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The USSR and the West: A Medium-Term Strategy



by Adrian Hyde-Price

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Introduction

There is now a pressing need to rethink British policy towards the Soviet Union. For decades the United Kingdom has considered its relations with the USSR within the context of a bipolar world dominated by the East-West conflict.

Indeed, Britain has tended to see the Soviet Union as threat to its very existence. The USSR has been regarded as a malevolent force in the international system, seeking to undermine the freedoms and unity of the Western world. For this reason, the development of Britain's bilateral relations with the Soviet Union have been subordinated to the UK Government's wider strategic and diplomatic objectives — namely, the preservation of the NATO and the Atlantic Alliance within a stable East-West relationship. Consequently, many policy issues concerning Britain's relations with the USSR have been decided within a multilateral context, primarily in NATO, but also in the EC and other Western international organisations. It is not surprising, therefore, that the UK's bilateral relations with Moscow have been relatively thin and underdeveloped, particularly when compared with the Soviet Union's bilateral relations with other West European countries such as Germany, France and Italy.

However, since the mid-1980s profound changes have taken place in the international system. These changes have been most evident in Europe. After forty years of division and bitter antagonism, a new era has begun which, despite all its uncertainties, promises to lead to a continent finally 'whole and free'. The catalyst for many of the dramatic changes in East-West relations over recent years has undoubtedly been the reform programme initiated by Mikhail Gorbachev since his advent to power in March 1985. Glasnost and perestroika at home have been accompanied by the 'new political thinking' in Soviet foreign policy. The beneficial results of the 'new thinking' have been plain for all to see: the withdrawal of Soviet troops from Afghanistan; the resolution or partial resolution of regional problems in Indochina, Southern Africa and Central America; the collapse of communist dictatorships in Eastern Europe; the beginnings of the withdrawal of Soviet forces in Eastern Europe to their homeland; and a series of new arms control and confidence-building measures.

These far-reaching and positive changes in Europe and the wider international system have made the traditional goals and means of Britain's policy towards the USSR increasingly anachronistic. Europe is no longer divided into two hostile armed camps; the Warsaw Pact has collapsed; the Soviet Union is no longer a competitor in the Third World, but rather a partner in resolving regional problems; and the European Community is emerging as an important multilateral forum for the coordination of foreign and security policies amongst the Twelve.

The recent changes in Europe have generated a number of long-term visions of a more united, cooperative and democratic continent, embracing all the European peoples from the Atlantic to the Urals. These include Mikhail Gorbachev's 'common European home', Francois Mitterrand's 'European Confederation', and George Bush's vision of a Europe 'whole and free'. At the moment, debates on Western policy towards the Soviet Union are focused on more immediate, short-term considerations — namely, whether or not to support Gorbachev, and whether or not to provide the USSR with substantial amounts of economic aid. What seems to be lacking in the current debate, however, is discussion on a medium-term strategy of specific projects capable of bridging the gap between short-term considerations of Western aid and long-term visions of a more integrated Europe.

The purpose of this paper, therefore, is to suggest a medium-term programme for developing a qualitatively new relationship between the West - especially Western Europe - and the Soviet Union. On its own, Britain can do very little to help the Soviet reform process to succeed, given its limited resources and the size of the USSR. This paper thus proposes a package of policies that a future Labour government should advocate or support within the multilateral organisations to which it belongs - such as the EC, NATO, the G7, the OECD, the IMF and the World Bank. As with so many other international problems, Britain can only have a significant impact if it works in close collaboration with its partners in the European Community, the Atlantic Alliance and the wider international community. The aim of these proposals is to suggest ways in which a more cooperative and mutually advantageous relationship can be constructed, based on deepening economic and social interdependencies, common security and institutionalised political dialogue. This paper thus strongly advocates what Graham Allison and Gregory Yavlinsky (the authors of the much-publicised 'Grand Bargain') have termed 'strategic interaction' between the Soviet Union and the West. It argues that the future evolution of the USSR and the nature of its external relations are the crucial question facing Europe at the end of the Cold War. If a new cooperative peace order in Europe is to emerge, then the British government must play a more active and constructive role in developing new institutionalised links between the West Europeans and the peoples of an increasingly pluralist Soviet Union.

Anglo-Soviet relations

1

Bilateral relations between Britain and the Soviet Union have tended to be polite and correct, rather than cordial.

They have also been relatively 'thin', compared to both Britain's relations with most other significant non-communist governments, and Moscow's relations with other major Western powers. This can be seen from the relative paucity of high-level contacts between Moscow and London, in comparison with the much more intensive series of high-level meetings which frequently occur between Soviet leaders and their counterparts in Washington, Paris or Bonn. It is also apparent from the fragility of the relationship, which has been prone to major set-backs over such issues as expulsions or visa regulations. One important reason for this is that Britain does not have bilateral issues of major concern to deal with, in comparison, for example, with the Germans, who have to deal with the problem of ethnic Germans in the USSR. Furthermore, the British government - in contrast to the French or Italian Governments - has been reluctant to engage the USSR on a bilateral basis on issues of substance (for example in European affairs), because of its concern to preserve the Atlantic Alliance, and its suspicion that such bilateral relations could lead to 'wedge-driving' between the United States and the West Europeans. Such a development, it has often been argued in the past, would weaken British influence in both the EC and in Washington. Anglo-Soviet relations in the post-war period have therefore not acquired much substance, nor have they developed a vibrant life of their own.

Anglo-Soviet trade

The agenda of bilateral relations consists of issues such as trade, educational and cultural exchanges, official visits, consular matters and day-to-day diplomatic contacts. Of these, the most important is undoubtedly trade. Here though, the picture is far from encouraging. Trade between Britain and the Soviet Union has generally been fairly stable but at a depressingly low level. In 1987, for example, British exports to the Soviet Union constituted only 0.6% of the total volume of UK exports, whilst its imports from the Soviet Union amounted to only 0.8% of total imports. This is less than the volume of Britain's trade with Turkey. Although Mrs Thatcher and Mikhail Gorbachev committed

themselves to an expansion of Anglo-Soviet trade by up to 40% by 1990, the recent economic and political instability inside the USSR has not been conducive to an increase in bilateral trade relations. British businessmen and companies also seem less adept at navigating the bureaucratic hurdles facing Soviet trade with the West than their counterparts in Germany, France and Italy. On top of this, COCOM places a further constraint on British sales of high technology to the Soviet Union, a field which figures prominently in UK exports to the USSR.

The 'Soviet threat'

The primary determinant of British policy towards the Soviet Union for most of this century has undoubtedly been security issues. Except for brief periods - 1914-17 and 1941-45, when the exigencies of World War necessitated the temporary expediency of wartime alliances - Britain and Russia/the Soviet Union have been rivals, if not outright enemies for most of the last two hundred years. In the Nineteenth Century, the British Empire and Tsarist Russia fought the 'Great Game' for influence in Central Asia, focusing above all on Afghanistan. With the Crimean War, Russophobia began to exert a powerful sway on British public opinion, and for many decades afterwards, the 'Russian bear' was seen as an aggressive, ugly and threatening beast.

With the Bolshevik seizure of power in October 1917, traditional British mistrust of the Russian state was reinforced by a deep-seated ideological aversion to Soviet-style communism amongst the British political elite. Britain's remaining imperial interests in India, the Persian Gulf and the Middle East in the inter-war years also meant that the United Kingdom saw the very existence of the Soviet state as a dire threat to British overseas interests. In the post-war period, the extension of Soviet influence into Central and Eastern Europe was perceived by the 1945-51 Labour Government as a major challenge to the peace and security of the European mainland. The fear was not simply of a Soviet military invasion of Western Europe, but rather that the USSR would be able to use its military power and political influence in order to act as the hegemonic force on the continent. More recently, the British government has argued that 'the combination of Soviet reliance on military strength with an ideology which sees the world in competitive terms, and a disregard for basic human rights, constitutes a fundamental challenge to the West'. (Sir Geoffrey Howe, 1986)

The Gorbachev revolution

The reform programme initiated by General-Secretary Gorbachev in 1985 has acquired a momentum and dynamic of its own that has brought many of the latent contradictions in Soviet society to the boil. Perestroika in its original sense of a rejuvenation of Soviet-style socialism is now dead. The issue today

is a transition to a new political and economic system, incorporating substantial elements of pluralist democracy and a more market-orientated economy. But given the sheer size of the Soviet Union, the diversity of its political forces, its national-ethnic divisions and its indigenous political culture, the reform process is proving enormously complicated. On the one hand, it is clear that there can be no return to the old system, based on the leading role of the CPSU and democratic centralism. On the other, it seems unlikely that the Soviet Union will transform itself into a West European-style liberal-democracy with a social market economy. Whatever emerges from the reform process in the USSR, it is likely to be qualitatively different both from what preceded it, and from Western European 'models'.

The Soviet Union today faces the danger of a stalemated reform, characterised by half-hearted efforts at political and economic reform, half-hearted repression in the peripheries, and an inconclusive political struggle. Gorbachev's radical modernising and Westernising project has provoked powerful opposition from vested interests in Soviet society, from party apparachiks to blue-collar workers. The problem is that the older, more centralised structures of power in the USSR have been irreparably weakened, but newer structures of legitimate political authority and effective economic mechanisms have not yet had time to blossom. The result is a period of acute transitional instability, which could last for years. Moreover, glasnost has allowed national and ethnic grievances to be voiced, and this, coupled with growing indications of economic disintegration, is threatening the very existence of the Soviet state. In this situation, there is a very real danger of some sort of authoritarian military regime emerging, based perhaps on populist, xenophobic, anti-Western and nationalist propaganda.

Instability in the Soviet Union has thus become the single greatest cause of uncertainty and concern in the wider international system, especially in Europe. As the political and economic crisis in the USSR deepens, it is essential that those in the West clarify the fundamental aims of their policy towards the Soviet Union. Although the outcome of the reform process in the Soviet Union depends primarily on the Soviet peoples themselves, Western policy can have a significant, albeit limited, impact. Most importantly, the West can provide technical help and advice along with financial support, in order to provide positive incentives for reform, and disincentives against recidivist back-sliding.

Goals of British policy

British and Western policy towards the Soviet Union should aim to support the peaceful development of the USSR into:

- a pluralist multiparty democracy based on the rule of law and respect for human rights, which enjoys legitimate political authority

- a market-orientated economy, based on a variety of forms of ownership including private property, and incorporating a commitment to ecologically-sustainable development, and
- a looser federation or confederation, which provides for the peaceful and equitable secession for those republics who do not wish to remain in the Union.

The violent disintegration of the USSR into separate states is not in the interests of the Soviet peoples, nor of Europe as a whole. It would create a patchwork of republics, some quite weak, some divided within their own boundaries, and many facing continuing problems of disorder and instability. Nevertheless, it is inconceivable that the USSR can remain the centralised state it has been for most of its history, or that it can hang on to independence-minded republics in the Baltics and the Caucasus.

Pan-European integration

As a new Europe and a new European security system emerges from the ruins of the old, the most difficult question to answer is how the Soviet Union - and its constituent republics - fit into the evolving architecture of this new Europe. Given the high degree of instability in the USSR, the temptation exists in the West to seek to insulate the process of European integration from the turmoil in the Soviet Union. As many Soviet analysts now recognise, the greatest danger facing the USSR today is not the loss of its former satellites in Eastern Europe, but its possible exclusion from the emerging pattern of relationships developing in Europe from Portugal to Poland. The danger is that the 'iron curtain' which used to run through the heart of central Europe will in future run along the Bug River, which marks the Polish-Soviet border.

A stable European peace order cannot be built if the Soviet Union and its constituent republics are excluded from the wider process of European integration. The Soviet Union, or even the Russian Federation on its own, is simply too big and too powerful to ignore or exclude. Some commentators have rightly warned that failing to involve the Soviet peoples in the process of pan-European integration could generate a debilitating 'Versailles syndrome' in the Soviet Union, which would not bode well for the future of the continent. Thus as Hans-Dietrich Genscher has argued, 'The frontier that used to divide Europe and ran across Germany should disappear for ever, and not just shift towards the Western border of the Soviet Union. A Europe of the future can be only a Europe with the participation of the Soviet Union'. Similarly, President Havel, on the occasion of his receiving the Charlemagne prize for international relations, said that 'no future European order is conceivable without the European peoples of the Soviet Union, who are an indivisible

component of Europe, and without the great community of peoples, into which the present-day Soviet Union is being transformed'.

The fundamental aim of British policy towards the Soviet Union should therefore be to involve the USSR and its individual republics in the thickening network of interdependencies which are spreading across Europe. This does not have to be at the expense of either the further deepening of the integration process in the European Community, or the continued viability of a transformed Atlantic Alliance. The long-term goal should be the development of a cooperative security system in a Europe characterised by a high degree of economic and social integration, and political cooperation. The remainder of this paper seeks to suggest how this might be done. It involves considering the agenda of Anglo-Soviet relations in three key areas: military policy, economics and political relations.

2 Military-security issues

As we have seen, security issues have provided the biggest single consideration in post-war British policy towards the USSR.

From the late 1940s onwards, the perceived 'Soviet threat' was the main rationale for British defence policy. It was for this reason that the Labour Government worked so hard to cement the Atlantic Alliance with the Americans. It was also subsequently to provide one of the main justifications for the British acquisition of an independent nuclear capability.

Even if the fear of outright Soviet invasion receded in the mid- to late 1950s, the forward deployment of large numbers of offensively trained and equipped Soviet armoured forces in Eastern Europe was widely perceived as a threat to the security of Western Europe. But, as a number of Western analysts have noted, the Soviets undertook a major reassessment of their national security interests in the mid-1980s. This involved a reduced reliance on the military dimension of security, a switch to a more defensive military doctrine, and a search for a new system of mutual security with the Soviet Union's neighbours. This in turn precipitated a profound sea-change in the military-security environment in Europe. The December 1987 INF Treaty abolished a whole category of nuclear missiles; Gorbachev announced substantial unilateral troop cuts at the UN General Assembly in December 1988; the Warsaw Pact has been dissolved; Soviet troops are withdrawing from Hungary, Czechoslovakia, Poland and Germany; and the Conventional Forces in Europe (CFE) Treaty was signed in November 1990, if not yet ratified. There is now no realistic prospect of a Soviet armoured offensive against Western Europe, and NATO is having to work hard to rationalise its continued existence.

Nonetheless, there are a number of difficult military-security issues yet to be resolved, which need to be addressed in the near future. Despite its unilateral arms reductions and its strategic set-back in Eastern Europe, the USSR remains the major military power in Europe. It possesses substantial conventional and nuclear assets, and continues to cast a long geostrategic shadow over the continent. Given the military strength of the Soviet Union, developing a mutual security regime will not be a simple and straightforward task.

Of particular concern in the first part of 1991 has been the Soviet military's violations of the CFE Treaty. Conservative elements in the Soviet Armed Forces clearly felt that the CFE Treaty was not in the best interests of the USSR, and took it in their own hands to circumvent a number of its provisions. These problems threatened to prevent the Treaty's ratification, which would have marked a major set-back in the arms control process in Europe. Even with the agreement between the American and Soviet foreign ministers in Lisbon in May 1991, it seems more than possible that elements of the Soviet armed forces may try to sabotage or prevent further arms control agreements, if they believe that they are contrary to their notion of Soviet national security interests.

Another difficult issue to address is the role - if any - of nuclear weapons, particularly sub-strategic nuclear weapons, in the post-cold war European security system. For many security analysts and statesmen in the West, nuclear deterrence provides an important element of stability in Europe, and makes major war in the continent unthinkable. Sir Michael Quinlan, the Permanent Under-Secretary of State at the Ministry of Defence, has also pointed out that the existence of a robust nuclear deterrence makes minor violations of the CFE Treaty less significant. Soviet policy, on the other hand, has traditionally been to work towards the goal of abolishing all 'weapons of mass destruction'. On January 15, 1986, for example, Mikhail Gorbachev announced a three-stage plan to rid the world of nuclear weapons. More recently, however, both Gorbachev and former Foreign Minister Eduard Shevardnadze have expressed interest in the notion of a minimum nuclear deterrence. With the reduction in the size of Soviet conventional forces, and the USSR's changed strategic situation, it is possible that a tacit understanding could be reached between the Soviet leadership and NATO on the preservation of a 'minimum nuclear deterrence' in Europe.

Expanding NATO?

With the collapse of the Warsaw Pact, the East European countries now find themselves in a sort of 'security limbo'. Their status in the European security system is imprecise and uncertain. Quite understandably, they do not wish to be seen as 'buffer states' between NATO and the USSR. As the limitations of the CSCE as a forum for a pan-European collective security system have become more apparent, Poland and Czechoslovakia have followed Hungary's lead in seeking to develop closer links with NATO. Indeed, on March 21, 1991, President Vaclav Havel addressed the Headquarters of the North Atlantic Assembly where he expressed his hopes that NATO would 'not be forever closed to neighbouring countries that are pursuing the same goals'. The question of either NATO or the WEU giving security guarantees (if not full membership) to the East European democracies is now a very sensitive issue. However, this is something that would cause considerable concern in the

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Soviet Union. If the West does not want to strengthen the hands of hardliners in the Soviet military and state, then it should not consider offering either full NATO membership or Western security guarantees of a military kind to former Warsaw Pact members.

Despite these remaining difficulties, however, one should not underestimate the dramatic improvement in the European security environment. A large-scale short-warning offensive by Soviet forces against the West is no longer possible. The Soviet military is deeply divided and demoralised, and unlikely to be in a fit state to undertake substantial military operations abroad. The balance of military forces on the continent has clearly swung in favour of NATO. In this context, it is not only prudent but also highly desirable to consider what steps should be taken towards the creation of a mutual security regime in Europe.

Building mutual security

Looking to the future, steps towards the fashioning of a more cooperative security system in Europe could include the following:

1. Continuing the process of conventional arms control begun with the CFE Treaty. It will be much more difficult to bring the CFE follow-on talks (the so-called CFE 1a) to a successful conclusion than the CFE 1 negotiations (which were officially between the 22 individual states belonging to NATO and the Warsaw Pact, but which were characterised by a high degree of intra-bloc negotiation and consensus-building), because of the multipolar and diffuse security landscape in post-cold war Europe. Nonetheless, the talks could seek to build on the unilateral cut-backs which are already underway in many European states, East and West. The CFE negotiations could also be supplemented and encouraged by further unilateral reductions or regional arms control regimes.

2. One particularly fruitful area to explore is that of confidence and security building measures (CSBMs). CSBMs are not designed to limit the numbers of troops or military equipment. Rather, they attempt to generate a higher degree of trust and military openness, by such means as limiting the size and frequency of manoeuvres, and the exchange of military information and observers. The 1986 Stockholm CSBMs Agreement, and the 17 November 1990 Vienna CSBMs Agreement, have already contributed to a much higher degree of military transparency in Europe. A more comprehensive and vigorous system of CSBMs could also be linked to an expansion in the authority and remit of the CSCE Conflict Prevention Centre in Vienna, established in November 1990. The Conflict Prevention Centre is already charged with providing a forum for exchanging information on military exercises, and has a mechanism for checking up on 'unusual military activities'. However, it is currently handicapped by its limited resources and circumscribed remit.

3. Negotiations should be opened soon on abolishing ground-launched short-range nuclear weapons, especially nuclear artillery. These are particularly destabilising elements of the nuclear arsenals of NATO and the Soviet Union, not least because the vulnerability to pre-emption, and the 'use them or lose them' mentality they breed. These short-range nuclear forces are politically unacceptable to a large body of public opinion in Central Europe, and do not contribute towards a more stable military system in the continent.

4. A sensitive issue for the British Government will be the question of naval arms control and confidence building measures. This is something that the Soviet Union has long advocated. But it is also something which is likely to be fiercely resisted by the United Kingdom, given its maritime traditions and the importance of the Royal Navy to NATO and wider Western interests 'out-of-area'. Nevertheless, Britain and its Western allies should be willing to offer some concessions on this issue. They could agree to discussing naval forces within the CSCE Seminar on Military Doctrine, and should be willing to consider proposals for maritime CSBMs (for example, accepting some limits on the size, number and nature of naval exercises near coastal areas).

5. Finally, the CSCE should be further developed and institutionalised. The CSCE is clearly not able to provide a framework for pan-European collective security at this stage of its development, and therefore cannot displace NATO and the transatlantic alliance. But it could provide a mechanism for the peaceful resolution of disputes (as discussed at the Valetta CSCE meeting in January 1991), and since the Berlin CSCE Foreign Ministers meeting in June 1991 it has acquired an 'Emergency Mechanism' for convening meetings to discuss major crises in the CSCE area. In this way, the CSCE can be developed in ways that help address some of the specific security concerns in Eastern Europe and the Balkans (such as national and ethnic conflict inside Yugoslavia), which NATO and the WEU are ill equipped to deal with.

3

Economic relations

One of the central thrusts of perestroika has been the desire to open the Soviet economy up to the invigorating winds of international competition, and to integrate the USSR into the global division of labour.

To this end, Joint Venture legislation has been adopted and developed, and foreign investment in the Soviet economy encouraged. The Soviets have also acquired observer status in GATT, and have sought some form of 'associate' membership of the World Bank and the IMF - institutions formerly denounced as the bastions of imperialist 'finance capital'. Last but certainly not least, the USSR has sought closer ties with the European Community, which it recognises will be the key institution in the continent in the 1990s. A Trade and Economic Cooperation Agreement with the EC was signed in December 1989, and Shevardnadze emphasised the centrality of the Soviet-EC relationship in the building of a more united Europe. The Soviets believe that if they want to integrate into the world economy, Western Europe provides the most hopeful point of entry, for geographical, cultural and historical reasons. As one Soviet writer put it, 'the world economic and technological express is hurtling into the third millennium, and the doors of one of its carriages - Western Europe - are open for us'.

Obstacles to trade

However, the development of more intensive trade and economic relations between the USSR and Western countries is impeded by a number of major obstacles. To begin with, the transition from central planning to a 'regulated market economy' is proving extremely complicated. At the moment, the central planning mechanism is disintegrating, whilst market relations have not yet taken root in the economy. The Soviet Government has worsened the situation by failing to implement a credible and consistent programme of economic reform. Secondly, the 'war of laws' between the central authorities and the republics has heightened uncertainty about property rights and the legal framework for conducting trade. Third, the number of actors in Soviet external economic relations has mushroomed following the ending of the state monopoly of foreign trade, and this has added to the confusion already caused by the

'war of laws'. Finally, Soviet society has been wracked by a series of strikes, by nationalist unrest, growing discontent and increasingly bitter political controversies. This has further undermined economic performance. The result is a drastic fall in production, spiralling inflation, rising unemployment and widespread economic dislocation.

After a lengthy period of half-hearted economic reform measures, there are now growing signs that President Gorbachev is serious about implementing a radical package of structural economic reform. The 'anti-crisis programme' agreed by Gorbachev and the leaders of nine Union republics (most importantly Boris Yeltsin) on April 23 1991 has been followed by discussion of an economic reform plan which includes the liberalisation of prices, a large-scale devolution of economic decision-making to the republics, and the integration of the USSR into the world economy. What is particularly interesting is the suggestion that Western economic experts should be invited to participate in drawing up concrete reform proposals, taking into account the recommendations of the IMF/World Bank study of the Soviet economy produced last December in collaboration with the EC Commission. Gorbachev also told the Cabinet of Ministers on 15 May 1991 that substantial Western aid was a prerequisite for successful reform: 'We really cannot save anything without our own work. We must get out of this situation ourselves. But it is impossible to underestimate the importance of economic cooperation with foreign countries'.

The British Government has been one of the Western governments most sceptical about the value of pumping large sums of financial aid into the stricken Soviet economy. This reflects the Governments generally cautious approach towards the issue of Western aid for the USSR, and a not unfounded belief that the Soviet economy is currently so disordered that it is not able to absorb large-scale Western assistance. Nevertheless, the Government's often unimaginative and overly cautious approach could contribute by default to a serious deterioration in the international system, if the Soviet reform programme is thereby allowed to collapse. As the Director of the New Institute of East-West Security Studies has argued, 'If the West really does wish perestroika to succeed, it cannot sit back and watch. The West must be willing to be of assistance - including contributing to a positive environment which will allow the USSR to devote its resources to improving its domestic economic and social mechanisms'. A constructive and interactive approach to the Soviet reform process would be in the West's own enlightened self-interest. Having spent billions of pounds over many decades during the Cold War to 'make the World safe for democracy', the West now has a chance of supporting a fundamental transformation of the Soviet Union which will contribute immeasurably to making the World a more secure and democratic place.

Western assistance

Western aid and assistance to the Soviet Union needs to be carefully adjusted to the country's capacity for absorbing it, and to the level of commitment to serious structural economic reform. The underlying aim should be to help the Soviet peoples help themselves, and to facilitate the integration of the Soviet economy into the global economic system. As Eduard Shevardnadze said during his speech to the Brookings Institution in Washington on 6 May 1991, the Soviet Union could 'not avoid getting assistance from the outside. This is not supposed to be a form of charitable assistance, but rather technological, intellectual and financial assistance on very favourable terms'. Such assistance, he argued, was important 'to strengthen the new tendencies which are emerging and head for cardinal reforms, for the implementation of the laws which have already been adopted calling for the transition to a market economy'.

In the short-term, the West should provide financial support to help arrest the current 'free-fall' of the Soviet economy, and to prevent chaos and the disintegration of Soviet society. This is essential in order to buy time for the structural reforms of the economy to begin to work in the medium-term. Of particular utility would be Western food aid (along with technical assistance to improve the Soviet food processing and distribution system), medical supplies and technical support for the energy industry (particularly civilian nuclear power stations). Western financial support will also be necessary to facilitate the transition to partial convertibility of the Rouble.

In the medium-term, the aim of Western policy should be to promote and facilitate the structural reform of the Soviet economy. This will entail schemes for large-scale privatisation and marketisation, along with the development of a significant private sector. Such schemes will necessitate the involvement of a number of international bodies, including the IMF, the World Bank, the EC and the European Bank for Reconstruction and Development. At the same time, a vital element in the successful economic regeneration of the Soviet economy will be private Western investment, on a substantial scale. What the Soviets will find particularly useful at this stage is technical assistance, training and 'know-how'. Indeed, such 'human capital' programmes, along with investment in specific infrastructural projects, are likely to prove much more beneficial than undirected macroeconomic aid.

In the long-term, the West should seek to enmesh the USSR and its participating republics in a dense network of deepening economic interdependencies. Whilst some aid will have to be channeled through the central authorities in Moscow, a considerable amount of financial support and technical assistance will in future have to be directed towards individual republics. But whatever the exact form that this economic interaction takes, the purpose of it should be the same - to involve the Soviet peoples in the process of

European economic and social integration, in ways that foster a firm foundation for long-term cooperation. This would help build the socio-economic basis for a European peace order, because by weaving crucial sectors of the Soviet Union and the rest of the continent together, war between the USSR and the West would become structurally impossible. The analogy here would be with the European Coal and Steel Community, which was designed to make war economically impossible between former wartime enemies in Western Europe by pooling strategic sectors of their economies together under supranational authority.

Economic interdependence

A precondition for the developing a pan-European 'economic space' and integrating the Soviet economy into the global division of labour is the opening up of Western markets to Soviet goods. The EC has a special responsibility here, as it is potentially the Soviet Union's most important Western trading partner. Only by providing greater market access and removing protectionist regimes in areas such as agriculture and textiles, will it be possible for the Soviet Union and its republics to earn hard currency and to begin to integrate into world markets.

At the same time, however, if the West is serious about deepening its economic cooperation with a reforming Soviet Union, it needs to develop a series of programmes for long-term integration. In this respect, the following proposals have considerable promise:

1. **A European Energy Community.** At the Dublin EC Summit in June 1990, the Dutch Prime Minister Lubbers proposed the creation of a 'European Energy Community' within the EC's institutional ensemble, but including the Soviets and East Europeans. The purpose of this body would be to create a pan-European energy network, in which Western finance and technology would be used to develop Soviet energy resources, in return for guaranteed markets in the West. This notion is currently being discussed within the EC Commission, and Soviet spokesmen have also expressed considerable interest in the idea. It would indeed provide an ideal example of practical and mutually beneficial cooperation between the Soviet Union and Western Europe. The West Europeans would benefit from diversifying their energy imports away from a dependence on Middle Eastern oil. On the other hand, the Soviet Union needs Western help in developing its energy resources. At the same time, it would politically and psychologically be beneficial to the Soviets, because they would not be dealing with the West as supplicants, but as valued partners with rich oil and gas reserves. With the start of the Dutch Presidency of the Community in July 1991, there is now a good prospect for a European energy conference being held later in the year, which will discuss a charter for the proposed intergovernmental grouping. The British Government should give

its full support to this venture, which will prove a major benefit to the Soviet Union and its European neighbours.

2. A **European Environmental Agency**. Again, this emerged from a meeting of EC Environmental Ministers in Dublin in June 1990, when a decision was taken to establish this body, and to include Soviet and East European Environmental Ministers. The aim would be to develop and monitor environmental standards in the continent, and to provide advice and technical assistance. The establishment of this body is currently being blocked by a dispute over where it should be located. Nevertheless, it provides a useful example of the type of pan-European cooperation that could and should be fostered. It would provide the Soviets with environmental management expertise, and an institutional framework for cooperation with their neighbours in the 'common European house'.

3. A **Pan-European Transport Infrastructure**. Such a proposal has recently been muted by Soviet reformers, and would involve the creation of an integrated road, rail, water and air transport system criss-crossing the continent. Such a scheme would be enormously costly, given the appalling state of the Soviet transport system. But it would provide the necessary infrastructural support for a major increase in Soviet trade with the rest of Europe.

Political relations

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The political transformations that have swept the Soviet Union in recent years demand a corresponding adjustment in British and Western diplomacy.

The gradual emergence of a pluralist decision-making process in the Soviet Union has opened up the prospects of developing a more diverse set of Western links with Soviet political forces. In the past, the conduct of Western policy towards the USSR was relatively simple, because all the key decisions were taken in Moscow by a highly centralised political and economic leadership. This is not the case today.

Western relations with the USSR and its constituent republics are already becoming more complex and diverse. The most difficult political question that the British Government and its Western partners now have to deal with is the extent to which they should seek to develop ties with individual Soviet republics. This is an issue of acute sensitivity in the case of the three Baltic republics and Georgia, Armenia and Moldova, who have declared their independence from the USSR. But the question of how to balance relations between the Union authorities in Moscow and individual republics also arises when dealing with republics that have agreed to remain in a reformed Union. As a result of the political compromise reached between President Gorbachev and nine of the Union republics in April 1991, and on the basis of the draft Union Treaty now being negotiated, it is inevitable that a more active foreign policy role for the individual republics will in future be a permanent feature of Soviet foreign policy. For example, a number of Russian republic diplomats will now serve in the Soviet Embassy in London, dealing with affairs touching directly on the Russian Federation. The development of political and economic relations with both Moscow and individual union republics should not necessary be seen in terms of a 'zero-sum' game. Indeed, during his visit to Prague in May 1991, the President of the Russian Federation, Boris Yeltsin, argued that direct Czechoslovak-Russian links did not run counter to, but rather supplemented relations between the USSR and Czechoslovakia. He stated that Russia's right to independent international contacts was laid down in the present constitutions of both the USSR and Russia, and that in a renewed Union, the republics will mostly act independently in their economic, cultural and other spheres.

Nevertheless, finding the right balance between links with the USSR authorities and republican governments will demand tremendous political acumen on the part of Western governments. They need both to respond to the emerging realities of Soviet politics, and yet to avoid providing ammunition to hard-line conservatives who might accuse the West of undermining the political and territorial integrity of the Soviet Union. A new institutional framework for ensuring regular political dialogue and cooperation between the Soviet Union (including its participating republics) and the other Western countries must be developed, without precipitating a conservative backlash. This could take the form of trade missions in individual republics and an expanded network of consular offices. At the same time, the disintegration of the old bipolar structures of a divided continent means that it is essential to develop a new set of institutionalised political relations across Europe, at a variety of different levels. In this evolving post-cold war European architecture, three bodies are of particular political importance:

- **The European Community** is not only emerging as the central focus of economic activity in the continent, it is also become a significant political and diplomatic actor in its own right. Moreover, the relative political weight of the EC in Europe is likely to grow as a result of the deliberations of the current inter-governmental conference on Political Union. One of the early fruits of the 'new political thinking' was the Soviet acceptance of the role of the EC in Europe. This led to the mutual diplomatic recognition of the CMEA and the EC in September 1988, which in turn opened the way for bilateral trade links between individual CMEA members and the EC. As has already been mentioned, the USSR signed a trade and economic cooperation agreement with the Community in December 1989. An important sign of the growing political relationship between the USSR and the EC was the launching of a joint 'Euro-Soviet initiative' on the Middle East and Gulf. This called for the release of hostages held by Iraq, and pledged future cooperation in solving the Arab-Israeli dispute and bringing order to the Lebanon. The high-point of Soviet-EC cooperation, however, came in December 1990. At a meeting in Rome on 14 and 15 December, the EC requested the Commission to explore with the Soviet authorities the idea of a 'major agreement between the Community and the USSR, encompassing a political dialogue and covering all aspects of close economic cooperation and cooperation in the cultural sphere'. This 'grand accord' was to be of the type envisaged by Article 238 of the Treaty of Rome, and was to be negotiated by the end of 1991. However, the use of military repression in the Baltic Republics, and the more general conservative retrenchment in the Soviet Government in early 1991, has meant that negotiations on a 'grand accord' have not made significant progress to date. Nevertheless, the EC is likely to become one of the Soviet Union's most important international partners. For this reason it is essential that a closer

and more institutionalised relationship is developed between the Community and the USSR.

- **The Council of Europe.** The Soviet Union acquired Special Guest Status in the Council of Europe in 1989, and has declared its intention to apply eventually for full membership. The USSR has been invited to subscribe to eight Council conventions, and will participate in the work of a number of the Council's specialised agencies. The Soviets have also suggested that the Council of Europe could be developed in ways that helped foster a common European 'legal space', giving supranational protection to human rights. This is of course a highly ambitious aim. But the closer involvement of the USSR in the work of the Council and its agencies would help strengthen the rule of law and the protection of human rights in the Soviet Union's internal life.

- **The CSCE.** For the past few years, the Soviets have called for a substantial strengthening of the role of the CSCE. Mikhail Gorbachev argued on a number of occasions that the CSCE provided the ideal foundations for the 'common European house' he advocated. The progress made at the Paris CSCE Summit in November, 1990 has been described by Soviet diplomats as marking the 'final send-off of the Cold War', and the 'departure point in the concerted creation of a post-confrontation Europe, the formation of common spaces of democracy, law, economy, ecology, science and culture'. The CSCE now has a permanent institutional structure, and a number of mechanisms for regular political consultations, including meetings of heads of state, foreign ministers and senior officials. There is a permanent secretariat in Prague; an Office of Free Elections in Warsaw; a Conflict Prevention Centre in Vienna; and a CSCE Parliamentary Assembly is to be established. Meetings of the Conflict Prevention Centre can be convened at short notice to discuss 'unusual military activity', whilst the CSCE's newly-created 'Emergency Mechanism' can be triggered to discuss developments threatening to the security and stability of the continent. Yugoslavia has provided the CSCE with its first test-case. To date, the results have been modest - largely because the Soviet Union voiced strong reservations to the CSCE intervening in the 'internal affairs' of a participating country. This, it fears, could set an unwelcome precedent for conflicts between individual republics inside the Soviet Union. It is therefore apparent that the CSCE will not be able to provide a credible collective security guarantee to its participating countries for many years to come (if at all). Nonetheless, it does provide an invaluable framework for pan-European dialogue, negotiation and cooperation. Its greatest advantage is that it involves all the countries involved in the European security area, including the Soviet Union and the North Americans. It thus provides an institutionalised framework for political discussion and debate between the 35 CSCE participating states.

Conclusion

The Soviet question today lies at the heart of debates about a new Europe and a new world order.

Soviet perestroika in tandem with the 'new political thinking' has ushered in an unprecedented era of far-reaching detente and cooperation in Europe. Western political and military structures that developed in the shadow of the tense Cold War stand-off between East and West are becoming increasingly redundant, and in need of radical transformation. In this situation, the whole context of post-war British policy towards the Soviet Union is changing. Britain should no longer see the USSR primarily in terms of a security threat, but rather as a potential partner in resolving a series of intractable regional conflicts. The loosening of the centralised structures of the USSR also requires a diversification and multiplication of Britain's diplomatic, economic and political relations with the Soviet Union and its individual republics, without at the same time giving the impression that Britain is seeking to undermine the territorial and political integrity of the Soviet state.

Not only is the Soviet Union itself changing, but the multilateral context in which British policy towards the USSR has been formulated for over four decades is changing. NATO is losing its pre-eminent place in the Transatlantic community, whilst the EC is emerging as an increasingly important political and diplomatic actor. In this respect, the traditional Atlanticist focus of British foreign policy will have to give way to a more European approach. This is something the present Conservative Government finds extremely difficult to accept, not least because of the pressure it faces from the political Neanderthals in the Bruges Group. However, Britain's diplomatic and political weight in continental affairs can only effectively be utilised in cooperation with our main European partners. This is no less the case in terms of British policy towards the Soviet Union than in other areas of our country's vital national interests.

Given the historical opportunities opened up by the Soviet reform process, it is essential that Britain plays an active role in encouraging a long-term Western programme of aid and assistance. The key theme here should be 'constructive engagement' or 'strategic interaction', rather than a cautious 'wait and see' approach. It is in the West's own enlightened self-interest to

include the Soviet Union in the process of European integration, because an impoverished and marginalised USSR would be a perennial source of instability and insecurity for the rest of Europe. The next Labour government should therefore strive to work with its Western allies in constructing a strong and durable network of institutional structures which can give substance and shape to pan-European interdependence. This would help reinforce the liberal and humanist forces in Soviet politics, and provide the basis for a more cooperative mutual security regime in Europe. As Sir Curtis Keeble (a former UK Ambassador to Moscow) has suggested, Britain '...remains well placed to integrate the bilateral relationship into the Atlantic, European and Third World context and thus to play in the development of a new and more cooperative relationship with the Soviet Union as significant a role as, in the years after 1945, it played in the containment of Soviet expansion'.

The USSR and the West: a medium-term strategy

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Recent changes in Europe have generated a number of long-term visions of a more united and democratic continent. There has also been debate on short-term questions, such as whether to support Gorbachev. What is lacking is discussion of a medium-term strategy to bridge the gap between the immediate and the ideal.

Adrian Hyde-Price argues that the Soviet Union needs to be included in pan-European integration, in the security, economic and political spheres. He calls for a British government to play a positive role in future arms control negotiations, for example by proposing naval confidence-building measures. To encourage trade links, the author calls for:

- a European Energy Community;
- a European Environmental Agency;
- a pan-European transport system.

In the political sphere, relations should be developed with both Moscow and the republics. This should not be seen as a zero-sum process, but must be done sensitively, to avoid proving a hardline backlash.

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