Henry Kissinger, *A World Restored: The Politics of Conservatism in a Revolutionary Age* (New York: Grosset and Dunlop, 1964); and Robert Jervis, "From Balance to Concert: A Study of International Security Cooperation," *World Politics* 38 (October 1985).

4. Realists, in contrast, posit that war is the only event that can change the balance of power in the international system in an abrupt way. See for instance, Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981), 203.

5. See especially, John Mersheimer, "Back to the Future: Instability in Europe after the Cold War," *International Security* 15 (Summer 1990): 5–55.

6. Kenneth Waltz, *Theory of International Politics* (Reading, MA: Addison-Wesley, 1979).

7. See James Goldgeier and Michael McFaul, "A Tale of Two Worlds: Core and Periphery in the Post-Cold War Era," *International Organization* 46 (Spring 1992): 467–92.

8. In the twentieth century, this condition has often been referred to as the "democratic peace." The argument here is different in two respects. First, it is not only democracy that matters but market economies as well. Second, the condition of homogeneity may be as important as the actual attributes of the domestic political systems. For instance, a states system dominated by monarchs may be as effective at keeping the peace as a system of states comprised of democracies. While we are still too early into the era of the "democratic peace" to judge it against other international systems, the *relative* peace of the nineteenth century has provided a high standard for own "democratic" era to match. Regarding the democratic peace debate, see most recently David Lake, "Powerful Pacifists: Democratic States and War," *American Political Science Review* (March 1992): 24–37; Christopher Layne, "Kant or Cant: The Myth of Democratic Peace," *International Security* (Fall 1994): 5–49; and Edward Mansfield and Jack Snyder, "Democratization and the Danger of War," *International Security* (Summer 1995): 5–38.

9. Hedley Bull, *The Anarchical Society* (London: McMillan, 1997).

10. Karen Barkey and Mark Von Hagen, *After Empire* (Boulder, CO: Westview Press, 1997).

11. See Alexander Yanov, *Weimar Russia* (New York: Slovo-Word, 1995).

12. See Philippe Schmitter with Terry Karl, "The Conceptual Travels of Transitologists and Consolidologists: How Far to the East Should They Attempt to Go?" *Slavic Review* 53 (Spring 1994): 173–85.

13. See Michael McFaul, "Revolutionary Transformations in Comparative Perspective: Defining a Post-Communist Research Agenda," in *Reexamining the Soviet Experience: Essays in Honor of Alexander Dallin*, David Holloway and Norman Naimark, eds. (Boulder, CO: Westview Press, 1996), 167–96.

14. Sigmund Neumann, "The International Civil War," *World Politics* 1 (April 1949): 333–34.

15. Crane Brinton, *The Anatomy of Revolution* (New York: Vintage Books, 1938); Charles Tilly, *From Mobilization to Revolution* (Addison-Wesley: Reading, MA, 1978); Samuel Huntington, *Political Order and Changing Societies* (New Haven, CT: Yale University Press, 1968); and Jack Goldstone, *Revolution and Rebellion in the Early Modern World* (Berkeley, CA: University of California Press, 1991).

16. For an assessment of democracy's prospects in Russia, see Michael McFaul, "Russia's Rough Ride," in *Consolidating the Third Wave Democracies*, Larry Diamond and Marc Plattner, eds. (Baltimore, MD: Johns Hopkins University Press, 1997).

17. Anders Aslund, *How Russia Became a Market Economy* (Washington, DC: Brookings Institution Press, 1995).

18. The *putschists* from 1991 were arrested but later released, the Communist Party has been put on trial, and Mikhail Gorbachev has been harassed, but the vast majority of those associated with the *ancien regime*, including most of the leadership, are still active in politics and the economy. Many still have senior government positions, while another set of former Soviet officials now operate newly formed investment funds, banks, and holding companies.

19. See Douglass North, *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, 1990); and Ken Jowitt, *The New World Disorder: The Leninist Extinction*, (Berkeley, CA: California University Press, 1992).

20. Boris Yeltsin, as quoted in *OMRI Russian Presidential Election Survey*, 29 May 1996.

21. VTsIOM, *Pyat' Let Reform* (1996): 17.

22. *Ibid.*

23. For an analysis of this election and this electorate, see Michael McFaul, *Russia's 1996 Presidential Election: The End of Bipolar Politics* (Stanford, CA: Hoover Institution Press, 1997).

24. Theda Skocpol, "Social Revolutions and Mass Military Mobilization," *World Politics* 40 (January 1988): 147–68.

25. On neocontainment, see Zbigniew Brzezinski, "The Premature Partnership," *Foreign Affairs* 73 (March/April 1994): 67–82. On enlargement, see Strobe Talbott, "Democracy and the National Interest," *Foreign Affairs* 5 (November/December 1996): 47–63; and the review by Douglas Brinkley, "Democratic Enlargement: The Clinton Doctrine," *Foreign Policy* 106 (Spring 1997): 111–27.

26. It follows that a change in either one of these conditions would necessitate a change in American strategy as well.

27. One of the greatest myths that pollutes debates on these issues is the idea that market reform must proceed democratic reform for either to succeed. The counter argument is spelled out below.

28. Stephen Sestanovich, "Why the United States Has No Russia Policy," in *Eagle Adrift: American Foreign Policy at the End of the Century*, Robert Lieber, ed. (New York: Longman, 1997), 163–77.

29. Compare Kissinger's views on NATO expansion in Henry Kissinger, "Helsinki Fiasco," *Washington Post*, 30 March 1997, with the logic for NATO expansion articulated by Strobe Talbott, "Why NATO Should Grow," *The New York Review of Books*, 10 August 1995.

30. See Michael Mandelbaum, *The Dawn of Peace in Europe* (New York: Twentieth Century Fund Books, 1996).

31. By wrong reasons, I am implying that Clinton's immediate objective of winning the 1996 presidential election may have influenced this decision of long-term consequence for American national security interests. For a comprehensive reconstruction of this decision that downplays electoral politics, see James M. Goldgeier, "NATO Expansion: The Anatomy of a Decision," *The Washington Quarterly* 21 (1997): 85–102.

32. See T. I. Kutkovets and I. M. Klyamkin, *Russkie Idei* (Moskva: January-February 1997); and Michael Gordon, "From Public, A Collective Ho-Hum," *New York Times*, 28 May 1997, A7.

33. VTsIOM, *Pyat' Let Reform* (Moskva, 1996), 23.

34. Imagine, for instance, if Russia shared a border with a superpower that aimed to undermine the domestic institutions of the Western core states. Support for a "second" Marshall Plan for Russia would be easy to muster.

35. For a review, see Michael McFaul, "When Capitalism and Democracy Collide in Transition: Russia's 'Weak' State as an Impediment to Democratic Consolidation," Working Paper, Program on New Approaches to Russian Security, Harvard University, 1997.

36. Sector Capital, "Who Rules the Russian Economy?" manuscript, 9 December 1996, 6.

37. Ibid. Boris Berezovskii has claimed that seven conglomerates in Russian own 50 percent of all the productive assets in the country. See Chrystia Freeland, John Thornhill, and Andrew Gowers, "Moscow's Group of Seven," *Financial Times*, 1 November 1996, 15.

38. On these debates, see Vladimir Mau, *Ekonomiki i Vlast'* (Moskva: Delo, 1995).

39. Joel Hellman, "Constitutions and Economic Reform in Post-Communist Transitions," manuscript, Harvard University, 1996.

40. On these terms, see Larry Diamond, "Is the Third Wave Over?" *Journal of Democracy* 7 (July 1996): 20–37.

41. See David Kramer, "Russian Aid (II)," *The National Interest* 39 (Spring 1995): 78–82.

42. See Fred Hiatt and Daniel Southerland, "Grass-Roots Aid Works Best in Russia," *The Washington Post*, 12 February 1996.

43. Anders Aslund, "Governing by Default," *The Moscow Times*, 10 November 1996.

44. See Benjamin Lambeth, *The Warrior Who Would Rule Russia* (Santa Monica:

RAND, 1996).

45. The 1998 AID budget includes significant new outlays for such programs. This redirection in AID policy should be applauded.

46. It must be remembered that most people in Russia have incentives to learn how markets work, but see few obvious incentives in learning how democracy works. Moreover, the concept of democracy in Russia has been discredited by all the nasty policies undertaken in its name. For most people in Russia today, the word "democrat" is a pejorative label.

47. The willingness to suffer losses, whether economic or diplomatic, has been missing from the Clinton administration's strategy of enlargement both with respect to Russia and elsewhere. Notice the absence of any discussion of costs in an otherwise cogent account of American interests in democracy abroad in Talbott, "Democracy and the National Interest."

48. This logic harkens back to the cold war days when the U.S. government would throw money at any dictator as long as he was anti-Communist. This kind of aid fostered corruption and crime in countries like Zaire, El Salvador, or Egypt but little democracy or capitalism.

49. The parallels to 1917 are striking. At that time, many analysts predicted that Russia's internal strife would relegate Russia to a peripheral role in international affairs for decades. Yet, the Soviet Union emerged as a more powerful state than the Russia empire.

**UNITED STATES POSTAL SERVICE**  
Statement of Ownership, Management, and Circulation  
(Required by 39 USC 3685)

1. Publication Title: **DEMOKRATIZATSIYA**  
ISSN: 1522-0444

2. Issue Date: **October 1, 1997**

3. Issue Frequency: **Quarterly**

4. Number of Issues Published Annually: **4**

5. Annual Subscription Price: **Single Copy \$15; 3 Yr. \$45; 5 Yr. \$75**

6. Publication Title: **DEMOKRATIZATSIYA**

7. Complete Mailing Address of Known Office of Publication (Not printer): **1319 Eighteenth Street, NW, Washington, DC 20036-1802**

8. Complete Mailing Address of Headquarters or General Business Office of Publisher (Not printer): **1319 Eighteenth Street, NW, Washington, DC 20036-1802**

9. Full Names and Complete Mailing Addresses of Publisher, Editor, and Business Manager:  
 Publisher: **Nolan Dwight Reid Educational Foundation, 1319 18th Street, NW, Washington, DC 20036-1802**  
 Editor: **Joseph J. Burt, 1319 18th Street, NW, Washington, DC 20036-1802**  
 Business Manager: **Joseph J. Burt, 1319 18th Street, NW, Washington, DC 20036-1802**

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12. Tax Status (For completion by nonprofit organizations authorized to mail at nonprofit rates)  
 (a) Has Not Changed During Preceding 12 Months  
 (b) Has Changed During Preceding 12 Months

13. Publication Title: **DEMOKRATIZATSIYA**

14. Issue Date for Circulation Data Below: **October 1, 1997**

15. Extent and Nature of Circulation

1997		October 1, 1997	
Average No. Copies Each Issue During Preceding 12 Months		Actual No. Copies of Single Issue Published Nearest to Filing Date	
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C. Total Paid and/or Requested Circulation (Sum of B1 and B2)	126	124	
D. Free Distribution by Mail (1) Other than Sales, Subscriptions, and other paid classes (2) Other than Sales, Subscriptions, and other paid classes	643	974	
E. Free Distribution Outside the Mail (Carriers or other means)	0	0	
F. Total Free Distribution (Sum of D and E)	53	53	
G. Total Distribution (Sum of C, D, E, and F)	996	1027	
H. Copies not Distributed (1) Office Use, Leftovers, Spoiled (2) Returns from News Agents	369	346	
I. Total (Sum of G and H)	1365	1373	
J. Paid and/or Requested Circulation (1) Paid and/or Requested Circulation (2) Paid and/or Requested Circulation	945	952	

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