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**Central and Eastern  
Europe and the Former  
Soviet Republics: A  
Context for Developing  
GAO Work**



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# Foreword

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The precipitous changes in Central and Eastern Europe and in the former Soviet Union bring with them dramatic uncertainties. In particular, the startling transformation of the Soviet Union from archenemy to coalition partner to a group of independent republics has tremendous security implications for the United States. Political changes are complicated by economic conditions that are approaching the proportions of a depression in the former Soviet republics and in the countries of Central and Eastern Europe. Events in this region yield new opportunities but also introduce new risks.

A new agenda for U.S. relations with the countries of Central and Eastern Europe and the former Soviet republics will be difficult to develop. Most agree that encouraging the region's transition to market economies and democratic institutions and supporting new partnership arrangements that enhance regional and global security will best serve U.S. interests. It is not so clear, however, what combination of circumstances must prevail to make reaching these goals possible or what role the United States and other Western nations can or should play to assist in moving toward these goals. Further, U.S. leaders have not reached a clear consensus on the level of resources that should be devoted to the region to achieve legitimate, though reconfigured, national security objectives, with evermore pressing needs and scarce resources at home. Finally, a new agenda must be developed within a multilateral framework and can only support efforts made by the countries and republics themselves.

The United States should engage in a national dialogue to develop creative options to solving the problems and realizing the opportunities it is likely to encounter. Although policymakers cannot control the timing or direct the course of future events in this region, their decisions regarding American involvement will shape the outcomes nonetheless.

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**Foreword**

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The questions GAO raises in this paper are intended to provide a context for GAO's current work and anticipate the nature of future congressional requests. Other issues that will arise as a result of changing international circumstances, such as future U.S. force structure requirements, are not included. GAO does not have the resources to address all of these issues, but it will undertake assignments associated with the most important and pressing ones. Further, it will update this framework, as needed, to reflect the ever changing events in the region.

GAO hopes to provide the Congress and others with information and analyses to help them identify and prioritize diverse regional needs and U.S. objectives, determine the optimal short- and medium-term actions needed to meet long-term objectives, assess the amount of resources and type of management capabilities that will be needed, and evaluate the effectiveness of U.S. efforts.



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## **A. Identifying U.S. Objectives and Organizational Capabilities**

Notwithstanding their shared experiences of communism, the newly emerging countries of Central and Eastern Europe and the former Soviet republics are set apart from each other by greatly different historical antecedents that have shaped the decisions and problems they now face. In addition, these countries and republics represent different stages of economic development and have different military capabilities. U.S. economic and security objectives, although in large part similar across the region, vary significantly from country to country, and the United States has had more extensive experience with some countries than with others. Further, humanitarian needs—emergency food, medical, and refugee assistance—and the need to control nuclear stockpiles and demobilize other segments of the military may require a quick response. However, broad restructuring efforts may require long-term assistance. As the first step in setting a new agenda, policymakers need to clearly identify and prioritize specific U.S. objectives, given generally accepted long-term and overall aims. They need to determine how these objectives can be satisfied in light of competing regional needs.

- To what extent has the United States defined its security and economic objectives in the countries of Central and Eastern Europe and the former Soviet republics?
- Has the United States developed an effective strategy to achieve its objectives in the region?
- In formulating its policy objectives, has the United States matched the countries' and republics' needs with U.S. national interests?
- How well has the United States defined the immediate needs brought on by political, military, and economic dislocations in the region?
- How well is the United States cooperating with other countries and multilateral institutions to develop its strategies and prioritize and deliver its economic and security assistance?

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- Do U.S. objectives for Central and Eastern Europe, as set out in the Support for Eastern European Democracy legislation, continue to make sense?
  - What lessons can be learned from the long U.S. experience with foreign assistance and more recent experiences in Central and Eastern Europe and how can they be applied to efforts in the former Soviet republics?

A reassessment of U.S. objectives and development of effective strategies need to be accompanied by an examination of the government's capability to implement them, particularly since much of the current foreign policy structure was set up to fight the Cold War and many domestic agencies want to expand their roles in setting policies and implementing programs in the region.

- Which U.S. agencies develop policies and implement programs in the former Soviet republics?
- Has the United States assigned enough qualified people to develop and implement programs and monitor conditions in the region?
- What is the proper role for the U.S. military in developing policies and implementing programs applicable to the region?
- How effective are U.S. efforts to coordinate the plethora of programs and government-to-government contacts by numerous domestic and foreign policy agencies?
- How effectively is the U.S. government providing leadership and coordination for the efforts of state and local governments and nongovernmental organizations?
- What role can private voluntary and other nongovernmental organizations play, and has the U.S. government taken effective advantage of their activities?
- Are the data needed to identify and manage transitional policies available, and do the appropriate U.S. agencies have access to them?

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- Is the intelligence community equipped to provide needed information to decisionmakers?

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## **B. Enhancing U.S., Regional, and Global Security**

U.S. security objectives in the former Soviet republics and in Central and Eastern Europe revolve around the need to continue to develop new coalition partnerships that can (1) resolve regional tensions, develop confidence-building measures, and promote the collective security of European states in an equitable manner; (2) establish systems to prevent the proliferation of chemical, biological, and nuclear weapons and missiles within and outside the region; and (3) encourage the movement away from military production, both to reduce military threats and to redirect resources to improve living standards.

Of primary urgency are U.S. objectives to ensure the safe command and control of nuclear weapons in several former Soviet republics and future adherence to arms agreements negotiated in the past with the Soviet Union.

- What are the nature and magnitude of the military risk posed by Central and Eastern European countries and the former Soviet republics, and what structure and mission are their future militaries likely to have?
- Has the United States taken steps to ensure the continued implementation of existing arms control treaties?
- How can the United States assist in ensuring that there are adequate command and control mechanisms over the former Soviet nuclear arsenal and that the transportation, storage, and destruction of nuclear weapons are carried out safely?
- What additional steps can the United States take to strengthen controls over the proliferation of weapons of mass destruction, and should existing verification regimes be modified to ensure adherence to negotiated agreements?

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- Has the United States identified and encouraged the adoption of appropriate confidence-building measures for the region that would make conflicts less likely?
  - To enhance collective security, should the United States promote modifications in the roles and objectives of existing multilateral institutions, such as U.N. peacekeeping forces and the Conference on Security and Cooperation in Europe?
  - What role can the North Atlantic Treaty Organization play in enhancing regional security?
  - How can the United States best support the conversion of defense production to civilian uses in Central and Eastern European and in the former Soviet republics?
  - How appropriate are U.S. immigration and refugee policies in light of the U.S. evolving relationships with the region?
  - How should institutions set up to fight the Cold War, such as the Central Intelligence Agency, be reoriented?
  - How effective have U.S. efforts been in delivering humanitarian assistance?

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### **C. Encouraging the Development of Democratic Institutions and New International Partnerships**

The countries of Central and Eastern Europe and the former Soviet republics are moving toward democratic governments with varying degrees of urgency according to their differing priorities. The United States can encourage these movements within the context of its overall policies and as a member of various multilateral organizations. It is in the U.S. interest to encourage the success of these movements.

- How can the United States best help to establish democratic institutions?
- What are the consequences of launching a major initiative, such as the Fulbright program, to provide training in democracy to citizens of the region?

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- Do cultural communications programs provide an effective tool to develop democratic institutions?
  - Should U.S. defense-sponsored training programs be used to instill democratic objectives in foreign military officers?

The United States can enhance its national security by encouraging the transition states to adhere to international norms in order to become full and responsible actors in the international community.

- Do the transition states meet the conditions for participation in Western-supported multilateral organizations?
- How can the United States best promote actions and policies that are consistent with commonly accepted international norms in areas such as human rights and the environment?
- What are the risks and benefits of encouraging cooperation in aerospace and other areas of scientific expertise?
- Should the United States reconsider its support for multilateral organizations that were sharply divided by ideological blocs during the Cold War?

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#### **D. Assisting in the Transition to Market Economies**

To facilitate the stable transition of centrally planned economies to market-based ones, the United States and others have been asked to provide technical assistance to help create the structures, systems, and processes that are necessary. In addition, the United States and others have been asked to provide additional financial assistance to stabilize some of the region's economies. It is not always clear how full a transition to a market-based system is warranted and on what timetable. Also ambiguous is the best way to structure social safety nets, promote public welfare, and sequence economic reforms and institution building.

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However, as part of its efforts, the United States should encourage these emerging economies to adopt free-market principles, including policies that promote private sector activity, and to become integrated into the global market economy by encouraging fair and open trade and investment and stable financial systems. It should also identify opportunities for U.S. businesses to participate in the development of the region and barriers to their doing so.

- How well is the United States advancing its commercial interests as the countries and republics move forward to market-based economies?
- To what extent are economic needs being identified and prioritized and technical and financial assistance being effectively delivered?
- To what extent can foreign assistance be an effective tool in helping the United States become an active participant in the emerging market-based economies?
- Do the market development policies and programs of the United States, other donors and trading partners, and multilateral organizations complement each other?
- Has the Agency for International Development adjusted its traditional approaches to economic development to reflect regional needs and use domestic agencies to provide assistance where warranted?
- How effective are U.S. efforts to ameliorate impediments to trade and investment in specific agricultural, manufacturing, energy, and service industries in the region?
- Are the trade laws and commercial and tax treaties of the United States and its potential partners in the region adequate to encourage expanded, but fair trade and investment opportunities?
- Do the manufacturing conditions (for example, workers' health and safety and environmental practices) in the region give some of its countries an unfair competitive advantage?

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- Is the United States equipped to help establish new statistical, auditing, accounting, information, and other systems needed in market economies and in training the public sector in these areas?
  - Should U.S. support for agricultural exports to the former Soviet republics be modified?

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### **E. Assessing the Cost of U.S. Assistance**

The Congress will face increasingly difficult decisions regarding its allocation of resources to meet pressing domestic problems. The decline in the threat to U.S. security, as that threat has been defined over the last 40 years, will presage corresponding declines in the resources committed to the military to protect national security. Yet ensuring future U.S. military and economic security will continue to require the expenditure of some level of resources. The United States needs to determine how much of its resources should be committed to the countries of Central and Eastern Europe and the former Soviet republics in an environment in which economic problems will likely take center stage and military conflicts will become less likely.

- What should be the nature and size of short-term financial assistance to Russia and other countries, and what conditions should be associated with it?
- What are the estimated total costs of providing longer-term financial and technical assistance to the economies of the region, and what funding is likely to be available?
- Is the United States effectively leveraging its resources with those of multilateral institutions such as the International Monetary Fund, the European Bank for Reconstruction and Development, and the World Bank and other bilateral donors?
- Should the United States participate in currency stabilization funds?
- How much should be spent on short-term humanitarian assistance, and how should it be provided?

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- Are resources needed and likely to be available to support an increased U.S. presence in the region?
  - Should the United States continue to use its defense budget to fund security-related technical assistance such as the dismantling of tactical nuclear weapons in the region or the destruction of chemical or other weapons?
  - Should the United States use its defense appropriations to fund humanitarian assistance, the conversion of military plants and equipment for civilian uses, or other needs?
  - Should appropriations for domestic agencies be used to fund their activities in the region?
  - How can private sector resources be mobilized most effectively to help in the transition?

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