This is not a textual record. This is used as an administrative marker by the Clinton Presidential Library Staff.

Folder Title: Russia

Staff Office-Individual: Speechwriting-Widmer, Edward

Original OA/ID Number: 2191

Row: 48  Section: 6  Shelf: 8  Position: 1  Stack: V
<table>
<thead>
<tr>
<th>DOCUMENT NO. AND TYPE</th>
<th>SUBJECT/TITLE</th>
<th>DATE</th>
<th>RESTRICTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>001. memo</td>
<td>Madeleine Albright to POTUS; re: Your Trip to Moscow, September 1-2, 1998 (3 pages)</td>
<td>08/15/1998</td>
<td>P1/b(1), P5</td>
</tr>
<tr>
<td>002. email</td>
<td>Donald Bandler to William Courtney; re: Managing Russia Issues in the Weeks Ahead (2 pages)</td>
<td>01/29/1998</td>
<td>P1/b(1), P5</td>
</tr>
<tr>
<td>003. memo</td>
<td>Lawrence H. Summers to POTUS; re: Core Themes for Ongoing United States Engagement with Russia (2 pages)</td>
<td>09/09/1999</td>
<td>P5</td>
</tr>
</tbody>
</table>

COLLECTION:
Clinton Presidential Records
National Security Council
Ted Widmer (Speechwriting)
OA/Box Number: 2191

FOLDER TITLE:
Russia

RESTRICTION CODES

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

<table>
<thead>
<tr>
<th>RESTRICTION CODE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>P1</td>
<td>National Security Classified Information [(a)(1) of the PRA]</td>
</tr>
<tr>
<td>P2</td>
<td>Relating to the appointment to Federal office [(a)(2) of the PRA]</td>
</tr>
<tr>
<td>P3</td>
<td>Release would violate a Federal statute [(a)(3) of the PRA]</td>
</tr>
<tr>
<td>P4</td>
<td>Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]</td>
</tr>
<tr>
<td>P5</td>
<td>Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]</td>
</tr>
<tr>
<td>P6</td>
<td>Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]</td>
</tr>
</tbody>
</table>

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

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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

<table>
<thead>
<tr>
<th>RESTRICTION CODE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>b(1)</td>
<td>National security classified information [(b)(1) of the FOIA]</td>
</tr>
<tr>
<td>b(2)</td>
<td>Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]</td>
</tr>
<tr>
<td>b(3)</td>
<td>Release would violate a Federal statute [(b)(3) of the FOIA]</td>
</tr>
<tr>
<td>b(4)</td>
<td>Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]</td>
</tr>
<tr>
<td>b(6)</td>
<td>Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]</td>
</tr>
<tr>
<td>b(7)</td>
<td>Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]</td>
</tr>
<tr>
<td>b(8)</td>
<td>Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]</td>
</tr>
<tr>
<td>b(9)</td>
<td>Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]</td>
</tr>
<tr>
<td>DOCUMENT NO. AND TYPE</td>
<td>SUBJECT/TITLE</td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>001. memo</td>
<td>Madeleine Albright to POTUS; re: Your Trip to Moscow, September 1-2, 1998 (3 pages)</td>
</tr>
</tbody>
</table>

**COLLECTION:**
- Clinton Presidential Records
- National Security Council
- Ted Widmer (Speechwriting)
- OA/Box Number: 2191

**FOLDER TITLE:**
- Russia

**RESTRICTION CODES**

**Presidential Records Act -[44 U.S.C. 2204(a)]**
- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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

**PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).**

**RR. Document will be reviewed upon request.**

**Freedom of Information Act -[5 U.S.C. 552(b)]**
- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]
Thank you, Ash [Carter], for that introduction and for the invitation to be with you at the start of this timely and important conference. Thanks also for the privilege of serving with you during the first term. You were a terrific colleague and traveling companion, including on some memorable visits to Kiev.

Let me also acknowledge a number of friends here, especially on the Ukrainian side. It's always good to see Ambassador [Yuriy] Shcherbak, who frequently comes to my office at the State Department to set me in the right direction. I listen to him with respect and admiration, and I try to do what he tells me to. I'm not sure I always succeed.

I also particularly want to single out my counterpart in the Ministry of Foreign Affairs, Anton Buteyko, and Ambassador Boris Tarasyuk, who has so ably represented Ukraine in Brussels. Anton, Boris, and I have logged many hours together, especially back in 1993, when, in earlier jobs, we worked together on what became the Trilateral Accord. Ukraine is lucky to have diplomats of their intellect, skill, and, I might add, tenacity. The United States is lucky, too, because it's in our interest that Ukraine itself be tenacious in the consolidation of its independence and its security.

Before going any further, let me convey to all of you greetings from Secretary Albright. She is today briefly back in Washington between trips, and she asked me this morning to stress the significance that she attaches to the issues you'll be discussing over the next 2 days. It was almost exactly a month ago that the Secretary was in Kiev for what she regarded as a highly productive visit. She believes that the
partnership between NATO and Ukraine is vitally important to our effort to help build a Europe that is whole and free, prosperous, and at peace for the first time in its history.

The means for achieving that goal, as we see it, are largely institutional -- or, as is often said, architectural. The task of constructing a new Europe requires us to adapt existing structures where possible and to build new ones where necessary. The size, scope, job descriptions, and membership lists of these institutions are different, but their missions and their compositions are often overlapping. In some key respects, they are mutually reinforcing. Together, they make up the superstructure of the new Europe.

NATO has a unique role to play in this overall scheme because it alone has military muscle. As we've seen, that particular form of strength is still necessary in post-Cold War Europe. From Bosnia, Croatia, Albania, and Kosovo in the Balkans to Chechnya, Nagorno-Karabakh, Abkhazia and South Ossetia in the Caucasus, more Europeans have died violently in the last 5 years than in the previous 45.

Had it not been for NATO's exertion of force in 1995, Bosnia today would still be at war. And, of course, NATO has not acted alone. The Implementation and Stabilization Forces in Bosnia have drawn on the military manpower and resources of partner countries that were, only a decade ago, part of the Warsaw Pact. Ukraine was among the earliest contributors to the peace efforts in Bosnia and Croatia, and it has paid a sad price in the loss of some of its finest young men.

But NATO is not just a military organization; it is also a political one. It is a catalyst for strengthening and extending the values, the institutions, and the ideas that the member-states have in common: democracy, rule of law, respect for human and civil rights, tolerance of ethnic and religious differences, and civilian control of the military.

NATO always has had that political function and responsibility, including in its old, Cold War incarnation. In the 1950s, the Alliance provided the
security umbrella under which Germany and France could achieve their historic reconciliation.

Today, NATO fosters integration and cooperation between what we used to think of as East and West. The expansion of NATO already has been a powerful factor in cementing the reconciliation between Germany and Poland.

And the very prospect of NATO membership has encouraged positive, peaceful trends in central and eastern Europe. Partly in pursuit of their goal to join NATO, a number of central European states have intensified their internal reforms and improved their relations with each other. The recent accords between Romania and Hungary are one example. Another is the improvement in relations between Romania and Moldova. And still another is the beginning of negotiations between Romania and Ukraine on the complex issue of exploitation rights on the Black Sea shelf. In fact, all Ukraine's western neighbors have resolved disputes and improved relations with Ukraine and with each other. In that respect, NATO enlargement has already contributed substantially to Ukraine's security.

But for this salutary dynamic to continue, the door that the Alliance leadership opened last July in Madrid must remain open. Were it to be otherwise -- were the door to swing shut behind Hungary, Poland, and the Czech Republic, or were it to swing shut behind the second tranche of new members -- the Alliance and its enlargement would not only fail to be a force for integration, it would become the opposite: It would create a new dividing line, a new Iron Curtain, a new gray zone, a new strategic limbo, only further to the east. It would foment among the nations that were excluded mutual suspicion, military competitiveness, insecurity, instability, and perhaps even disintegration and violence.

Hence the principle of the open door. The NATO Summit in Madrid last year affirmed that principle, and the NATO Summit here in Washington a year from now will reaffirm it.

A corollary to the open door is the principle that every sovereign state has the right to decide on how it wishes to provide for its own security. That includes
the right to decide on its relationship to NATO. Some countries aspire to full membership. Others prefer to remain non-aligned but to cooperate with NATO.

Either way, NATO will respect their decision. The Alliance, of course, has its own say in what sort of relationship it develops with non-member states. But defining that relationship is exclusively a transaction between NATO and the country in question. No third party has a veto. That principle is enshrined in several bedrock OSCE documents: the Helsinki Final Act of 1975, the Charter of Paris of 1990, and the Budapest Summit Declaration of 1994. And, not incidentally, it was reaffirmed in the NATO-Russia Founding Act signed in Paris last May.

Russia and Ukraine have both said that they do not seek entry into the Alliance at this time. Whatever their future position on this issue, we hope that both governments will see that, in practice as well as in theory, enlargement is not a threat to any non-member of the Alliance; rather, the process reinforces security and stability across the whole of central Europe. It was aggression and conflict in that region, after all, that drew the Ukrainian and Russian people into two world wars in this century.

Let me be very clear: We respect and accept Ukraine's position that NATO membership is not on its agenda at this time, just as we respect and accept similar positions on the part of Sweden, Finland, and other countries. But we also believe that should Ukraine one day decide to seek entry into the Alliance, the door will remain open.

Meanwhile, Ukraine has decided that it wants a Distinctive Partnership with NATO, and NATO has agreed. As several people here know, a lot of work went into the selection of that word "distinctive." Some of us literally thumbed through the thesaurus to make sure we ended up with exactly the right adjective. Part of the task -- strategic as well as semantic -- was to ensure that the NATO-Ukraine relationship had independent, indeed, distinctive significance, while taking into account the importance -- to the U.S., to Ukraine, to NATO -- of Russia's own evolving relationship with the Alliance.
This was simply the latest manifestation of a now-familiar challenge -- managing the trilateral, or triangular, relationship among the U.S., Ukraine, and Russia. Minister Buteyko, Ambassador Tarasyuk, Ash Carter, Bill Miller, Bob Hunter, and I have been working together on that exercise in complex geometry since early in 1993 -- and to good effect, I think.

Under both Presidents Kravchuk and Kuchma, Ukraine has been generally supportive of NATO's effort to reach out to Russia -- and rightly so. After all, it is very much in Ukraine's interest that Russian reform and integration with the West remain on course.

Despite this general and very welcome Ukrainian support for NATO's expanding partnership with Russia, there has been a tendency among some of our Ukrainian friends to compare the particulars of that partnership too directly and too competitively with Ukraine's own growing cooperation with the Alliance. President Clinton and his fellow leaders of the Alliance see NATO-Ukraine and NATO-Russia as separate initiatives that are both of vital importance to the Alliance and to the future of Europe. They are committed to letting each relationship take its own shape at its own pace in the months and years ahead.

They are also committed to supporting and encouraging close ties between Ukraine and the Russian Federation. We salute both governments for the impressive progress they have made toward that goal, particularly in the Treaty on Cooperation and Friendship that they signed in May of last year. That breakthrough will help buttress the architecture of the new Europe.

It was not coincidental that Ukraine and Russia signed their treaty the same month that NATO and Russia signed the Founding Act. The Ukraine-Russia Treaty helped establish a solid underpinning for the Madrid Summit in July, at which President Kuchma joined President Clinton and the other 15 Alliance leaders in signing the NATO-Ukraine Charter. In other words, together -- in their sequencing and in their interlocking contents -- the Treaty, the Founding Act, and the Charter were a classic example of structurally sound diplomatic and security architecture.
Since Madrid, we've been making good on the promise of the Charter. In December, we held the first Ministerial-level meeting in Brussels of the our new consultative forum -- the NATO-Ukraine Commission. Boris Tarasyuk and Bob Hunter were instrumental in getting the Commission up and running. Building on their good work, we've continued to broaden the dialogue between our senior governmental leaders, our ambassadors, our experts, and our military officers. We've also expanded NATO's contact with the Ukrainian people through the Alliance's Information Office in Kiev, the first such facility in any country inside or outside the Alliance.

During her visit to Kiev last month, Secretary Albright discussed the growing relationship between NATO and Ukraine in her meetings with President Kuchma and other Ukrainian leaders.

So all in all, we're off to a good start. But we've got to intensify our efforts to translate dialogue -- which, by definition, is mostly talk -- into practical, tangible programs and initiatives that will bring the Alliance and Ukraine closer together in meaningful and mutually beneficial ways. We must move from blueprints to masonry and carpentry.

That's the sort of activity that goes on in a workshop -- and that, appropriately, is what you're calling this conference. I notice from your agenda that the next session is on "making the NATO-Ukraine Charter real," and that the one after that is on Ukraine's role in the Partnership for Peace. I'd suggest that those two topics are closely related, if not identical, because the most immediate and useful thing we can do to make the NATO-Ukraine Charter real is to ensure that Ukraine -- the first former Soviet republic to join PFP, in 1994 -- intensifies its participation. I realize that Ukraine wants to move beyond PFP to a new, genuinely "distinctive" level of cooperation, but before that can happen, Ukraine must take full advantage of the opportunities it already has before it.

Just as one example, we hope Ukraine will accept the Alliance's invitation to station a second a Ukrainian officer at the Partnership Coordination Cell at SHAPE.
That would allow Ukraine to step up its involvement in joint planning between the Alliance and the Partners on projects such as SFOR in Bosnia and NATO-sponsored PFP exercises. There are numerous additional ways in which we can do more and do it faster, which I'm sure Frank Miller, General Krawciw, and Jeff Starr will want to discuss during your workshops.

In the remaining minutes of these remarks, I would like to turn from the purely military dimension of Ukraine's security to the political and economic dimensions, which are no less important and, I'm sorry to say, considerably more difficult.

Walking toward the open door of NATO -- or, for that matter, the EU, the OECD, the WTO or any other of the core institutions that bind together the successful democracies of today's world -- is a daunting challenge for a country as disadvantaged by history as Ukraine. It requires changing the entire shape and direction of society. That means courageous, forward-looking leadership from the top; it means making hard, often painful choices; and it means earning and maintaining the support of citizens who only recently -- for the first time in their lives -- have been empowered with the right to vote in real elections.

One of those elections took place 10 days ago, on Sunday, March 29. Nearly 70% of the electorate voted for parliamentary, municipal, and local officeholders. The polling was far from flawless, but international observers have pronounced the preliminary results generally free and fair.

Thus, for the second time since independence, Ukraine has peacefully chosen its political representatives by democratic means. That is a milestone for any young democracy. It's not just the first election but the second and the third and the fourth that begin to make voting a habit - the breathing in and breathing out of the body politic.

These latest elections also suggest that Ukrainians are dealing with their ethnic and cultural differences through peaceful, democratic means. Exit polls indicate that members of the Russian- and Polish-speaking minorities tended to vote for candidates on
the basis of their stand on issues, not on the basis of
their ethnicity. This, too, is good news. It helps
rebut the prophets of doom who, not long ago, predicted
that it would be on the rocks of ethnic separatism that
the Ukrainian ship of state would founder.

And so the elections a week and a half ago were a step
forward -- albeit a rather wobbly one -- in the process
of Ukrainian democratization.

The actual results of the elections, however, are more
problematic. Let me offer a few carefully chosen words
about those results, mindful that the choices the
Ukrainian people made on March 29 were theirs and no
one else's to make.

Overall, close to 60% of the total vote went to
centrist or reformist candidates. But the Communist
Party led the balloting in a majority of localities and
won the largest bloc of seats in the Verkhovna Rada.
Quite clearly, the Communists and a number of other
anti-reform parties were successful in tapping into
widespread popular discontent with declining living
standards and rising corruption and crime.

We in the U.S. Government are continuing to observe and
assess the results of the election and its aftermath.
As we do that, we are keeping in mind a number of
factors. Let me touch upon several.

First, the ability of the Communist Party -- or anyone
else -- to turn back the clock is severely limited.
Ukraine's continuing need for access to international
investment capital and development assistance is
stronger than the siren song of a certifiably bankrupt
ideology. The GDP has declined by 60% since 1991, and
recent risky ventures into international financial
markets have further burdened the country with massive
short-term debt at high interest rates. Both the
International Monetary Fund and the World Bank have
made clear that they will withhold further support
until Ukraine makes progress on a number of long-
postponed economic reforms, particularly the
restructuring of the energy and agricultural sectors
and the imposition of greater discipline in government
spending.
There is another point we should all keep in mind as we assess the election. It is not unheard of for a party, even though it calls itself Communist, to adjust to the realities of the present rather than falling back on the failed policies of the past. For example, in both Lithuania and Poland, the Communist Parties' experience with the responsibilities of governance has transformed them into something like mainstream social democratic parties. And in Hungary, the Socialists -- the successors of the Communist Party -- have implemented the most far-reaching privatization program in the former COMECON space. Moreover, it was the Socialists in Hungary and their conferees (I'll resist saying comrades) in Poland who negotiated their countries' terms of accession for entry into NATO and who paved the way for accession negotiations with the European Union.

Of course, the Ukrainian Communist Party is by no means a clone of those other parties. It exists in different circumstances, and it has its own track record and platform. And those are none too encouraging. The Ukrainian Communists have worked with other so-called leftist parties in the Rada to block many of the reforms that Ukraine needs most. What's more, the Communists' stated policy goals include the reversal of some key elements of Ukraine's privatization program, the partial renationalization of industry and the banking system, and the reconstitution of something that sounds ominously like the Soviet Union.

This doesn't mean that the Communist Party now rules Ukraine. Far from it. It does mean, however, that President Kuchma is faced with the daunting challenge of trying to reunite the fractured political center, even as he works with the Left to get economic reform moving again.

We will do everything we can to help. But we need Ukraine's leaders to help us help them. A particularly important area of concern is the country's openness to foreign investment and international business.

As many of you are aware, our Congress has mandated that unless Secretary Albright can certify by the end of this month that there has been "significant progress" on a number of specific disputes involving
the entry of U.S. firms into the Ukrainian market, American assistance to Ukraine will be drastically reduced. We currently have a team in Kiev reviewing the facts and the trends. I will be honest: last week, Ukraine's senior economic team -- led by Deputy Prime Minister for Economic Reform Tyhypko -- was in Washington, and what we heard from them was not very encouraging.

Let me stress a key point that everyone should keep in mind as the U.S. and Ukraine work together on this issue over the next several weeks: Our goal is not only to insure a level playing field for American business in Ukraine -- equally important is the need to encourage reforms that will allow Ukraine to attract the foreign investment it so desperately needs.

We are well aware that the Ukrainian economy will not evolve -- or, for that matter, deteriorate -- in a political vacuum. Quite the contrary, Ukrainian democracy faces its next test in 18 months, in the October 1999 presidential election. Politicians from across the political spectrum, in both the legislative and executive branches, may be tempted to defer difficult decisions so that they can say and do things that they believe will earn favor with the voters. To put it bluntly, that is time that Ukraine simply does not have to waste. And we can only hope that elected officials will see that wasting time is bad politics, since a year and a half of finger-pointing, demagogy, empty promises, and inaction on economic reform will only make things worse in October of 1999, not better.

So the choice that Ukraine faces today is not really between reform on the one hand and on the other a return to what the Communists may have advertised as the "good old days" of the Soviet system. Rather, it is a choice between forward movement and stagnation, between developing traction and remaining stuck in a deepening rut.

That brings me back to the principal topic of this conference: Ukraine's security. The interplay between the workings of Ukrainian politics and the Ukrainian economy is very much a security issue, and right now, it is a security vulnerability.
In its foreign policy, Ukraine has moved forward. Many in this room have helped to make that progress possible by steadily improving Ukraine's relations with its neighbors and with the Euro-Atlantic community as a whole. But as a result of what it has done -- and, more to the point, not done -- within its own borders, Ukraine has inhibited its ability to do two things which are, quite simply, vital for its own long-term viability: to provide a prospect of prosperity for its own now-enfranchised citizens and to integrate with the outside world. These twin disabilities put Ukrainian security itself in jeopardy. That's because Ukraine is not just a new state -- it is in certain respects a fragile one. And the biggest source of its fragility today is an economy that is failing to produce the kind of benefits that people in other post-communist societies have begun to take for granted and that repels rather than attracts foreign investment.

All this is a very real cause for concern about what lies ahead for Ukraine. But there are reasons for optimism as well. On more than one occasion, the Ukrainian government, with the support of the Ukrainian people, has made courageous, far-reaching choices that have contributed in fundamental ways to their own well-being, to regional stability, and to the good of the international community at large. That was true of the peaceful way in which Ukraine gained its independence in 1991. It was true of Ukraine's decision in 1994 to join the Non-Proliferation Treaty as a non-nuclear-weapons state, and, more recently, it has been true of Ukraine's principled decision to cease all cooperation with Iran's nuclear program. Another cause for gratification and congratulation is the way in which Ukraine has resolved ethnic differences within its borders and reached out across divides of history and geography to its neighbors, particularly Russia.

These achievements -- these examples of national and international good citizenship -- are reasons for what might be called strategic optimism with regard to Ukraine's future. They are also tangible incentives for the major industrialized democracies to persist in their supportive engagement with Ukraine.

As for the United States, as long as Ukraine moves forward with economic and political reform, we will
maintain the wide array of programs and initiatives that have made Ukraine the forth-largest recipient of American assistance in the world -- and the number-one recipient in the former Soviet Union. We also will continue to provide expertise and ideas through the U.S.-Ukraine Binational Commission led by President Kuchma and Vice President Gore, which has already proved itself a valuable mechanism for cooperation on a broad range of important issues since it was created just under a year ago.

By the way, the Vice President and President Kuchma had an extremely good telephone conversation earlier today. It was clear that Mr. Kuchma is anything but discouraged. Quite the contrary, he conveyed to the Vice President a determination to meet all the difficulties Ukraine faces -- political and economic -- and to continue leading the country in the right direction.

We will be at Ukraine's side as he does so. We will sustain our effort to help integrate Ukraine more fully into international institutions and structures. That means further collaboration in the Euro-Atlantic Partnership Council and in the OSCE. It means continuing to work with Ukraine toward eventual membership in the World Trade Organization, the Central European Free Trade Area, the European Union, and the OECD. And, of course, we will continue our joint construction project to build a distinctive partnership between Ukraine and NATO.

We will do all that because so much depends on our success in helping Ukraine achieve its own best aspirations for itself. That brings me, in conclusion, back to what, for us, is a first principle: An independent, unitary, secure, democratic, prosperous, self-confident, integrated Ukraine is a keystone in the architecture of this new Europe. I borrow that metaphor from Sherm Garnett advisedly, knowing full well (as he does) that the keystone keeps in place the arch in architecture; if the keystone crumbles, the structure collapses. We cannot let that happen -- for Ukraine's sake or for our own.

Thank you very much.
<table>
<thead>
<tr>
<th>DOCUMENT NO. AND TYPE</th>
<th>SUBJECT/TITLE</th>
<th>DATE</th>
<th>RESTRICTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>002. email</td>
<td>Donald Bandler to William Courtney; re: Managing Russia Issues in the Weeks Ahead (2 pages)</td>
<td>01/29/1998</td>
<td>P1/b(1), P5</td>
</tr>
</tbody>
</table>

**COLLECTION:**
Clinton Presidential Records  
National Security Council  
Ted Widmer (Speechwriting)  
OA/Box Number: 2191

**FOLDER TITLE:**  
Russia

**RESTRICTION CODES**

- Presidential Records Act - [44 U.S.C. 2204(a)]
  - P1 National Security Classified Information [(a)(1) of the PRA]
  - P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
  - P3 Release would violate a Federal statute [(a)(3) of the PRA]
  - P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
  - P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
  - P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]
  - C. Closed in accordance with restrictions contained in donor's deed of gift.
  - PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
  - RR. Document will be reviewed upon request.

- Freedom of Information Act - [5 U.S.C. 552(b)]
  - b(1) National security classified information [(b)(1) of the FOIA]
  - b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
  - b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
  - b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
  - b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
  - b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
  - b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
  - b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]
Today I would like to discuss with you why Caspian energy is important and how America is encouraging its development.

Caspian energy resources are a waking giant. The Caspian Sea region probably holds over 60 billion barrels of recoverable oil resources, similar to the resource base of the North Sea. As such, the Caspian region could become the most important new player in world oil markets over the next decade. Proved oil reserves are some 25 billion barrels, on par with the United States, Mexico, or China. Ultimately recoverable resources might range from over 100 billion barrels to 200 billion barrels. Depending on Caspian Sea demarcation, Kazakhstan and Azerbaijan may have some three-fifths of these resources.

The Caspian region's gas reserves are similarly impressive. Proved reserves stand at about 4.7 trillion cubic meters, on par with the United States, or with South and Central America combined. Ultimately recoverable reserves could be three times larger. Turkmenistan has some two-thirds of the gas resources.

Development of Caspian oil and gas reserves will depend mainly on Western investment. Cumulative investment in oil-fields alone -- excluding pipelines, gas fields, and new support infrastructure -- could be well over $50 billion by the year 2010 if the region is developed as rapidly as possible.

World oil consumption might grow by over 10 million barrels per day over the next decade, and the Caspian region along with Russia could play a key role in meeting rising demand. The key to the region's energy development is the construction of major pipelines to transport oil and gas to world markets. Russia, Turkey, and Iran are competitors to secure the right to transport the region's expected output.

Cooperation among regional players will be critical to overcome potential roadblocks to rapid development of the region's resources. Western companies plan to ship much of the Caspian region's initial oil through Turkey's Bosporus strait until alternative pipeline routes come on-stream. Turkish cooperation to upgrade the traffic management system in its
straits will be important. Transport routes through Georgia are being developed to offer alternatives to Russia's current monopoly on export pipelines. Russian cooperation is needed to move drilling and production equipment into the region through the Volga canal systems. Russian companies in many Caspian region energy projects. Turkey and Russia appear to have made progress on misunderstandings arising from Turkey's 1994 regulations on shipping in the Turkish straits. These examples show that regional cooperation states makes good sense. Caspian energy development should not be balance of power diplomacy, with winners and losers. Everyone can and should win.

**U.S. Policy in the Caspian region.** Caspian basin energy access to international markets is integral to a number of key U.S. interests. These include: supporting the independence, sovereignty and prosperity of the newly independent states of the Caspian basin; diversifying world energy resources and ensuring energy security and access for the United States and others; and maximizing opportunities for U.S. and other foreign investment in the region's economic development.

The United States is implementing a more vigorous strategy to serve these interests. In November Secretary of Energy Pena led a presidential mission to Turkey, Armenia, Azerbaijan, Turkmenistan, and Georgia to initiate the new strategy. In each country, Secretary Pena met with presidents as well as senior energy and other officials. Caspian energy was also discussed during the November visits to Washington of Kazakhstan President Nazarbayev and Uzbek Prime Minister Sultanov.

There are several facets of our new strategy. First, we are promoting multiple routes to transport Caspian oil and gas to world markets. Multiple routes promote competition, efficiency, and security of transport. Multiple routes may go west through the Caucasus to the Georgian Black Sea coast and onward across the Black Sea or to Turkey and the Mediterranean Sea; northwest through Russia to the Black Sea coast and possibly onward through a Bulgarian-Greek pipeline to the Mediterranean Sea; east through China; and when conditions permit, south through Afghanistan. Bulgaria and Ukraine are but two examples of countries which would benefit from multiple routes enabling more diversified sources of supply.

Second, we wish to see rapid development of an east-west transport corridor through the Caucasus. Based on commercial viability, three routes deserve careful attention: oil pipelines from Baku through Georgia to the Black Sea and through the
Caucasus to the Turkish port of Ceyhan; a trans-Caspian oil pipeline from Kazakhstan to link up with the Baku-Ceyhan line; and a trans-Caspian gas pipeline to bring Turkmen and other gas to Azerbaijan. This gas could be fed into pipelines running westward alongside the Baku-Ceyhan route into central Turkey.

Baku-Ceyhan provides a key alternative to transit through the Bosporus. Combining oil and gas lines in one development could provide economies of scale that might make construction of the Baku-Ceyhan line more feasible. Linking up trans-Caspian lines with Baku-Ceyhan would foster integration among the energy producers and transit states in the region. We look forward to Turkish initiative in working with energy shippers to make the Baku-Ceyhan line commercially competitive.

Throughout the region, government-industry working groups should work together to energize action on these projects. These teams could help: ensure that new transport routes are commercially viable; preserve national interests in the development of new routes; and negotiate governmental accords, technical and commercial arrangements with shippers, and appropriate financing with multilateral lending agencies. USAID is prepared to assist individual working groups and, potentially, regional fora, with technical assistance and training oriented toward key issues addressed by the working groups. USAID currently has oil and gas sector programs underway in Georgia, Armenia, Kazakhstan, Uzbekistan, and Turkmenistan focused on legal and regulatory issues.

Economic and commercial factors need to be the primary driving force behind decisions on energy transport. The United States and other countries with interests at stake, however, can play important roles in working with regional governments to create the conditions which will make an east-west corridor more economically and politically viable.

Caspian Sea legal issues should be resolved in a way which encourages prompt exploitation and export of oil and gas. Relevant states should work out specific issues. While the United States is not offering to be a mediator, we are prepared to be helpful if the parties desire. The January 24 Yeltsin-Nazarbayev joint statement took a step forward in saying that consensus should be reached on conditions for a fair division of the Caspian seabed. Creativity and good will in defining a seabed division should make it possible to establish clear property rights needed to spur investment.
Third, we believe the development of transport routes for Caspian energy through Russia is vital, and in Russia's own interest. We support the realization on a commercially sound basis of the Caspian Pipeline Consortium (CPC) project from Kazakhstan to Novorossiisk. This project was delayed for several years because of an unsound financial structure, and has been delayed for two more years for other reasons. Thus we were pleased to see that on January 24 Presidents Yeltsin and Nazarbayev issued a joint statement confirming their interest in CPC's beginning as soon as possible the construction and commissioning of oil pipelines. We believe it beneficial for everyone if Turkmenistan and Kazakhstan can be allowed to ship gas through Russia at a fair price.

Companies are not waiting for large new pipelines before getting projects underway. Crude oil from Tengizchevroil, which includes Chevron and Mobil, is being shipped via barge across the Caspian and overland across Azerbaijan and Georgia. Chevron has just completed its first first rail shipment of crude to China. The Azerbaijan International Oil Consortium, which includes Amoco, is producing oil and expects soon to export it via an early oil pipeline in the North Caucasus. The Kazcaspishelf consortium, which includes Mobil, has been carrying out the world's largest seismic exploration project and results look promising. Texaco is participating in the large Karachaganak gas project near Kazakhstan's border with Russia.

Fourth, the United States opposes the transit of Caspian energy through Iran. We should not be conducting business as usual with a country that sponsors terrorism, is seeking to acquire weapons of mass destruction, and is working actively to undermine the Middle East peace process. As a legal matter, we will examine carefully any proposal for pipelines through Iran in light of the provisions of the Iran Libya Sanctions Act. If such a project is found to involve sanctionable activity, we will take appropriate action under the law. Pipelines through Iran would give it dangerous leverage over the economies of the Caucasus and Central Asia. Political instability in Iran is also high, raising questions about the long-term commercial viability of routes through Iran.

In closing, I would reiterate that the United States strongly supports private investment in Caspian energy resources. Our role is to improve conditions so that both private investors and the new independent states of the region have more and better choices. Thank you.
June 4, 1999

Messrs. James W. Symington
Chairman
American Russian Cultural Cooperation Foundation

and

Mr. Stephen Trachtrenberg
President
George Washington University

Co-Chairmen of the Alexander Pushkin Ceremony on the campus of GWU, Friday, June 4, 1999

Dear Gentlemen:

[The President and] I wish to express my [our] very sincere congratulations to you, to the Moscow Academy of Art, and distinguished sculptor Alexander Burganov, on the joint initiatives which have resulted in a statue of noble design, marking the 200th birthday of Russia's incomparable literary genius, the beloved poet, Alexander Pushkin, and the fine choice of a home for it on the campus of George Washington University.

The works of Pushkin have not only bonded the great Russian people to one another for two centuries, but have illuminated the human spirit for all time. How appropriate it is that the poet should stand among students. For he was surely a student all of his short life, a student whose questions, perceptions and dreams resonate today as vividly as they did in his own time. Those who love both freedom and beauty walk hand in hand with Alexander Pushkin.

Hillary Rodham Clinton
Bill Clinton

The White House
O’CONNOR & HANNAN, L.L.P.
1919 Pennsylvania Avenue, N.W., Suite 800
Washington, DC 20006-3483
(202) 887-1400
FAX (202) 466-3215 or (202) 466-2198

TELECOMMUNICATION COVER PAGE

PLEASE DELIVER THE FOLLOWING PAGE(S) TO:

NAME: Ted Widmer
TELEFAX: 456-9210

FROM: Hon. James W. Symington/Cindy Shaw

TOTAL NUMBER OF PAGES (INCLUDING COVER PAGE): 4
DATE: May 17, 1999

Phone: 202/778-2107 Client No. 32696-004

COMMENTS:

Ted: As discussed - with thanks for your assistance.

Best,

[Signature]

NOTICE OF CONFIDENTIALITY

The information contained in and transmitted with this facsimile may be
1. SUBJECT TO THE ATTORNEY-CLIENT PRIVILEGE;
2. ATTORNEY WORK PRODUCT; OR
3. CONFIDENTIAL.

It is intended only for the individual or entity designated above. You are hereby notified that any dissemination, distribution, copying, or use of or reliance upon the information contained in and transmitted with this facsimile by or to anyone other than the recipient by notified that any dissemination, distribution, copying, or use of or reliance upon the information contained in and transmitted with this facsimile by or to anyone other than the recipient designated above by the sender is unauthorized and strictly prohibited. If you have received this facsimile in error, please notify O’CONNOR & HANNAN by telephone (202) 778-2107 immediately. Any facsimile erroneously transmitted to you should be immediately returned to sender by U.S. Mail, or if authorization is granted by sender, destroyed.

IF YOU DO NOT RECEIVE ALL THE PAGES, PLEASE CALL BACK AS SOON AS POSSIBLE.
Via Telefax

Ms. Melanne Verveer
Assistant to the President and
Chief of Staff to the First Lady

Dear Melanne:

Per your kind suggestion the following plans are afoot. First, a June 4, 11AM mini ceremony at the site of the future Pushkin unveiling at the corner of 22nd and H Streets, attended, we trust, by some dignitaries, the Mayor, Poet Laureate, et al. You would ice the cake with a letter from the President and/or First Lady.

The significance of Pushkin not only to Russian, but world literature, is probably already in your files. A suggested text is attached. The main event will occur in the fall at a date to be selected.

Needless to say, if the First Lady were of a mind to attend, we would be guided by her convenience in selecting a date for that event. In that connection, it would be grand if she were willing to be designated Chair[man/person] of the event's Honorary Committee which would consist of respectable worthies. What think?

Warm regards,

James W. Symington

73851_1.DOC
<table>
<thead>
<tr>
<th>DOCUMENT NO. AND TYPE</th>
<th>SUBJECT/TITLE</th>
<th>DATE</th>
<th>RESTRICTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>003. memo</td>
<td>Lawrence H. Summers to POTUS; re: Core Themes for Ongoing United States Engagement with Russia (2 pages)</td>
<td>09/09/1999</td>
<td>P5</td>
</tr>
</tbody>
</table>

**COLLECTION:**
- Clinton Presidential Records
- National Security Council
- Ted Widmer (Speechwriting)

**FOLDER TITLE:**
- Russia

**RESTRICITION CODES**

**Presidential Records Act - [44 U.S.C. 2204(a)]**
- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]
- C. Closed in accordance with restrictions contained in donor's deed of gift.
- PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
- RR. Document will be reviewed upon request.

**Freedom of Information Act - [5 U.S.C. 552(b)]**
- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].
Who Lost Russia?

By John Lloyd
This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a publication.

Publications have not been scanned in their entirety for the purpose of digitization. To see the full publication please search online or visit the Clinton Presidential Library's Research Room.
U.S. Policy toward Russia

The first principle of U.S. policy toward Russia is to enhance the security of the United States. We are more secure with a Russia that is democratic and market-oriented and respects the rule of law. It has been in our interest to help Russia build a new state, create a market economy and develop a new relationship with the international community. We are also bound by the reality that Russia must define itself — and that Russia will ultimately succeed or fail on the basis of its own energy and efforts, its own creativity and commitment to reform. The first stage of the process was easiest. Aspects of the communist and authoritarian state could be wiped away, in some cases, with the stroke of a pen. Much harder is creating a society based on openness, freedom and competition where that state regulates but does not dictate. The test for us will be whether we influenced that transition effectively, knowing that the outcomes were not in our control. Seven years after the transition started, we can make the case that our agenda was sound yet the process is far from complete. It is still in our interest to see it through.

The Context

Only a decade ago, Russia was part of the Soviet Union, which was a Communist dictatorship and the leader of the Warsaw Pact, an alliance of captive nations pitted against the U.S. and its Allies in a global ideological struggle over the most basic issue of how governments should behave toward their own citizens and how they should conduct their international relations. The Soviet Union, Soviet Communism, the Warsaw Pact and the Cold War no longer exist, in no small measure because of deterrence, vigilance and containment on the part of the U.S. — but also because the people of the Soviet Union and its satellites. In a few short years they tore down the Iron Curtain, broke up the USSR into 15 independent countries, disbanded the Warsaw Pact, abandoned communism, conducted open elections for parliaments and presidents, and set themselves on a path toward integrating themselves with the rest of the world. That sequence of events is by far the most important and promising development since the end of World War II.

As the people of Russia and these new independent states took these actions, our choice was whether we would support this unprecedented transformation, or whether we would stand aloof because it was too messy and complicated. In retrospect, the choice seems almost ridiculous to contemplate. So much was at stake affecting our own security that a failure to engage would have been irresponsible. The issue, then, became how. There is no question that the process would have been easier if Russia had inherited a legal foundation to facilitate the transition. But the reality was that Russia had no private property, the state controlled every economic decision from the corner bakery to defense monoliths, there was no independent judiciary, and every aspect of politics and life was dominated by an authoritarian state. The sudden dismantlement of the old system created a vacuum. And it is in the context of this vacuum that we need to assess our policies on privatization, economic and legal reform, and crime and corruption.

The Economic Agenda

Privatization has been the most hotly contested piece of Russian reform — generally without consideration of the alternatives. By all accounts, it would have been preferable to privatize the Russian economy when all the laws, regulations and institutions of a market economy were in
place. Given seven decades of communism, it would have been years before Russia's fractured parliament and the Russian people could have formed a consensus on what that means, and even longer to develop the institutional culture to implement a market infrastructure. Despite the risks in moving forward with privatization, Russia's leaders felt it was a greater risk to squander the opportunity before them. Nor was it an option for us to forestall the process. Politically this was the definitive opportunity to break the link between the state and the means of production and thus sever communism's stranglehold of the economy. And leaving enterprises in the control of corrupt government managers whose incentives were to strip assets and preserve subsidies would not have led to better economic performance.

In light of these choices, we did what we could to make privatization work. We paid for printing privatization vouchers, their distribution to all Russians, public advertisements to teach people what they were and the electronic trading system that let Russians in Vladivostok invest in enterprises in Moscow. In late 1992 the Russians decided to move forward with privatization. By mid-1994, close to 70 percent of the state's assets had been sold and the state's fundamental grip on the economy had been broken. In retrospect, the speed was astounding. And in light of the speed, many criticisms were justified: many Russians did not understand what they were doing; many sold their vouchers to others, allowing a privileged few to accumulate assets for a pittance; ownership changed, but enterprise management did not.

Recognizing the issues, we pressed the Russians hard to create a securities and exchange commission and paid for a national electronic trading system that allowed those who bought shares to trade them openly and create market pressures to restructure. We joined with the World Bank to train banks and create a program to raise them to international standards. We helped the Central Bank develop commercial bank supervision procedures that took 900 risky banks off the market. We also developed training centers and lending programs for small business that could generate new economic activity and absorb workers as they were displaced from privatized firms. There are success stories in all these areas. But the shortcomings stand out most poignantly. Privatization is now remembered for insider deals on a handful of large enterprises in 1995 – a program we opposed and refused to fund. Banks became more interested in buying government bonds at astronomical interest rates than the bread and butter business of saving and lending. And constant political infighting detracted policy makers from managing the global crisis in late 1997 and 1998. When the ruble crashed in August 1998, a foundation had been laid, but it was far from complete, and there was a risk it could crumble.

We will never get credit for helping Russia manage its way out of the 1998 crisis, but our approach was deliberate and effective. Primakov and his team came into office set to print money and revive the state sector. We made clear that there would be no money for bad policy, and we kept forcing Primakov to face the basic laws of economics. The Russians learned quickly the risk of printing money. We held firm on the need for a realistic budget. We supported the IMF and World Bank on the need for a few key structural reforms: rebuilding the banking sector and forcing "privileged" enterprises to pay their taxes. We made sure that IMF money could be used only to pay down Russian debt to the IMF. Result: the economy stabilized. It will take a great deal of work to keep this stability. But there is a reasonable prospect to avoid the kind of meltdown the communists had hoped would fuel their electoral prospects.
Crime and Corruption

Implicit in the recent money laundering scandal is the suggestion that Russia became a corrupt country with the fall of communism. That is nonsense: the Soviet system itself was massively corrupt. The elite, the nomenklatura, engaged in non-stop expropriation of the state to enhance its own wealth, comfort and power. The rules and structures of politics were hierarchical and centralized, but they benefited, enriched and empowered a few at the expense of the people as a whole. When the system collapsed, rigidity gave way to laxness, a monolith gave way to near-anarchy – too many rules were replaced by too few.

Our effort to address corruption and organized crime over the past several years falls into two categories: specific law enforcement actions and a broad effort to support building the rule of law and accountable institutions in Russia.

Our efforts on the law enforcement track have focused on coordinating the work of the law enforcement and intelligence communities to identify crime groups and set priority targets for collection and action that most affect our national security. While implementation is in its early stages, these efforts should help us disrupt organized crime activities, engage other governments to make it more difficult for such groups to operate and, ideally, strengthen our ability to prosecute. We have also worked closely with the British, Hungarian and Israeli authorities to close down the operations of the Russian criminal conglomerate known as NORDEX and to target the operations of the Mogilevich crime group. FBI and other Federal law enforcement agencies have concentrated efforts on the presence in the U.S. of Russian organized crime.

Members of the Mogilevich group were indicted by the U.S. Attorney for Eastern Pennsylvania in an international stock fraud and money laundering case.

The Vice President has addressed corruption issues through his binational commission subgroup on crime and corruption. Under its auspices, we’ve placed FBI and Justice officials at Embassy Moscow to follow up on law enforcement cases such as the 1996 murder of an American businessman. In early 1997, the Vice President pressed Chernomyrdin on the importance of money laundering and anti-crime legislation, leading Yeltsin to endorse a money laundering law and criminal procedure code at your 1997 Helsinki Summit. The money laundering law even passed the Duma, but Yeltsin recently vetoed it (claiming it was too intrusive, but possibly reflecting the influence of concerned insiders). More recently, the Vice President’s efforts led to a Mutual Legal Assistance Treaty, signed in June of this year.

Indeed, since the beginning of the Administration, we have worked with the Russians to dismantle their Soviet-era legal and economic systems and work to build institutions and legal frameworks consistent with a modern market democracy. Immediately after the 1993 Vancouver Summit, USAID launched a rule of law project that helped Russia draft a new Civil Code, a Criminal Code, bankruptcy laws, and much of the legal and regulatory framework that allows Russia’s fledgling Securities and Exchange Commission to function. We helped draft three key laws that the Duma approved but Yeltsin vetoed – on money laundering, crime and corruption. Our assistance programs have been important in separating the judicial system from the
executive branch, training judges in commercial law and supporting a number of Russian law schools. With the American Chamber of Commerce, we’ve set up a center to train business and government officials in international accounting standards, a basic tool for transparency.

Looking Ahead

If any lesson is painfully clear, it is that Russia will not move ahead unless the Russians themselves take and implement the tough decisions to make their economy open, competitive and accountable. Many will argue that more aid should have been provided in the early stages. Perhaps. But the Russians themselves were uncertain about what course to take to stimulate the economy and avoid social dislocation. We also should not be embarrassed about the West’s generosity: The international community has contributed over $120 billion to Russia in various forms of assistance and debt relief during the transition period.

If there is a period that might be called tragic, it is late 1997. The Russians finally knew where they wanted to head. Yeltsin had given a clear sense of policy direction after his summit with you in Helsinki. Chubays and Nemtsov made a good team to implement the agenda. A new tax code was part of the way through parliament. New investment laws were on track. The stock market was booming. Then progress fell off track when so-called reform and business interests became so consumed in their power struggles that policy became secondary. When the global financial crisis hit and oil prices collapsed, no one was at Russia’s policy wheel and Yeltsin failed to engage seriously. The dual lesson: progress is possible, but only if it is pushed at the highest political level.

Such political attention to reform will be one of our greatest challenges in the coming months. Already the Kremlin and the government are consumed with politics, and opposition parties have more of an interest in criticizing than helping. We will need to keep economics, crime, corruption and the rule of law on the table in all our interactions. We will need to lay out why these measures are in Russia’s political interests. Yeltsin will need to see them, as well as free and fair elections, as part of his defining legacy. And we should expect that some within the halls of power will oppose reform because it threatens their influence over economics and politics. For that very reason, the safeguards we’ve placed around IMF and bilateral assistance are key. But it is just as important to continue our support as long as the agenda is sound – because it is perseverance with the legal and institutional reforms while maintaining macroeconomic stability that will break the grip of a few over Russia’s political and economic life.