

November 27, 1991

## BORIS YELTSIN'S FIRST 100 DAYS

### INTRODUCTION

**R**ussian President Boris Yeltsin's one-hundredth day in office since the failed communist coup of August 19-21 will be November 29. Although Yeltsin was elected President of Russia on June 13, 1991, his position largely was symbolic until after the coup. Before that time his powers had been severely limited by the communist bureaucracy led by Soviet President Mikhail Gorbachev. As a result, Yeltsin's presidency did not really begin until August 21, 1991, the day on which the hardline coup was defeated and Yeltsin, who played the key role in thwarting the coup, emerged as the most powerful and most popular man in Russia.

Yeltsin's first hundred days in office are important. What the Russian President does then will set the course for the remainder of his five-year term as president. Yeltsin's policy decisions during this time also will shape the character of the world's largest country for years, if not decades, to come. In this respect, Yeltsin's first hundred days in power may be even more critical for Russia than were those of Presidents Franklin Roosevelt and Ronald Reagan for the United States. Russia is at a crossroads in its history, and the actions of Yeltsin may very well decide whether the new Russia will emerge as a free market democracy or a dictatorship.

**Radical Reforms.** Since the August coup Yeltsin has made major policy decisions. He has launched a radical program of free market reform. He has strengthened democracy in Russia by neutralizing the three key institutions of the Soviet totalitarian state: the Communist Party, the KGB secret police, and the armed forces. And he has begun to change the direction of Soviet foreign policy in such areas as relations with Afghanistan, Cuba, and Japan. All of this was done to advance the declared goal of the Yeltsin administration: the creation of a democratic and prosperous Russia committed to political freedom, free markets, and friendly relations with its neighbors.

At the same time, Yeltsin and his aides have made some incautious statements that unsettled the newly-independent republics and revived in the minds of their leaders the image of the old imperial Russia. Likewise, the Russian President's use of force in November to solve the nationalist crisis in the Checheno-Ingush Autonomous Republic, located in southeastern Russia, further heightened the republics' wariness of Russia.

As it evaluates the beginning of the Yeltsin administration, the U.S. should assume the position of a true, but by no means uncritical, friend. After three years of diplomatically, politically and economically snubbing Yeltsin and Russia in favor of Gorbachev and the Soviet Union, the U.S. should demonstrate its support for Yeltsin and his long-overdue political and economic reforms. George Bush could do this by giving Yeltsin greater diplomatic recognition and publicly supporting his free market and democratic reforms while reserving the right to criticize him in private when necessary.

Bush should:

◆◆ **Invite Yeltsin to make his first official state visit to the U.S.** Yeltsin has made two visits to America. He came as a private citizen in September 1989. He was invited in June 1991 by the Senate Majority and Minority leaders, George Mitchell, the Maine Democrat, and Robert Dole, the Republican from Kansas. An invitation by Bush would signal U.S. recognition of Russia's growing independence, demonstrate U.S. approval of Yeltsin's free market and democratic policies, and boost the Russian President's image at home.

◆◆ **Urge Congress to invite Yeltsin to address a joint session of Congress.** This would underscore to Russia and the world that not only the U.S. government but the American people support the revolutionary changes spearheaded by Yeltsin.

◆◆ **Create a U.S.-Russian Consultative Commission on Arms Control.** This would involve the Russian government directly in negotiations on such key arms control agreements as the Strategic Arms Reduction Treaty (START), the Anti-Ballistic Missile Treaty (ABM), the Nuclear Non-Proliferation Treaty (NPT), and the Conventional Forces in Europe (CFE) Treaty. As Russia gains control over most of the military potential of the former U.S.S.R., arms negotiations should be conducted directly with Russia.

◆◆ **Open direct negotiations with Russia on economic, trade, and cultural cooperation.** As the power of the Soviet central government diminishes, political and economic agreements will have to be negotiated directly with the former Soviet republics. Russia, which is the largest, most powerful, and most populous of these republics, is the logical place for the U.S. to begin such negotiations.

◆◆ **Establish a U.S. consulate in Moscow accredited to Russia.** This is necessary to accommodate the rapidly increasing volume of direct U.S.-Russian diplomatic contacts and to signal the recognition of Russia's growing independence.

## THE AUGUST REVOLUTION

After the defeat of the hardline communist coup on August 21, the most urgent task before Yeltsin was to take control of the Soviet state bureaucracy. Especially critical for the success of an anti-communist revolution was neutralizing the three pillars of Soviet totalitarianism: the Communist Party, the KGB and the armed forces.

**Dismantling the Party.** Yeltsin signed a decree on August 23 suspending the activities of the Communist Party of Russia. The next day, under pressure from Yeltsin, Gorbachev resigned his position as the General Secretary of the Communist Party of the Soviet Union and issued a decree ordering the property of the Party to be turned over to the local elected bodies in each republic. On the same day Yeltsin transferred the Communist Party's archives to the jurisdiction of the Russian government, and suspended major Party-directed newspapers, including *Pravda*, *Sovetskaya Rossiya*, *Glasnost*, *Rabochaya Tribuna*, *Moskovskaya Pravda*, and *Leninskoye Znamia*.<sup>1</sup> Finally, on August

## THE AUGUST REVOLUTION IN MOSCOW: A SELECTED CHRONOLOGY

**June 13:** Boris Yeltsin is elected president of the Russian Republic.

**August 21:** Hard-line communist coup is defeated as demonstrators surround the Russian Parliament building to prevent Yeltsin's capture by troops loyal to the coup plotters.

**August 22:** Yeltsin issues a decree forbidding political activity in the armed forces.

**August 23:** Yeltsin suspends the activities of the Communist Party of Russia, and publication of the Party-directed newspapers *Pravda*, *Sovetskaya Rossiya*, *Glasnost*, *Rabochaya Tribuna*, *Moskovskaya Pravda* and *Leninskoye Znamia*. Mikhail Gorbachev appoints Vadim Bakatin as the Chairman of the KGB. Air Force chief Colonel-General Evgeny Shaposhnikov is appointed Minister of Defense of the USSR.

**August 24:** Gorbachev resigns as General Secretary of the Communist Party of the Soviet Union, and issues a decree ordering that Party property be turned over to the local governments. Yeltsin transfers the Party's archives to the jurisdiction of the Russian Soviet Federative Socialist Republic (RSFR). Bakatin removes the KGB from control of the government's communications lines. KGB archives are transferred to RSFR jurisdiction. Yeltsin takes control of the U.S.S.R.'s economic ministries and agencies.

**August 26:** Gorbachev transfers the 250,000-strong KGB border troops to the Soviet Army.

**August 29:** The Congress of People's Deputies suspends activities of the Communist Party on the entire territory of the Soviet Union.

**September 5:** The Congress of People's Deputies votes to dissolve itself.

**September 24:** Bakatin disbands the KGB department responsible for spying on the Soviet population.

Heritage InfoChart

<sup>1</sup> Yeltsin rescinded the suspension decree on September 10, after all of these newspapers formally severed their ties with the Communist Party. All six newspapers have since resumed publication.

29, the Congress of People's Deputies of the U.S.S.R. suspended activities of the Communist Party throughout the Soviet Union.

Yeltsin's decrees suspending the Communist Party and its publications were justified. The reason: the Communist Party was not a voluntary political association in a Western sense, but the most powerful and effective tool of political control employed by the Soviet totalitarian state. Within two weeks of the abortive coup, the Communist Party collapsed as an effective political force. It was deprived of state funding and its control over the economy, police, and the armed forces was ended. Although various leftist groups, such as the All-Russian Communist Party of the Bolsheviks, were formed in all of the republics to replace the discredited Communist Party, they now no longer represent a monolithic political force directed from a single center.

**Taming the KGB.** Gorbachev on August 23 appointed Vadim Bakatin, a former Soviet pro-reform official, as the Chairman of the KGB, replacing Vladimir Kruchkov, a hardliner arrested for his role in the coup. Bakatin had served as Gorbachev's Minister of Internal Affairs from October 1988 to November 1990, but he was dismissed by Gorbachev because of pressure from communist hardliners. The day after his appointment, Bakatin ordered the KGB to relinquish control of government communication networks. On the same day, the KGB archives were transferred to the jurisdiction of the Russian government.

Gorbachev announced on August 26 the transfer of the 250,000-strong KGB border guard to the Soviet Army. A month later, on September 24, Bakatin disbanded the infamous KGB "Department for the Preservation of Constitutional Order," responsible for spying on Soviet citizens.

**Drawing in the Reins on the Armed Forces.** Moving quickly after the failed coup, Yeltsin issued a decree on August 22 forbidding political activity in the armed forces. The reason: to eliminate the Party's control over the military. The next day, Gorbachev appointed the Commander-in-Chief of the Air Force, Colonel General Evgeny Shaposhnikov, as the Minister of Defense of the U.S.S.R. He replaced hardliner General Mikhail Moiseev whom Gorbachev had appointed only the day before. Yeltsin overruled Gorbachev's choice for this critical post and forced the weakened Soviet president to pick his candidate, Shaposhnikov.

Shaposhnikov had refused to support the coup. He called Yeltsin during the coup to tell him that he would not allow the Air Force to be used against the defenders of the "White House," as the Russian Parliament building is known. Gorbachev appointed the former Commander-in-Chief of the Soviet Airborne Troops, Colonel General Pavel Grachev, as Deputy Defense Minister also because of his opposition to the coup.

Two days after his appointment, Shaposhnikov announced his intention to replace 80 percent of the Collegium, the Defense Ministry's highest consultative body, which is roughly equivalent to the U.S. Joint Chiefs of Staff. The majority of the Collegium were hardline communist generals. By September 16, according

to Soviet press agency TASS, nine of the seventeen members of the Collegium had been ousted.

**Seizing Control of the State Ministries and the Media.** Yeltsin on August 24 took control of most of the Soviet Union's economic ministries and agencies. These included the Ministry of Economy and Forecasting, the Ministry of Finance, the Ministry of Foreign Economic Relations, the Ministry of Trade, and the State Bank. Two days later, Yeltsin consolidated his hold on these institutions by appointing members of his cabinet to administer them.

Yeltsin took charge not only of Soviet economic ministries, but of the Soviet media. The editor of the pro-reform *Moscow News*, Egor Yakovlev, was appointed Chairman of the All-Union State Television and Radio Broadcasting Committee on August 27, replacing the communist hardliner Leonid Kravchenko. The committee controls all Soviet TV and radio stations.

Under Yeltsin's pressure, Gorbachev also ordered personnel changes at the Soviet Ministry of Foreign Affairs. He fired Minister of Foreign Affairs Alexandr Bessmertnykh on August 28 because of his "passivity" during the coup and replaced him with Boris Pankin, the Soviet Ambassador to Czechoslovakia, who had publicly denounced the coup on Czech television. Pankin promised a "serious reorganization" of Soviet embassies abroad. Pankin announced on September 17 that the KGB staff in the embassies would be reduced "to the lowest possible minimum required by our security interests."<sup>2</sup> KGB personnel previously had made up an estimated 35 percent of Soviet Embassy staffers. Foreign Minister Pankin was replaced by former Foreign Minister Eduard Shevardnadze on November 19.

Finally, on September 5, Yeltsin abolished the last key hardline institution of the Soviet Union, the U.S.S.R. Congress of People's Deputies, which was the Soviet Union's highest representative body. Established in 1989, when the Communist Party still maintained a stranglehold on Soviet politics, most of the Congress's Deputies were approved by the Party. The resulting reactionary majority of the Congress was one of the major obstacles to radical political and economic reforms in the Soviet Union. After three days of heated debates, the Congress, in effect, abolished itself by voting to transfer supreme power in the Soviet Union to a revamped Supreme Soviet whose members would be elected by the republics.

## **FORGING A NEW FOREIGN POLICY**

Although Yeltsin has given higher priority to domestic affairs, he has launched several foreign policy initiatives that differ significantly from the pre-coup Soviet foreign policy of Gorbachev.

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2 *Report on the U.S.S.R.*, September 27, 1991, p. 32.

**Afghanistan.** Long before the August coup, Yeltsin and his camp were critical of Soviet military and economic support for the communist regime of Afghan dictator Najibullah. Subsidizing communism in Afghanistan is estimated by the U.S. to cost the Soviet Union roughly \$300 million per month. Largely because of Yeltsin's opposition to aid to Afghanistan, the Soviet Union in September temporarily stopped the shipment of weapons, food and fuel to Afghanistan. While Moscow did not promise to withhold aid permanently, the suspension of supplies may have facilitated the September 13 joint U.S-Soviet statement pledging to end Soviet and U.S. military assistance to Afghan clients by January 1, 1992. This joint statement, announced by Secretary of State James Baker and Foreign Minister Pankin in Moscow, will not by itself bring peace to Afghanistan—there still is no mechanism in place for the transfer of power from the Najibullah dictatorship to a successor democratic government—but it is a step in the right direction.

One reason for optimism in Afghanistan has been the favorable reaction of the moderate wing of the Afghan anti-communist resistance to the Soviet initiative. A delegation of moderate *mujahideen* Freedom Fighters met in Moscow with the Vice President of Russia, Alexandr Rutskoy, on November 11 to discuss a political solution to the thirteen-year-old war in Afghanistan. Rutskoy, who served as a fighter pilot during the Soviet occupation of Afghanistan, told the Afghans that it was “the standpoint of Russian President Boris Yeltsin” to “take all measures to bring about peace to the long-suffering land of Afghanistan.”<sup>3</sup> The moderate *mujahideen* delegation was received on November 12 by Pankin, who suggested that a permanent Soviet diplomatic delegation be stationed in Peshawar, Pakistan, to continue the dialogue.

**Cuba.** Speaking to an American audience during a joint television appearance with Gorbachev on September 6, Yeltsin stated that Soviet “troops should be gradually withdrawn from Cuba.”<sup>4</sup> A week later, on September 11, Gorbachev followed up by promising to begin negotiations with Havana on the withdrawal of 11,000 Soviet troops from Cuba. Soviet Deputy Foreign Minister Valery Nikolayev was dispatched to Havana on September 19 to begin the talks.

**The Kurile Islands.** The Kurile Islands are a chain of small islands in the Sea of Okhotsk. The Soviet Union illegally seized four of them, known in Japan as the “Northern Territories,” from Japan at the end of World War II. Japanese outrage over the Soviet occupation of the Kuriles has been the major obstacle to the improvement of Soviet-Japanese relations. Hoping to reverse the decades of Japanese-Russian animosity, then acting Chairman of the Supreme Soviet of Russia, Ruslan Khazbulatov, said on September 9 during a visit to Tokyo that Yeltsin “does not want the problem [of the Kurile Islands] to drag on.”<sup>5</sup> Two days later,

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3 RFE/RL Daily Report, November 13, 1991, p. 3.

4 The New York Times, September 7, 1991.

5 The Washington Post, September 10, 1991.

Yeltsin stated on Russian television that the islands should be returned quickly and not in "fifteen to twenty years."

## RELATIONS WITH OTHER REPUBLICS

The Second Russian Revolution of August 1991 transformed relations between the Yeltsin government and the other republics of the former Soviet Union. As a result of the sudden collapse of the Gorbachev-led central government in the aftermath of the coup, Russia inherited most of the military resources and police of the Soviet Union, including the huge nuclear arsenal, the 3.5 million armed forces, and the KGB. Yeltsin's image in the eyes of the non-Russian peoples of the U.S.S.R. quickly was transformed from that of a trusted comrade-in-arms in the struggle against the imperial communist "center" to a ruler of a reemergent Russian state, which for centuries was an expanding imperial power that menaced its neighbors. This called for an especially sensitive treatment of the other republics, the sort of sensitivity Yeltsin had displayed while he was in opposition to Gorbachev prior to the coup.

Such sensitivity, however, was lacking. In the exhilaration of victory after the defeat of the communist coup, the Yeltsin camp did not demonstrate the necessary statesmanship and foresight in conducting relations with the newly-independent republics. For example, Yeltsin's Press Secretary, Pavel Voshchanov, stated on August 26 that Russia intended to raise "frontier issues" with the republics of Azerbaijan, Byelorussia, Georgia, Kazakhstan, and Ukraine.<sup>6</sup> Voshchanov used the term "frontier issues" as a code phrase for redrawing the U.S.S.R.'s internal borders between the republics.

**Exacerbating Anxieties.** Gavriil Popov, the mayor of Moscow and one of Yeltsin's closest allies, further exacerbated anxieties in the neighboring republics when he proclaimed in an August 27 interview on Soviet television that the recent declarations of independence by the republics were illegal. Popov insisted that if the republics intended to secede, the question of borders would have to be discussed.<sup>7</sup> In this respect, Popov specifically referred to the Ukrainian territories of Crimea,<sup>8</sup> the Odessa area on the Black Sea, and the Dniester region in the southwest. Finally, also on August 27, in his talks with President Nursultan Nazarbayev of Kazakhstan, Yeltsin reiterated Russia's claim that it may have to redraw its borders with other republics.

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6 Yeltsin was reportedly furious that Ukraine declared independence on August 24 without consulting him first. He was also alarmed by Ukraine's intention to assume control over Soviet military assets on the Ukrainian territory, including the Black Sea Fleet.

7 In addition to Ukraine, Popov probably was referring to Byelorussia and Moldavia, which declared independence on August 25 and August 27 respectively.

8 The Crimean peninsula was part of Russia until 1954 when it was transferred by the Kremlin to Ukraine.

These statements from Moscow caused alarm and anxiety in the other republics. Most of the internal Soviet borders between the republics were arbitrarily drawn by Soviet dictator Josef Stalin. This was the case, for example, with the Central Asian republics of Kazakhstan, Kirgizia, Tadzhikistan, Turkmenia, and Uzbekistan. To call for the renegotiation of these borders, therefore, was to threaten to open a Pandora's box of territorial claims and counter-claims which quickly could escalate into violent confrontations. Worse yet, the statements by Yeltsin, his aides and allies, seemed to fit the stereotype of Russian imperialism, which for centuries drove Moscow continuously to "adjust" Russia's borders at its neighbors' expense.

**Independence-Minded Ukraine.** The greatest damage was done to Russia's relations with Ukraine, after Russia, the second most populous of the former Soviet republics. Ukraine has a huge ethnic Russian minority of 11.3 million, or roughly 22 percent of Ukraine's total population. Thus, Yeltsin has a keen interest in seeing Ukraine remain friendly and associated with Russia in some capacity. The Ukrainians, however, seem bent on independence and they fear Russian designs on Ukraine. A Ukrainian Deputy to the All-Union Supreme Soviet, Serhiy Ryabchenko, accused Russia on August 27 of "recreating imperial structures, but under different names," and he demanded that the Russian leadership retract the statement about redrawing borders.<sup>9</sup> On the same day, the leading democratic nationalist organization of Ukraine, *Rukh*, issued a statement deploring the "high-handed rejection" of Ukrainian independence by "certain newly democratized leaders of Russia." *Rukh* also accused Russia of harboring "imperial aspirations regarding one's

## 1991 RUSSIAN REPUBLIC STATISTICS

**Official Name:** Russian Soviet Federative Socialist Republic

**Capital:** Moscow

**Head of State:** President Boris Yeltsin

**Head of Government:** same

**Area:** 6,591,100 square miles, nearly twice as large as the U.S.

**Natural Resources:** huge deposits of coal (50% of world's reserves), oil, natural gas, iron ore, gold (20% of world's deposits), diamonds, copper, silver, timber (20% of world's supply), uranium, among other raw materials.

**Population:** 147,386,000; annual growth: 1.5% (1989)

**Ethnic Groups:** Russian: 82.6%, Tatar: 3.6%, Ukrainian: 2.7%, Chuvash: 1.2%, Dagestani: 1.0%, Bashkirs: 0.9%, others: 8.0%. (1989)

Source: Deutsche Bank, *The Soviet Union at the Crossroads, 1990*; and from other sources.

Heritage InfoChart

<sup>9</sup> Roman Solchanyk, "Ukraine and Russia: Before and after the Coup," *Report on the USSR*, September 27, 1991, p. 16.



neighbors.”<sup>10</sup> The Chairman of the Ukrainian Supreme Soviet, Leonid Kravchuk, warned on August 27, that “territorial claims [were] very dangerous.”<sup>11</sup>

**Fence-Mending in Kiev.** Confronted with a brewing storm, the Russian leadership belatedly launched a campaign to control the political damage caused by the statements on revising borders. On August 28, Vice President Alexandr Rutskoy, State Counsellor Sergei Stankevich and Leningrad mayor Anatoly Sobchak were dispatched by Yeltsin to Kiev, the Ukrainian capital, to mend fences. They were met by huge crowds of angry protestors. The Russian delegation in Kiev did its best to defuse the border issue by confirming, in the official communique, the “territorial integrity” of Ukraine. Sobchak called Voshchanov’s August 26 statement on the “frontier issue” a “mistake” and “unfortunate,” while Stankevich argued that the statement had no official force and that Yeltsin was not speaking for the Russian parliament.<sup>12</sup>

A month later, Yeltsin tried to restore his reputation as an ally of the republics by arranging, together with Kazakh President Nursultan Nazarbaev, peace talks between the Republics of Armenia and Azerbaijan, which effectively have been at war for over two years. Thanks to Yeltsin’s mediating efforts, Armenian President Levon Ter-Petrosian and Azerbaijani leader Ayaz Mutalibov met in the southern Russian town of Zheleznovodsk on September 23. At that meeting the Armenian and Azerbaijani leaders signed a “preliminary” agreement on the conditions for settling the conflict. Only the day before, Yeltsin had traveled to the disputed Nagorno-Karabakh region in Western Azerbaijan, where most of the fighting between Armenia and Azerbaijan was taking place, to broker a deal between the two republics. This trip broke the deadlock in the Armenia-Azerbaijan conflict, paving the way for the Zheleznovodsk agreement the next day.

## YELTSIN’S LOSS OF MOMENTUM

The Yeltsin-led democratic revolution began to lose momentum in the latter part of September. On September 24 Yeltsin left Moscow for a two-week vacation at the Black Sea resort of Sochi. This vacation was extremely ill-timed: not only did Yeltsin’s absence from Moscow slow the process of revolutionary change, but the Russian President failed to indicate to his top aides who would be left in charge. Vice President Rutskoy later claimed that he had tried to telephone Yeltsin twelve times during his vacation but did not succeed in getting through to him.

Predictably, the blurred lines of authority and the lack of direction from the top soon produced open political infighting within Yeltsin’s team, and his top lieutenants resorted to public recriminations. The acting Chairman of the Supreme

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10 *Ibid.*

11 *Ibid.*

12 *Ibid.*, p. 17.

Soviet of Russia, Ruslan Khazbulatov, for example, on October 5 accused State Secretary Gennady Burbulis and State Counselor Sergei Shakhrai of incompetence and demanded that they resign.<sup>13</sup> On October 10, Vice President Ruts koy lambasted the chief of the Russian KGB, Viktor Ivanenko, calling him "lazy," "incompetent," and "a danger to the state."<sup>14</sup> State Counselor Sergei Stankevich was quoted on October 2 by *The Philadelphia Inquirer* as saying that he was frustrated with Yeltsin's inability to organize the Russian government and was prepared to resign.

Yeltsin's ill-timed vacation also damaged his personal authority. It was rumored that he was working on a book about the August 19-August 21 coup for a Western publisher. Whether or not the rumor is true, the perception began to spread in Russia that fame abroad was more important to Yeltsin than the plight of his nation. Russian Supreme Soviet Deputy Anatoly Greshnevikov said in the October 11 *Washington Post* that, while Yeltsin's book undoubtedly was an interesting one, it "was not what people expected from him" at the time.

Although Yeltsin's reputation suffered, the most damaging result of his absence from Moscow was the loss of revolutionary momentum. At a time when Russia faced its most difficult political and economic choices since the abdication of the Tzar in 1917, Yeltsin's puzzling lapse in leadership left a disquieting sense of drift and indecisiveness.

## YELTSIN'S ECONOMIC REFORM

When he returned from Sochi on October 10, Yeltsin badly needed to make up for lost time and to get Russia moving again. He accomplished this with his historic October 28 address to the Congress of People's Deputies of Russia, in which he outlined a program for radical free market reform. The key planks of Yeltsin's reform included:

### ◆ Price Liberalization

Yeltsin calls the "unfreezing of prices" the "most painful measure" the Russian people will have to undergo. Nevertheless, he insists that without price liberalization "all the talk about reforms and market are empty blabber."<sup>15</sup> Says Yeltsin: "No government bureaucrat can invent prices that are more just [than ones created by market]. The experience of world civilization shows that only the market can solve this problem."<sup>16</sup>

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13 *RFE/RL Daily Report*, October 7, 1991, p. 2.

14 *RFE/RL Daily Report*, October 11, 1991, p. 2.

15 *TASS*, October 28, 1991. All quotations in this section are from this source.

16 Yeltsin's top advisor on economic reform, Egor Gaidar, later stipulated that the government will continue to "regulate" prices of bread, milk and salt (*Pravda*, November 11, 1991).

### ◆ Privatization

The Russian President emphasizes "small-scale" privatization as a key element of his program. State-owned small and medium enterprises involved in services, trade, industry, and transportation will be privatized. Yeltsin insists that there is "a real possibility" to privatize up to 10,000 such enterprises, or 50 percent of the total number in Russia, within three months. Once the process begins, Yeltsin promises that a law will be passed to assure that privatization of individual enterprises takes no longer than five days. The state agencies in whose jurisdiction enterprises are located will be ordered to lease them to their workers. If the workers refuse to lease them, the enterprises will be auctioned to the public.

Privatization of large industrial enterprises will take longer. In the next several months shares of large-scale enterprises will be divided between the state and the workers. The state's shares then will be sold to anyone wishing to buy them at the market price. Adds Yeltsin: "The main thing is a quick separation of [large] enterprises from the state."

### ◆ Private Farming

Although Russia already has nearly 30,000 "personally owned" farms, Russian agriculture continues to be dominated by state-owned or state-subsidized collective farms. Even when private farming was legally permitted in 1989, the communist authorities in the countryside discriminated against private farmers, denying them adequate land and equipment. Yeltsin hopes to change this with his agricultural privatization program. Yeltsin has earmarked 6.5 billion rubles for the purchase of tractors, trucks, and other machinery for farmers in the next few months. During the same period, Russia will buy \$100 million worth of agricultural equipment from abroad. The Yeltsin program requires the "transfer" of land belonging to unprofitable collective farms to local peasants or anyone else willing to work the land. Finally, Yeltsin promises to introduce legislation in the Russian Supreme Soviet to allow the buying and selling of land—a measure that a majority of Russian legislators so far has rejected.

### ◆ State Budget Reductions

Yeltsin plans to cut the budgets of unprofitable state enterprises and government bureaucracies. Russia stopped financing up to 70 Soviet ministries and agencies on November 1. In addition, Yeltsin will terminate the Russian contribution to "all aid and credits" made by the Soviet Union to foreign countries. The Russian President also calls upon the Russian parliament to refrain from approving expenditures for which "there are no real sources of financing." All these measures are designed to eliminate the budget deficit by the end of 1992 and to lower the rate of inflation, which is now estimated to be 2 percent to 3 percent a week.

### ◆ Banking Reform and Creating a Viable Currency

Yeltsin promises soon to prepare a "packet of measures" to curb the "uncontrolled emission of banknotes and credits" that cause hyperinflation. Unless Russia and the former Soviet republics reach an agreement on establishing a new interstate bank, Yeltsin warns that Russia will establish its own control over the

printing of rubles and even may create a new Russian currency. His plan also includes creating a Russian hard currency reserve to strengthen the ruble.

On November 16 and 17, Yeltsin began to take steps toward creating a convertible ruble that can be exchanged for foreign "hard" currencies. He issued a set of presidential decrees lifting state control over hard currency transactions, allowing the value of ruble to be set by the market, rather than by the government. Both enterprises and private citizens inside Russia will be able to buy and sell rubles for hard currency. The decree takes effect on January 1, 1992.

#### ◆ **Help for the Disadvantaged**

According to Yeltsin, 55 percent of families in Russia live below the official poverty line. While a year ago this was 120 rubles a month, it is close to 200 rubles today. Rather than mandating that salaries be raised to keep up with inflation—a process called wage indexation—Yeltsin in his October 28 program proposes instead to create a system of "social protection" for the poor through food stamps, soup kitchens, and access to subsidized goods. At the same time, Yeltsin admits that the Russian government will not be able "to protect everyone" and claims "the development of business" and the creation of new jobs are the keys to raising the standard of living. He says: "The main condition for the social protection of the population lies not so much in redistribution of what we have but in the speediest revival of production. It is on this road that we will find the salvation of the economy of Russia."

#### ◆ **Relations with other Republics**

Trying to repair the political damage caused by his statements about revising borders, Yeltsin goes out of his way in the October 28 program to allay the fears of Russia's neighbors. In the preamble to the program, he states that "the reforms in Russia paved the way to a democracy not an empire" and that "Russia would not allow an emergence of another center that would stand over the sovereign states."

Yeltsin also insists that Russia will introduce its own banking system and currency only if it fails to secure an agreement with the other republics on a "common ruble zone," which would make the ruble the dominant currency throughout the former U.S.S.R. The Russian President is equally circumspect on another sensitive political issue: the creation of Russian armed forces. Yeltsin says he prefers a "united armed forces of the commonwealth of the sovereign states under a single command." Russia would establish its own armed forces only if other republics proceeded with the creation of national armies. Adds Yeltsin: "This, however, is not our choice."

Likewise, in his discussion of the status of ethnic Russians living in other republics, Yeltsin carefully avoids mentioning the need for "frontier adjustments," which earlier alarmed the republics bordering on Russia, especially Ukraine and Kazakhstan. Instead, the President claims he prefers to protect the Russian minorities in other republics by negotiating with them. Says Yeltsin: "We have an adequate opportunity to solve these problems on a legal, democratic basis."

Claiming that the depth of the crisis called for urgent measures, Yeltsin in his October 28 address requested that the Russian Supreme Soviet grant him emergency powers to reform the economy. He also asked that he be allowed to serve as his own prime minister, which would make him not only head of state, but in charge of the government. Rather than a grab for personal power, this should be interpreted as a willingness on Yeltsin's part to assume full responsibility for his program. This is a sign not of authoritarianism, but of political courage. The Russian legislature on November 1 granted his request by an overwhelming margin.

Except for the November 16 and 17 decrees on currency reforms, the October 28 program remains a plan only, awaiting concrete laws and decrees. Yeltsin will probably begin taking such steps on January 1, 1992. Although not much has happened yet, the October 28 program still is a bold plan. After five and a half years of Gorbachev's half-measures it gives Russians a sense of direction and is building the confidence of the fledgling Russian private sector.

## THE NATIONALITY CHALLENGE TO YELTSIN

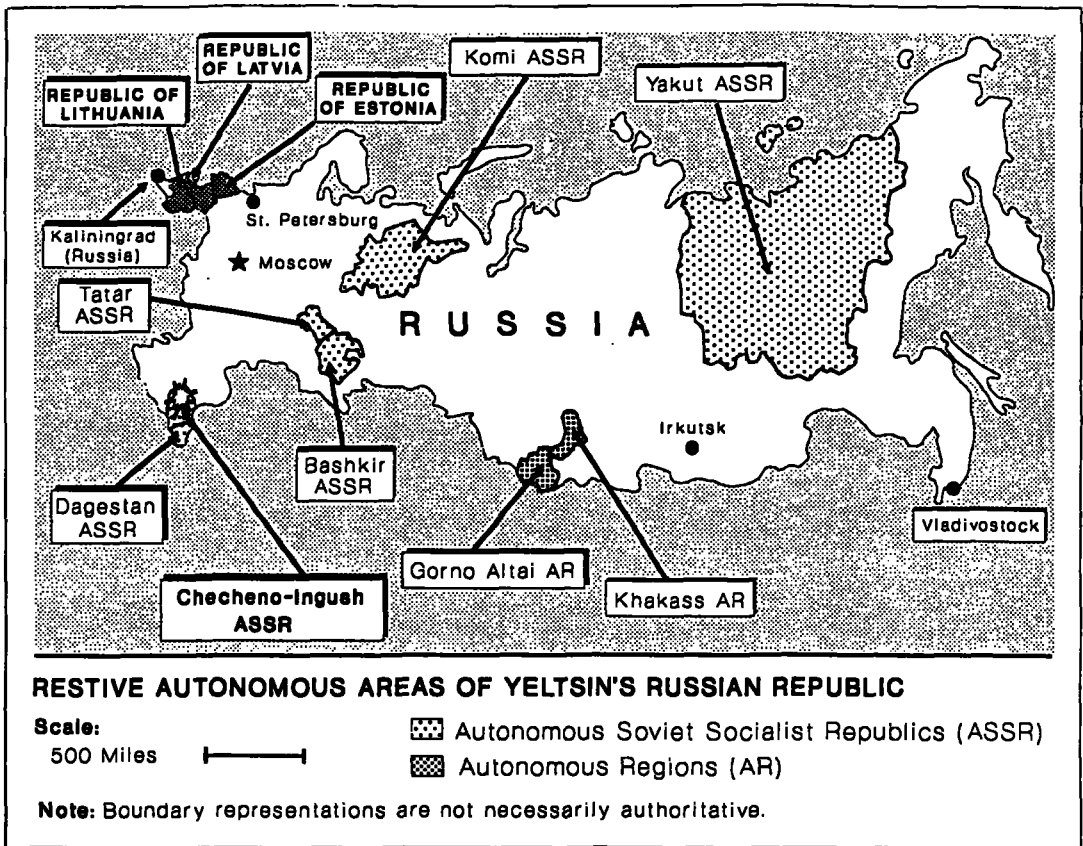
Along with the economic crisis, a major challenge to Yeltsin and nascent Russian democracy arises from the demands for independence from non-Russian nationalities inside the Russian Republic.<sup>17</sup> Yeltsin's reaction to the calls for independence from the Checheno-Ingush Autonomous Republic in southeastern Russia, precipitated perhaps the most serious crisis of his first 100 days in power.

Conquered by Russia after a protracted and bloody struggle in the 19th century, the Muslim Chechens and Ingush were deported by Stalin to Central Asia in 1944 and allowed to return to their native land only in 1957. Today the population of the Checheno-Ingush Autonomous Republic is 1, 277,000, of which 48 percent are Chechens, 26 percent are ethnic Russians, 11 percent Ingush, and 15 percent other nationalities. The Chechens live predominantly in the eastern part of the republic, while the Ingush are settled mostly in its western part. On October 5, 1991, the nationalist organization the National Congress of the Chechen People seized the key government buildings and declared itself the supreme power in the Chechen part of the republic, which includes the capital, Grozny. In the October 27 elections, called by the Congress, General Dzhokhar Dudaev was elected the Chechen President by 85 percent of the Chechens. The Chechens declared their republic's independence on November 2.

**Emergency Decree.** Dismissing the elections as "illegal" and accusing the Dudaev supporters of "stirring up mass unrest through the use of violence," Yeltsin decreed a state of emergency in the Autonomous Republic on November 8. The decree banned all meetings and demonstrations and ordered the confisca-

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17 There are sixteen so-called "Autonomous Republics" on the territory of Russia and fifteen smaller "Autonomous Regions."



tion of firearms. Two days later, the Russian President sent 630 special riot-control Ministry of Internal Affairs troops to enforce the decree.

The Chechens responded with defiance. Dudaev called upon all men from ages 15 to 55 to come to the defense of the Republic, resulting in an army of 62,000 volunteers. At the same time, neighboring Georgia and Azerbaijan declared their support for the Chechens. Dudaev's supporters surrounded the troops at the airport and destroyed railroads leading to the capital to prevent more Russian troops from arriving. On November 11, the Ministry of Internal Affairs troops withdrew. The Russian parliament dealt another blow to Yeltsin's authority by voting overwhelmingly on the same day to annul Yeltsin's emergency decree. The parliament also decided to begin an investigation "to bring to light people responsible for the insufficiently prepared political and military-technical decisions" that led to the November 8 state of emergency decree.

## THE U.S. AND YELTSIN'S RUSSIA

Russia today faces a fundamental choice—one that it has not seen since the 1917 February Revolution. The country not only has to choose between a productive free-market economy and the moribund command economy, but between democracy and back-sliding toward authoritarian rule. As Yeltsin asserted in his October 28 speech, this is "one of the most critical moments of Russian history, [when] it is being decided what Russia will be in years and decades to come."

**People's Trust.** Yeltsin is the first democratically elected leader in Russia's 1,000 years of existence. Because of his personal courage and opposition to Gorbachev's regime, Yeltsin more than any other political leader in Russia today possesses one political asset without which any radical economic and political reform would be doomed: the people's trust. Whatever his errors, Yeltsin is likely to remain Russia's, and the West's, best hope for a peaceful transition to a stable free market democracy.

If Yeltsin does not succeed in leading Russia through this transition, no one will do so any time soon. If he succeeds, the result is likely to be a peaceful, democratic and economically viable Russia that would not pose a threat to its neighbors or to America's interests. If he fails, the most likely result will be grinding poverty for the majority of the Russian people and, possibly, the coming to power of an authoritarian nationalist regime, which once again will make Russia a menace to its neighbors, the U.S., and world peace.

The Bush Administration must adjust to the new reality in the Soviet Union. The central government of Gorbachev becomes more impotent every day, while the republics are fast becoming the only governments that command authority from the people and the state institutions. Thus, Bush must begin to deal more with the increasingly independent Russia which Yeltsin leads. After Yeltsin's October 28 speech, U.S. diplomatic, political, and economic support for Yeltsin means a U.S. endorsement of Russian democracy and free market economic reforms.

**Practical Guidance.** This support should not be unconditional. Like Russia, Yeltsin will need considerable practical guidance and even constructive criticism. For example, the Checheno-Ingush episode demonstrates that Yeltsin will overreact when confronted with a troublesome nationalist challenge to the integrity of the Russian Republic. This is the same behavior for which Yeltsin, while in opposition, so effectively criticized Gorbachev. The Chechen-Ingush crisis shows that Yeltsin has not yet adjusted fully to the limitations of power that democracy imposes on political leaders.

Yet Yeltsin can learn from his mistakes. After all, he transformed himself from a Communist Party boss to the leader of Russia's first democratic revolution. The Bush Administration should not be afraid to criticize the Russian leader, provided that it is not personally offensive, as it was in the past, when unnamed "senior administration officials" told the U.S. media that Yeltsin was "uncouth," "unstable," "boorish," or "authoritarian."

Before the coup, the Bush Administration may have been partly justified in preferring to deal with Gorbachev rather than Yeltsin. At that time, Gorbachev controlled the Soviet armed forces and his cooperation was needed not only to reach arms control agreements, but for the Soviet army to withdraw from Eastern Europe. The situation is radically different today. Gorbachev and his "center" matter much less than before August 19—even in such national security matters as arms control and defense. At the same time, Russia is emerging as the largest Eurasian state and a military superpower in its own right.

A basic rule in international relations is that if a nation refuses to get involved, it will lose influence. U.S. engagement with Russia and the influence it would bring with it is more important today than ever before. The reason: Although the fate of Russia will be decided by the Russians themselves, the U.S. can help Yeltsin stay on course with his democratic and free market reforms. To do this, the Bush Administration should:

◆◆ **Invite Yeltsin to make his first official state visit to the U.S.**

Yeltsin has visited the United States twice. On his first trip to the U.S. in September 1989, he came as a private citizen because he did not have an official invitation from the U.S. government. This was in spite of the fact that Yeltsin was a recognized leader of the democratic opposition to Gorbachev and one of the Co-Chairmen of the Inter-Regional Group in the Congress of People Deputies of the U.S.S.R., the principal democratic organization in the Soviet Union at the time. Reportedly afraid to offend Gorbachev, the White House snubbed Yeltsin and rejected his request for an official meeting with Bush. Instead Bush dropped by the office of National Security Advisor Brent Scowcroft for a few minutes to greet Yeltsin.

Even when Yeltsin became the first popularly elected chief executive in Russian history on June 13, 1991, the White House again refused to extend an invitation for a state visit. Instead, the Russian President arrived on June 18 at the invitation of Senate Majority Leader George Mitchell and the Senate Minority Leader Robert Dole. Although this time Yeltsin was received by Bush in the White House, this did not make up for the absence of an official invitation from the President.

Such an invitation is long overdue. A state visit by Yeltsin would signal the Bush Administration's acceptance of an independent democratic Russia and its leader. A White House invitation now would be especially helpful as Yeltsin prepares to press forward with difficult economic reforms. A state visit would offer a public and official endorsement of the Russian economic and political revolution unleashed by Yeltsin. Given the immense moral authority of the U.S. in the eyes of millions of Russians, an official state visit would go a long way toward popular acceptance of Yeltsin's policies.

◆◆ **Urge Congress to invite Yeltsin to address a joint session of Congress.**

An invitation to address a joint session of Congress must come from the Speaker of the House of Representatives after a consultation with the Senate and the White House. In the last two years, Congress thus has honored three leaders of victorious anti-Communist revolutions: Lech Walesa of Poland on November 15, 1989, Vaclav Havel of Czechoslovakia on February 21, 1990, and Violeta Chamorro of Nicaragua on April 16, 1990. A de-facto leader of the democratic opposition to Gorbachev since 1989, Yeltsin played the key role in the defeat of the hardline communist coup of August 19-August 21 and today he is the leader of the democratic revolution that followed. He undoubtedly deserves to address a joint session of Congress. Such an invitation would underscore to Russia and the



world that not only the U.S. government but the American people support the revolutionary changes spearheaded by Yeltsin.

◆◆ **Create a U.S-Russian Consultative Commission on Arms Control.**

As the heir to all Soviet nuclear weapons and most conventional forces, Russia becomes a party to all arms control agreements between the Soviet Union and the U.S. and its allies. Unless Russia approves, the Gorbachev-led Soviet government is in no position to comply with existing agreements or to negotiate any new ones, such as the Defense and Space Talks concerning missile defenses. The Bush Administration should recognize the new reality of Russia's paramount role in arms control and create a U.S.-Russian Consultative Commission on Arms Control. This would serve as a forum in which the Russian leadership could be briefed on the status of the existing arms control agreements and compliance issues. It could also be used to explore new U.S.-Russian arms control initiatives.

To prepare for the first session of the Commission, U.S. Ambassador to the Soviet Union Robert Strauss should begin consultations with top Russian national security policy makers. They include: Deputy Prime Minister and State Secretary Gennady Burbulis who oversees the Russian Foreign Ministry, Armed Forces, and the KGB; Russian Foreign Minister Andrey Kozyrev; State Counsellor for Defense General Konstantin Kobets; Chairman of the Russian Republic Defense Committee General Pavel Grachev; Deputy Chairman of Russian Republic Defense Committee Vitaly Shlykov; Chairman of the Committee on International Relations of the Russian Supreme Soviet Vladimir Lukin; and Chairman of the Committee on Defense and Security of the Russia Super Soviet Sergei Stepashin.

◆◆ **Open direct negotiations with Russia on economic, trade, and cultural cooperation.**

As the central government of the U.S.S.R. loses political and economic power to the newly-independent republics, the control of the "center" over Soviet foreign policy is bound to diminish. Reflecting this process, former Soviet Foreign Minister Andrei Pankin stated on November 15 that the republics, and not his Ministry, should be handling their own economic, cultural, scientific and humanitarian relations with the outside world.<sup>18</sup> Although Pankin was replaced on November 19 by Eduard Shevardnadze, who resigned as Foreign Minister in December 1990, it is doubtful that Shevardnadze will be willing, or able, to change this aspect of his predecessor's policy.

The Bush Administration should respond to the logic of events in the former Soviet Union by gradually shifting the entire range of negotiations on non-military matters to the republics. The need to do this was underscored by the Bush Administration's November 18 decision to channel most of the \$1.5 billion in economic assistance directly to the republics. While the Administration should

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18 *The New York Times*, November 16, 1991.

begin direct negotiations on economic, trade and cultural cooperation with all of the former Soviet republics, Russia, which is the largest and most populous of the republics, is the logical place to start.

◆◆ **Establish a U.S. consulate in Moscow accredited to Russia.**

Russia already has made the first step toward achieving diplomatic representation in the U.S. On November 20, the Russian government announced that Deputy Foreign Minister Andrei Kolosovsky would represent Russia in Washington. He will serve as Minister-Counselor in the Soviet Embassy in Washington, which is the second highest ranking position in the Embassy.

Until now, whenever American officials wished to consult with the Russian leadership, it was done by diplomats in the U.S. Embassy in Moscow. The problem is that the U.S. Embassy there is accredited to the Soviet Union, not Russia. For that reason it soon may become obsolete as a channel for direct U.S.-Russian consultations and negotiations.

To accommodate the rapidly increasing volume of direct U.S.-Russian diplomatic contacts and to signal the recognition of Russia's growing diplomatic independence, the U.S. should open in Moscow a consulate accredited to Russia. In addition to facilitating direct negotiations and consultations with Russia, this would be a first step toward establishing a full-scale diplomatic representation in Russia in the form of an embassy.

## CONCLUSION

Russia stands at an historical crossroad. As Yeltsin said on October 28:

Today we need to make a decisive choice....Your President has made such a choice. This is the most important decision of my life. I have never looked for easy roads but I can see quite clearly that the next months will be the most difficult in my life. If I have your support and trust, I am prepared to travel this road with you to the very end.

If Yeltsin succeeds, and if he lives up to the standard of heroism and steadfastness set during the August 19-21 resistance to the communist coup, he may enter history as the founding father of Russian democracy. But he will need all the help he can get to achieve that goal. Provided the Russian President does not waiver from the course he outlined on October 28, the U.S. should try to help him along the difficult path to a peaceful, democratic and prosperous Russia.

**Chance for Free Market and Democracy.** To encourage the growth of free market, and democratic institutions in Russia, the Bush Administration should invite Yeltsin to make an official state visit to the U.S., arranging as well for an address to a joint session of Congress. The U.S. also should not only open direct negotiations with Russia on economic trade and cultural cooperation, but establish a special arms control commission where American and Russian negotiators

can discuss disarmament. Finally, to signal the growing recognition of Russia's new power, the U.S. should open in Moscow a consulate accredited to Russia.

This may be the only chance for free markets and democracy to emerge in Russia soon. The U.S. should do what it can to ensure that this opportunity is not missed.

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