

## **GOGOL'S TROIKA:**

### **THE CASE FOR STRATEGIC PATIENCE IN A TIME OF TROUBLES**

**An address by Strobe Talbott, Deputy Secretary of State,  
at a conference on “Russia at the End of the 20<sup>th</sup> Century,”  
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Thank you, Bill [Perry], for that introduction and for the chance to work with you for four years. I suspect that everyone here appreciates the crucial role that you played in managing U.S.-Russian relations. I'm lucky to have had him as a friend and colleague in government; the U.S. is lucky to have had him at the helm of the Pentagon; and Stanford is lucky to have him back. I say that being well disposed to Stanford. The last time I was in this building, I was courting an undergraduate who eventually said yes.

There are lots of other friends here, but I want to single out the mastermind and master of ceremonies of this conference, Grisha Freidin, who has been my friend and mentor for more than 25 years.

The topic that Professor Freidin has assigned to all of us for our homework, “Russia at the End of the Twentieth Century,” is especially on the minds of President

Clinton and Secretary Albright these days. That's for reasons that are obvious from the newspaper headlines.

But Russia is always on our minds, and that's for reasons that are reflected in history and literature. In the final passage of *Dead Souls*, Nikolai Gogol compared his homeland to a troika, hurtling across the snowy steppe, while other nations "gaze askance" and wonder, along with Gogol himself, where this wild ride is headed. A century and a half later, quite a few Russians think the answer is: straight off the edge of a cliff.

I'm here with a different answer. Is Russia a troika-wreck waiting to happen? Maybe, but not necessarily. More than other countries, Russia's future is in doubt, but that is not new. That was part of Gogol's point. Gloom and doom are no more justified now than was euphoria a few short years ago. Yes, much of what is happening in Russia is obscure; yes, some of it is ominous. But this much is clear: the drama of Russia's transformation is not over; its ending is neither imminent nor foreordained; and the stakes, for us, are huge.

As the Russians seek to work their way out of their current crisis, they will be making decisions that determine what sort of relationship they can have with the outside world for decades to come. Russia's choices will have a lot to do with what kind of world Americans live in — how safe we are, and how much we have to spend on our safety. Therefore, under two Administrations — President Clinton's and what I'll call here "the Condoleezza Rice Administration" [she is in the audience] — the U.S. has been committed to encourage and assist Russia in its evolution toward becoming a normal, modern, prosperous, democratic state — at peace with itself and its neighbors, a full member and beneficiary of an increasingly interdependent world community.

For the last decade or so, despite the zigs and zags, Russia has been moving in that direction. The question of the last several months is whether Russia has, in some

fundamental way, shifted course, heading at break-neck speed back to the future, or over the precipice.

That question arises because of the crisis, largely though not wholly self-inflicted, that has befallen the economy. Less than a year ago, Russia seemed to be poised for an economic take-off. But then internal weaknesses combined with outrageous fortune, especially the worldwide fall in commodity prices, to stampede the government into the devaluation of the ruble and a partial default on many of its debts. In a matter of a few weeks this past summer, Russians saw much of their savings evaporate, many of their banks go belly-up, the bottom fall out of their fledgling stock market, goods disappear from stores, and a burgeoning middle class sent reeling.

Even before Black Monday, August 17, and the crash that followed, the mood had already changed dramatically in ways that are captured by several of the papers that have been presented at this conference. For example, what Peter Holquist calls “Soviet exceptionalism” had long since given way, first, to post-Soviet relief, then to post-post-Soviet letdown — to reform fatigue on the part of the élite and to a backlash against reform on the part of the citizenry.

Another participant in the conference, Natalya Ivanova, has referred to the late '80s and the '90s as *smutnye* (dark and troubled) years. They were also, of course, *chudyesnye* (a time of miracles). They were the years when Russia won for itself unprecedented economic and political freedom — and when Russia liberated its former satellites and fellow inmates in the prison house of nations. But Dr. Ivanova is right about the perceptions, disappointments and anxieties of many Russians today.

Language itself has been turned on its head. As the '90s unfolded, “reform” and “market” went from being part of the vocabulary of triumph and hope to being, in the ears of many Russians, almost four-letter words. The noun *kapitalizm* came increasingly to be modified with the adjective *dikiy* (savage). Accordingly, “the West” went from being an object of emulation to a target of resentment. In the meantime, another word,

“left,” has come back into fashion. The Communist Party of the Russian Federation and its parliamentary allies have called for a “return” to a compassionate, paternalistic and pervasive state that looks out for workers, soldiers and pensioners.

The composition of Russia’s new government, led by Prime Minister Primakov, is representative of this mood and of these trends. It has largely rejected what its officials call the “Western” way of managing their economy; they are groping for a “Russian” way instead.

Let’s look at this phrase “the Russian way.” Oksana Bulgakowa’s paper explains what the Russian way means in architecture: phantasmagoric knockoffs of Stalinist monuments, czarist palaces and pre-Christian temples, appealing to nostalgia for a supposedly simpler, nobler past. But what does the Russian way mean in economics? Part of the answer is paying wages and pensions and reviving the industrial sector, which are sensible, indeed indispensable goals. Our concern is that, in trying to reach those goals, the Primakov team is prepared to abandon a stable currency, a viable exchange rate and a sound monetary policy. It is operating with neither a realistic budget nor a credible system for collecting taxes. That means Russia is at the mercy of the printing press, cranking out rubles to meet payrolls and to keep bankrupt enterprises afloat.

The point here is that the economic rules that the custodians of the Russian economy are threatening to defy are not so much “Western” as they are a matter of simple arithmetic. Since the numbers don’t add up, the intended remedies only aggravate the disease. Inflation is almost 50% higher than it was a year ago; many Russian banks are unable to meet the repayment obligations on their outstanding loans; billions of dollars in capital have fled the country since August.

There is another consequence, too: It has become all but impossible for the International Monetary Fund to weigh in with macroeconomic stabilization funds that might help in arresting and reversing the slide. Money from outside will do no good if it

is inflated away or if it pauses only briefly in Russia before ending up in Swiss bank accounts and Riviera real estate.

Without external support, it is likely that the Russian government will face three disagreeable choices: 1) crank the printing presses even faster, 2) plunge deeper into default, or 3) stop paying wages and pensions and conducting basic government functions. Whatever combination of these measures the government adopts — and it's pretty clear that it will entail numbers 1 and 2, not 3 — Russia's economic situation is likely to deteriorate further.

Economic decline carries with it the danger of political drift, turmoil, and even crackup.

Why is Russia in this situation? Part of the answer is the drag of recent history. Russia's 74-year experiment with Communism is like a black hole: the Soviet system imploded eight years ago, yet this dead star, even though it emits no light, still exerts a powerful gravitational pull that threatens to suck Russia backward and inward.

But that is by no means all that is happening in Russia today. Political and economic culture are not immutable; they're not like astrophysics; the dynamics by which they operate can change — and change for the better. Over time, the tug of the Soviet experience will weaken.

That process will take a generation or more, not least because part of the process is, precisely, *generational*. There is an irony here: because the disintegration of the Soviet system was remarkably peaceful, many of those who had been vested in, and responsible for, the old order are now shaping the new one. That's the bad news, reflected in the dismal economic statistics. The good news is in the actuarial tables. The young have certain advantages over the old in the struggle over the future.

Another factor shaping and guiding Russia is globalization. That country today is part of the world to an extent and in a way that it never was in the past. Russia's susceptibility to the Asian contagion has been a reminder of the downside of

globalization. But there is an upside too: counteracting the old temptations of autarky and regression are new and powerful forces pulling Russia outward and forward, toward integration, not just integration with the global marketplace but also with what Manuel Castells and Emma Kiselyova describe, in their paper, as the global “network society.” Literally and figuratively, Russia is now plugged into the rest of the world, through cellular telephones, fax machines, modems and PC’s.

This trend has been under way for some time. In the ’70s and ’80s, Russia was Exhibit A for the proposition that George Orwell’s nightmare vision for 1984 was wrong: the communications revolution weakened Big Brother rather than strengthening him. The quantum leap in the number of Russians who travel abroad and surf the Internet may yet turn out to be what Professor Castells and Dr. Kiselyova call “the dynamic core” of Russian modernization and thus constitute a hedge against the old Big Brother’s ever making a comeback.

Because it has occurred against this backdrop, democratization has taken hold surprisingly quickly and proved remarkably durable. The Primakov government came into being because President Yeltsin and the Parliament played by the rules of a post-Soviet constitution that was approved by popular referendum. That is not, to put it mildly, the way Russian politics worked in the past. Russians of almost all stripes seem to cherish their new freedom and responsibility to vote freely, fairly and often; many are suspicious of grand schemes that feature an all-powerful state as the panacea to their problems.

Still, it is too early to proclaim Russian democratization irreversible. The longer the economic meltdown continues and the more serious it becomes, the harder it will be for Russia to sustain and consolidate the various institutions and habits of what might be called political normalcy: constitutionalism, give-and-take compromises, constituency politics, coalition building, all of which need for their sustenance an atmosphere of pluralism, vigorous public debate and open media.

Therefore the principal point of suspense today is whether the new cooperation between the executive and legislative branches will prove, over time, conducive to more rationality and common sense in the economic sphere — or, alternatively, whether there will be a consensus in favor of continuing economic folly.

By the same token, depending on how far and for how long the pendulum swings to the left, Russian foreign and defense policies could also come under the sway of nationalism in its more contentious, self-delusional and self-isolating form — call it post-Soviet exceptionalism. As Russia asserts its own special needs and distances itself from the West on the economic front, we may be in for heightened tensions over security and diplomatic issues.

But, friends and colleagues, so far that has not happened. The United States and Russia today are still cooperating far more than we are competing; we are still agreeing more than we are disagreeing. And where we disagree, we are, by and large, managing our disagreements.

Whether that continuity can be sustained will depend in part on whether Prime Minister Primakov and Foreign Minister Ivanov let the policy preferences of a dyspeptic Duma and an often combative élite greatly influence the work of that Stalin-gothic skyscraper that houses the Foreign Ministry on Smolenskaya Square, where Mr. Primakov himself worked until September 11.

The pressure is likely to mount. The mood in the Duma is bilious. Many parliamentary deputies depict the unresolved issues between the U.S. and Russia in terms of concessions that we Americans are supposedly trying to extract from them or as favors we are asking them to do for us.

Nothing could be further from the truth. Virtually every issue between us can be boiled down to a matter of mutual interest and mutual benefit. Russia needs an effective non-proliferation regime since Russian cities would be vulnerable if its most dangerous technology ends up in the wrong hands. Russia needs strategic arms reduction since it

cannot afford to maintain its arsenal at Cold War levels. And Russia definitely needs a collaborative relationship with Europe, including with NATO and the European Union.

Peter Holquist's paper describes how the Soviet experience deepened Russia's sense of not really belonging to Europe. Post-Soviet Russia has already gone a long way toward joining the European mainstream. It is now a member of the G-8; the Council of Europe, the Arctic Council, the Council of Baltic Sea States, the Permanent Joint Council created by the NATO-Russia Founding Act and the Contact Group on the Balkans. (And by the way, it's largely because of Bill Perry's statesmanship that Russian officers and troops are keeping the peace in Balkans today side-by-side with the forces of NATO.)

To its credit and benefit — and to ours as well — Russia has gone from being a spoiler to a joiner.

However, whether this trend in Russian foreign policy continues is also a matter of some suspense. How Russia defines its role in the world and its relations with other states will depend crucially on how it defines itself and its own statehood.

My friend and former colleague Chip Blacker led a discussion on this topic earlier today. Sergei Kortunov prepared a paper for that panel in which he raised what in some ways is *vopros voprosov*, the question of questions: what is Russia's national identity? Gogol was grappling with the same question in *Dead Souls*. The quandary has become even more acute and vexing since the end of the Soviet period of Russian history, when many Russians felt that their Motherland was, virtually overnight, deprived of its name, its flag, nearly half of its territory, its defining ideology, its governing structure and its protective alliance.

So what is the *idea* of Russia today? As Sergei makes clear, it's easier to answer that question in the negative than in the positive. "The new Russia," he says, "is not the Soviet Union; nor is she the old Russian empire." Rather, "Russia's new borders, possibilities, culture, civilization, inner development have all contributed to making Russia a new state."



Yes, but what *kind* of a new state? I gather Chip & Company reached a consensus around another negative answer: whatever Russia becomes, it will never again be a monolith, in which political power flows rigidly from the top down and from the center outward. I agree. That particular Humpty-Dumpty can't be put together again. Russia today is a crazy-quilt of regions with wildly different economic and political structures. Some parts of the country are, at least relatively speaking, oases of liberalization. For example, Novgorod, Nizhny Novgorod, Samara, Leningrad and Sverdlovsk oblasts. Other regions remain, or have become, Jurassic-like theme parks of Soviet-era policies and personalities. To wit: Kursk, Krasnodar, Belgorod, Pskov, Volgograd. A few are simply weird, like Kalmykia, where President Ilyuzhimov reigns as a kind of Wizard of Oz. Emil Pain's paper describes regionalization run amok in his Scenario 4.

The new Russia, like its predecessor the Soviet Republic, calls itself a Federation. But the term "federation" is like "reform" and "market": Russia has yet to define what it means. Grisha Freidin could help. Indeed, he *has* helped: in 1990, he translated into Russian and distributed, under the imprint Chalidze publications, this little blue book: *The Federalist Papers*. It offers a home truth that is simple, that is global, and that is more valid at the end of the 20<sup>th</sup> century than it was when Hamilton, Madison and Jay were writing their essays at the end of the 18<sup>th</sup> century: a successful state — especially one that stretches the length of Eurasia — must make its diversity a source of strength; it must foster governance on a scale that allows citizens to feel connected to decisions that affect their lives.

American diplomacy recognizes the devolution of power downward from the top and outward from Moscow. Our ambassador in Moscow, Jim Collins, and his colleagues make a point of fanning out around the country, working with grass-roots organizations, developing relations with Russia's governors and mayors (more than 100 of whom are 35 or younger). We'll do everything we can, despite budgetary stringencies, to make the

most of our three regional outposts — the consulate-generals in St. Petersburg, Yekatrinnburg and Vladivostok.

Mr. Primakov is also reaching out to the regions. In his speech to the Duma the day he was confirmed as Prime Minister, he said that his priority was *yedinstvo* — the unity of Russia — thus clearly implying that the matter is in some doubt, even in some jeopardy. For many Russians, angst about their future is compounded by suspicion about the U.S.'s strategic intentions. The Russian press has carried numerous articles suggesting that under the guise of “partnership,” the U.S. is pursuing a hidden agenda not only to keep Russia weak but to bring about its dismemberment.

Once again, nothing could be further from the truth. The U.S. supports a unitary Russian state, within its current borders. The violent breakup of Russia would be immensely dangerous and destabilizing. When Czechoslovakia split in two in 1992, it was called the velvet divorce. But multiple divorces among, and perhaps within, the 89 regional entities of Russia would almost certainly not be velvet. The horror that has unfolded over the past several years in the Balkans might be replayed across eleven time zones, with 30,000 nuclear weapons in the mix.

This afternoon Emil Pain argued that that apocalyptic danger has receded. We must certainly hope so. The ability of Mr. Primakov and his successors to preserve unity will depend in no small measure on two issues. One is how they handle the economy in general and the ruble in particular. A nation's currency is a key manifestation and an underpinning of its sovereignty — and of its unity. This century has already shown that hyperinflation can destroy states, or turn them into monsters.

The other defining issue for Russia's *gosudarstvennost'* — the coherence and viability of its sense of its own statehood — is how its leaders, now and in the future, handle relations with their immediate neighbors. As has often been the case when empires dissolve, the ethnographic map — in this case, of “post-Soviet space” — does not coincide with the new political map. Many members of the Russian élite feel the loss

of empire like a phantom pain in a lost limb, not least because the dissolution of the USSR stranded twenty-five million fellow ethnic Russians on the far side of what became, eight years ago, international borders. Those Russians now outside of Russia rightfully want to be full citizens of their newly sovereign homelands. Any grievances they have, legitimate or otherwise, play into the hands of ultra-nationalists back in Russia. That is one of many reasons why we have advocated that the Baltic states adopt citizenship laws that meet international norms of inclusive, multi-ethnic democracy.

By and large, Russia has kept irredentist impulses largely in check. Not long after the breakup of the USSR, President Yeltsin made an historic decision: he affirmed the old inter-republic borders as the new international ones. He has, at several key points, repudiated the more bellicose claims of his noisier opponents.

But just because Russia has been relatively restrained to date does not mean it will be so forever. Mr. Pain warns in his paper that the threat to Russia's future, and indeed to its integrity as a state, comes not from secessionism on the part of its own ethnic minorities — Chechens, Tatars, Yakuts, Chukchis, Kalmyks, Ingush, Ossetians, Mordovians — but from what he calls “maniacal great-power chauvinism... xenophobia and national close-mindedness” on the part of some forces within the Russian majority. He is referring to Russians who would like to make expansionist or annexationist common cause with Russian *minorities* in the so-called “near abroad.” He singles out Crimea, northern Kazakhstan and Transnistria, in Moldova, as the flash points.

Georgia might be added to the list, not because of the Russian minority there (which is small), but because of a temptation on the part of some in Russia to fish for geopolitical advantage in the troubled waters of Georgian ethnic disputes and political vendettas. The short-sightedness of this sort of mischief-making is a lesson Russia should already have learned. In 1993, Russia fanned the flames of the Abkhazian secessionist movement, only to find that sparks from that conflict jumped from the

Southern Caucasus to the Northern Caucasus, contributing to what became the conflagration in Chechnya.

On the positive side of the ledger, in the last couple of years Russia has begun cooperating more with the United Nations and the Organization for Security and Cooperation in Europe in the quest for peaceful settlements in the various civil wars, secessionist struggles and ethnic conflicts in the South Caucasus and Central Asia.

Still, anxieties among Russia's neighbors about how Moscow will handle its relations with them have only grown in the last several months, now that some of the more nationalistic elements in the Duma have become partners-in-power with the executive branch. There is more skepticism than ever among the non-Russian member states of the Commonwealth of Independent States about the future of that organization. Whether it survives and prospers will depend in large measure on whether it evolves in a way that vindicates its name. If its largest member tries to make "commonwealth" into a euphemism for a sphere of influence or an infringement on the independence of its neighbors — then the CIS will deserve to join that other set of initials, USSR, on the ash heap of history.

U.S. policy will continue to focus not just on Russia but on its neighbors as well. We want to see all the new independent states of the former Soviet Union survive, and thrive, to become *old* independent states, just as we want to see Russia's own full integration into what might be called the *global* commonwealth of genuinely independent, mutually respectful states.

A final point — not so much about Russia as about the American view of Russia. Part of Russia's problem is, as Gogol put it, that the rest of the world "gazes askance" at what is happening there. The image of Russia in the mind of America is increasingly ugly. It has become a cliché of Hollywood to depict Russia not just as a failed state but as a criminal one. Here are just a few examples: "Crimson Tide," "The Jackal," "The Saint," "Goldeneye," "The Peacemaker," "Air Force One," "Ronin," even "Blues

Brothers 2000.” In every one, Central Casting has provided as villains Russian mafiosi, renegade generals and former KGBniks, usually trafficking in loose nukes and dirty money.

This image of feral Russia on the silver screen is mirrored in adventure comic books, on op-ed pages, in fire-and-brimstone statements on the floor of Congress and at conferences of academics and think-tank experts. According to a new conventional wisdom, *smutnoye vremya* — the Time of Troubles — is Russia’s natural state; the phenomenon we have witnessed over the last dozen years, in its *chudesny* as well as its *smutny* aspect, now looks like a false spring in the midst of the endless Russian winter. Russians, it is often implied, are destined to live in a Hobbesian state of nature, exiled by the twin curses of history and geography from the civil society envisioned by John Locke; a predisposition to authoritarian rule at home and aggressive behavior abroad is encoded in their genes.

This kind of strategic pessimism, if it were to be the basis of U.S. policy, would lead, at a minimum, to disengagement with Russia — a time-out, a pull-back, a heavy dose of benign neglect. The Russians are so cranky and confused, it is suggested, that perhaps we should give them a breathing space — a *peredyshka* — even if they use it to drive Gogol’s troika right off the edge of that cliff.

Some serious commentators and political figures go a step further, suggesting that it is time to dust off that old bumper sticker that summarized U.S. policy toward Russia for nearly five decades: containment. I’ve even heard the word “quarantine” suggested as the most prudent way to deal with what ails Russia.

This bleak view of Russia’s future is, at a minimum, premature. It may turn out to be dead wrong. Or, perversely, we could make it come true, since if we write Russia off and brace ourselves for a new Cold War, our pessimism could become self-fulfilling. Russia will make its own choices and often its own mistakes, but it will make both in no small measure in response to us.

The alternative to strategic pessimism is not so much optimism, which assumes a happy ending, as it is realism about the complexity of the challenges and the uncertainty Russia faces. That is a mindset that assumes nothing, that does not prejudge the future, that is ready for anything, not just the worst. The policy that flows from realism is one of strategic patience and persistence. That means continuing engagement. Even though international macroeconomic support of the kind that we provide through the IMF must wait until the Russian government shows itself willing and able to make the difficult structural adjustments necessary for recovery and growth, we will stay engaged in four key areas:

#### The banking sector.

The silver lining of the collapse of the banking system is that it has created an opportunity to build, virtually from scratch, real banks that do real business, rather than just engage in speculation and arbitrage.

#### The energy sector.

Russia will need close to \$15 billion a year invested in its energy sector for each of the next seven or eight years just to get back to 1988 production levels. Western energy companies want in. But they will not invest in long-term projects unless the tax regime is clear, property rights are secure and they can take disputes to international arbitration. Russia knows the laws it needs to pass. And now is the time when Russian oil companies need to make clear to their legislators that foreign investment is not selling the patrimony, but preserving it from destruction.

#### Food.

Russia's bad luck over the past year included the worst grain harvest in 45 years. Despite large stocks from last year, it could use up all current food supplies by the end of

the winter. The far north and the east will be hard hit, as will vulnerable groups in big cities who cannot afford to pay high prices. We have told the Russians that we are willing to help, and we are discussing the options. The key factor in whether we go forward is whether the Russians have a clear strategy for distribution and accountability, and we get incontrovertible assurances exempting any food assistance we provide from customs and taxes.

#### Exchanges and Non-governmental organizations.

These are people-to-people programs designed to broaden the base of support in Russia for open society and rule of law. We will keep using some of the money available to us under the FREEDOM Support Act to bring local politicians, entrepreneurs and NGO representatives to the U.S. on exchanges, and to strengthen regional development. We will also continue to encourage Russia's participation in the global network society through programs like our Internet Access and Training Program, which connects libraries, universities and schools across Russia with each other and with counterpart institutions around the world.

#### Cooperative threat reduction.

The U.S. is safer today because of the investment we have made in our own security through initiatives like the Nunn-Lugar program, which helps Russia dismantle its most lethal weapons in accord with treaties like START I and the Chemical Weapons Convention. We will continue to work with the Russians to help them meet the financial costs of compliance with international arms-control and non-proliferation agreements.

By remaining engaged with Russia on all of these critical fronts in the months ahead, we will be demonstrating to the Russian government and the Russian people our determination not to give up on them, even — perhaps even especially — in a time of troubles; we will keep plugging away at the task of supporting the many passengers in

Gogol's troika who long to live in what they call "a civilized country." Their aspirations and their eventual answer to the question of questions may yet coincide with our own long-term interests.

That outcome is far from a certainty, but it is not an impossible dream either. Rather it is a possibility that we must, for our sake as well as theirs, do everything we can to keep alive.