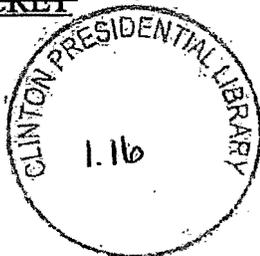


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Friday, January 24, 1997

MEMORANDUM FOR: THE PRESIDENT AND THE VICE PRESIDENT

FROM: STROBE TALBOTT and LEON FUERTH

SUBJECT: Next Steps with Russia

Working the Problem in Moscow. Three days of intensive discussions with the Russian leadership have clarified our sense of how you both can use your upcoming encounters with Chernomyrdin and Yeltsin to achieve a breakthrough in U.S.-Russian and NATO-Russia relations before the Alliance invites new members to join at the Madrid Summit in July.

Achieving your goal of reconciling the enlargement of NATO with the integration of Russia will be difficult. It will depend in large measure on the Russians' being able to meet us halfway. It will require keeping our Allies steady on the timetable for Madrid, come what may on the Russia track. Yeltsin's uncertain health is a troublesome and unpredictable factor. Nonetheless, we return home from our mission somewhat more optimistic about the prospects for success.

You asked us to probe the Russians' bottom line, to make sure they understand what we can and can't do, and to engage in joint brainstorming on possible solutions to the tough issues that are stymieing Russia's advance and hindering our efforts to help them along the way. Our discussions with Chernomyrdin, Presidential Chief of Staff Chubais, Foreign Minister Primakov and Defense Minister Rodionov were in that spirit. We were accompanied by a team from the NSC, State, the Pentagon, Treasury and ACDA. Our colleagues engaged in detailed, focused, non-polemical working sessions with their counterparts in the Russian government.*

Our conclusion is that, after three years of fighting the problem of NATO, the Russians may finally be prepared to join us in solving it. That is partly because they seem to have realized that despite their opposition to enlargement and their best efforts to derail

* We are providing copies of this memorandum to Secretaries Albright and Cohen, whose counterparts, Primakov and Rodionov, are eager to pick up where Chris and Bill Perry left off in December. Secretary Albright tentatively plans to meet with Primakov in about three weeks. That meeting will build on the Gore-Chernomyrdin Commission in setting the stage for the Presidential meeting in March.

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the process, Madrid is a fixed point on the horizon — and on the calendar — and they must navigate accordingly.

From the Russians' perspective, what will happen in Madrid remains a thoroughly ugly fact. It frightens and angers them. But they are no longer devoting quite so much energy to trying to talk us out of enlargement, or to split us from our Allies. Nor are they quite so baldly threatening to restart the Cold War in retaliation for enlargement. Instead, they seem willing to accept the proposition that preserving strong U.S.-Russian ties and building a cooperative NATO-Russia relationship are of transcendent importance. They are groping for a way to insulate those relationships from what they see as the negatives of enlargement, particularly the fallout and backlash on their own home front.

The Russians also seem to accept, in its broadest form, our concept of a solution — the one we discussed in the Cabinet Room on January 16 when you gave us our guidance for this trip. They indicate that they're now willing to use the next couple of months to work out — first bilaterally, then on a NATO-Russia basis — a cluster of understandings on European security arrangements, political relations, arms control and economic cooperation that will address Russia's legitimate military concerns and also serve to anchor a reforming Russia in the community of democracies.

The devil, however, is not just in the details — it's in the fundamentals. Several of Yeltsin's advisers, including both Primakov and Rodionov, want to ban NATO from being able to move *any* troops or equipment (not to mention nukes) into Central Europe, and they want to write that ban into a legally binding agreement requiring parliamentary ratification. We feel we had some success in impressing upon them the absolute impossibility of those proposals. But we've got hard slogging ahead of us on both those points, and numerous other ones beside.

We suspect that if final decisions were in Primakov's and Rodionov's hands, we would not succeed in coming to closure on a NATO-Russia deal between now and July (or perhaps ever); we'd spend the next six months haggling, in vain, over the juridical status and the small print of the deal. But fortunately, Yeltsin and Chernomyrdin are now directly engaged on these issues. (While Yeltsin's engagement is severely limited for medical reasons, Chernomyrdin confirmed that he has a mandate to work the entire agenda.) The Russian President and Prime Minister don't care so much about the details. What they do care about — and we heard this quite explicitly from Chernomyrdin himself as well as from Chubais — is that they be able credibly to claim to their own people this spring that they have defended Russia's security and honor in the face of a looming development that their domestic political adversaries will characterize as a defeat and a humiliation. NATO enlargement presents Yeltsin and Chernomyrdin — two politicians who have had to struggle for survival against single-digit ratings — with a specter that is ostensibly military but that is really political: as the NATO Summit in Madrid draws closer, Zyuganov and Zhirinovskiy will accuse the

President and Prime Minister of having allowed the armor and missiles of a potential enemy to move within striking distance of the Motherland.[†]

To cope with this problem, the Russians are looking for counterbalancing facts. Specifically, they are hoping for favorable developments in the following areas:

European Security. The Russians seek a set of understandings that they can point to as, cumulatively, more positive than NATO enlargement is, from their standpoint, negative. They need, in other words, to be able to change the subject in their domestic debate. When their opponents say, "What about NATO enlargement? How could you let this happen?," Yeltsin and Chernomyrdin need to be able to say, "Look at what we've accomplished in the following half dozen ways so that Russia is safer and more influential."

Our challenge is to hammer out with them measures — and here the devil *is* in the details — that give them something they can declare as a victory but that also protect and advance our interests, along with those of our Allies and those of the Central Europeans and the non-Russian former Soviet republics, whose independence and democratic aspirations are, for us, nothing less than a sacred trust. We outlined to the Russians our ideas about how to craft a positive NATO-Russia relationship; we have come home with some specific thoughts on how we might move forward in CFE and elsewhere, and we will be pressing ahead to refine these in coming days.

The Diplomatic Spotlight. The Russian leaders say they need — and Yeltsin personally needs — to be perceived as playing a central, decisive role in resolving the larger question of Europe's future.

This is where summitry comes in, both bilateral and multilateral. Virtually everyone we saw made the point that Russia attaches unique importance to its relations with the U.S.; indeed, that Russia's relations with the U.S. are more important than its relations with any other country or with NATO as a whole.

That's good. It translates into leverage. It means that, for all our differences, we and the Russians agree that the crucial meeting in the busy, suspenseful months ahead is the one in March with you, Mr. President. If there is to be a NATO-Russia deal, its main ingredients will have to be cooked there.

But they say they need more than that. They need a diplomatic spectacular — a Big Five — along the lines of what Kohl and Chirac are pushing. We believe that you adopted exactly the right position on that subject when we met January 16: we register

[†] One of the more interesting comments we heard (and there were plenty!) came from Chubais, the boldest and most pro-Western reformer at the top of the Kremlin hierarchy. When asked why, in contrast to Zhirinovskiy and Zyuganov, Lebed — the most popular figure in Russian politics — was taking a milder, or at least more ambivalent position on NATO enlargement, Chubais said: "Precisely because Lebed is so popular, he can afford to be more relaxed." Translation: Yeltsin is not popular enough to be relaxed on this subject.

our doubts, but we don't slam the door on the possibility. We revisit the question after we see how the March meeting goes.

In parallel with our efforts to get the Euro-security question right, we have the opportunity to push forward on some key bilateral issues, including START and our economic interaction. We should not take these steps as "compensation" for Russia's tacit acceptance of enlargement. Progress on strategic arms control and economics is important in its own right. At the same time, such progress, if we can achieve it, can contribute to a more positive Russian mindset.

START. Maintaining a START II force will further strain the Russian economy. Moreover, currently anticipated levels of nuclear weaponry connote to the Russians (and to others) a level of warfighting potential inconsistent with the realities and policies of the post-Cold War era.

We return from Moscow with a sense that there may be steps we can take to increase the Yeltsin-Chernomyrdin government's readiness to push for START II ratification and get on with START III. We will be working hard on this set of issues in the run-up to the GCC.

Economic Engagement and Integration. With tremendous effort and great political courage, the Yeltsin-Chernomyrdin team has gotten inflation under control and done a good job of managing macroeconomics far better than we might have reasonably imagined three years ago. They now fully recognize that Russia's fate depends on investment and economic growth.

Unfortunately, the judgment of the experts on our team is that there's neither a quarterback nor a gameplan for economic growth. Chernomyrdin appears to have been consumed by the task of organizing and securing political support for financial discipline by fighting the day-to-day battles of making ends meet in Russia's revenue-starved budget. Neither he nor any member of his team appears to be leading the way toward growth. We should not underestimate Chernomyrdin, but it is not clear that he realizes the gravity of the problem. On this subject (as on others), we believe he will listen to you, Mr. Vice President, more attentively than to anyone else.

We also believe we must intensify our attempt to provide a psychological setting that rewards Russian progress to date and enhances Yeltsin's and Chernomyrdin's stature in the eyes of the world community. This means stepping up efforts to help guide the Russians into world organizations such as the WTO, and it includes the extremely potent symbolic step of Russia's permanent graduation from Jackson-Vanik.

Your very willingness to keep engaging Yeltsin and Chernomyrdin on economics is an important stimulus that should help them to rise above the short-term political exigencies of their budgetary battles and to formulate a vision for growth that will lock in Russia's economic prosperity.

Next Steps. We have laid out here an ambitious and complicated agenda. It faces numerous obstacles, many deeply embedded on the Russian side. While somewhat more hopeful than we were a week ago, we must recognize that in the end, we may not

be able to get to "yes" with the Russians. Yeltsin's health and the disorganization that was once again so apparent to us in his government may preclude the breakthroughs we're looking for. But we should still do all we can to work the problem; we must satisfy ourselves and our Allies that we've made every effort.

Our team will be working hard in the coming days to make sure that you have at your disposal the widest array of options.[‡] We are not prejudging what use you should make of the measures and initiatives that we'll be putting before you. Those judgments should await the GCC.

But your own personal involvement in the period immediately ahead will be crucial. For example, Mr. President, we urge that you be in direct contact with Chirac, Kohl and Major to keep them in lock-step with us on the diplomatic calendar and to press them to press their own bureaucracies to be more imaginative in CFE.

We suggest that you, Mr. Vice President, write a letter to Chernomyrdin as quickly as possible, laying out in broad terms a summary of the whole set of proposals we've made to date, together with our argumentation for each and our overall strategic vision. That will give him a chance to ponder our current position in our terms rather than seeing it refracted through his own bureaucracy (which includes a number of figures — some of whom we dealt with this week — who don't particularly want to get to "yes"). Then, depending on Chernomyrdin's posture when he comes to Washington, we can decide whether, in what combination, and in what sequence to employ the ideas we refined in Moscow this week and the options that we'll be generating through our own interagency process.

[‡] We will have separate reports on security, arms-control and economic issues ready for you at the beginning of the week.