

*Handed to Pres by Kuznetsov
IM Kozgrev during 11-26-91*

Unofficial translation

Moscow,

November , 1991

Dear Mr. George Bush,

After putting forward a program of decisive and profound transformations in Russia several days ago, I feel I should write to you personally so as to explain the plans of the Russian leadership.

Russia is breaking with the Communist past. The totalitarian regime has been crushed. A new democratic state system is in the making, one that is based on supremacy of law, the principle of free elections and political pluralism. For the first time in its history Russia has a real chance to integrate into the international community of democratic law-governed states.

We, however, face serious trials. The fate of the nascent Russian democracy hinges above all on the success of the economic reform. Russia will now have to address perhaps the most difficult task, that of overcoming the economic crisis and at the same time laying the groundwork for a modern market economy.

It is these objectives that the announced program seeks to achieve. Its substance is this: price de-control even before the end of this year, a stringent monetary-financial and credit policy, a tax reform, and strengthening of the ruble. Along with stabilization measures we shall proceed to form a powerful private sector, an accelerated privatization of enterprises,

His Excellency
George BUSH
President of the
United States of America
Washington, D.C.

transferring land to producers, and liberalization of foreign trade.

We are aware that under the prevailing circumstances the reform shall inevitably be a heavy and socially painful process that will increase tensions within the society. Continued inflation will cause a further decline of the population's real income, and will require cuts in the social programs. The structural changes will entail a massive unemployment. This is an inescapable payment for the insidious economic policy of the Communist regime.

However, to delay further would be a criminal thing to do. The people's patience is wearing thin.

As the President of Russia I am assuming full responsibility for this choice and am personally assuming the leadership of the Government of Reform.

We want to follow the path of radical changes together with other Republics. At the same time we can no longer afford putting off reforms until comprehensive inter-Republic agreements have been achieved. We have reason to believe that Russia, with its enormous economic weight can and should become the "Locomotive" of the reform process, a nucleus of the market space.

We believe that we shall be able to create an equal-rights economic community with the participation of the Ukraine and other sovereign Republics. We shall continue to pursue the policy of entering into a political union with them, fully compatible with the new European and world order and based on inviolability of frontiers, good-neighborliness and respect for human rights and other rules of international law.

We proceed from the premise that we need reforms for ourselves and that their implementation is our national survival. At the same time we are counting on outside assistance as well. We regard the community of developed democratic countries to be our principal partner in the world arena. We are confident that these countries will be able to play its historic role in reviving a free and democratic Russia.

We want the Russian program of economic transformations and the establishment of a system of free enterprise to be developed and implemented in close cooperation with the governments of democratic countries, above all, the United States, and with the international financial and economic institutions. We intend to formally request the IMF, the World Bank and the EBRD to provide technical assistance, and in the future, to directly participate in the activities of the organizations. Our goal is integration as a full-fledged member into regional and global economic structures and the world economy as a whole.

We attach enormous importance to attracting private foreign capital. We want to be seen as a reliable partner. We reaffirm the international obligations of the Union and intend to ensure their fulfilment. At the same time we urge developed countries of the West to provide guarantees to private firms which enter the Russian market.

To reduce the social costs resulting from freeing prices for food, we will need food assistance. We shall establish appropriate controls with the donors' direct participation so that this assistance go to whom it is intended for, first of all to the lowest-income sectors of the population. Of great value to us would be the US experience in farm development and your support of our agrarian reform.

The chance of success of the stabilization program would be considerably greater if a special hard currency fund were to be established under the auspices of international financial organizations to support the ruble rate of exchange. Convertibility of the Russian currency is an indispensable condition for effective inter-Republic trade and for the stability of monetary circulation in all Republics.

In the military-political area Russia is firmly committed to preserving centralized and effective control over nuclear weapons and their non-proliferation. We reiterate our support for the Treaty on Conventional Forces in Europe and the US-Soviet Treaty on the Reduction of Strategic Offensive Arms.

Russia is interested in becoming an open and predictable partner so that no military threat would ever come from our soil. We have started an earnest effort to demilitarize our society and economy, we are reducing our army, our weapons procurement and our military spending. We think it is essential that we overcome the legacy of confrontation between the Soviet Union and the United States when our military potentials were aimed at each other.

We are in favor of expanding the direct Russian-American dialogue and the information exchange on political and military issues. Russia has no intentions to substitute for the Union at the disarmament talks. However, we are sure to actively influence toward the speediest progress. We are convinced that our contacts on this subject with the United States will contribute to the international stability.

The Russian leadership positively assesses the outcome of the session of the NATO Council in Rome. We are in support of the NATO efforts to build a new system of security from Vancouver to Vladivostok. Russia is prepared to facilitate this both in the framework of a renewed Union and independent. We welcome the decision by the NATO Council to establish the Atlantic Council on Cooperation and intend to get involved in the work of this body.

Dear Mr. President, at this difficult and really crucial moment for our country I urge you to show understanding and support.

The peoples of Russia have paid a dear price for the socio-economic experiment carried out in the USSR. Our today objective is to come back to the mainstream of world civilization. That is why it is particularly important to rely on the world experience in developing the market economy. A reformed and democratic Russia will become a guarantee of stability in the world, of final and irreversible overcoming of confrontation, creating, as I hope, in the near future a vast and single world market.

Boris YE.