

Russian Negotiating Behavior

Introduction

The Empire's New Clothes

Negotiating for an apartment in Moscow, for oil-drilling rights, or for strategic arms reductions, Americans are faced across the table by a distinct Russian style. It is a style rooted in Russia's complex history, in which violence and authoritarianism have coexisted with scientific sophistication and Russia's yearning to be accepted as an equal by the West. Those who look to the tsarist and Soviet past will more clearly see the Russian future. The rigid networks of Russian life and present-day bureaucratic disorder make dealing with Russians a high-risk adventure. It is an adventure, however, with great potential rewards. Thus far in the short history of Western negotiations with the Russian Federation the rewards have included a reduction in the threat of nuclear war. The future may bring oil to international markets from the frozen tundra of Siberia and the Caspian Sea. Engagement between East and West may also bring Russia into a new era of peace and democracy.

In 1995 Richard H. Solomon, president of the United States Institute of Peace, suggested I apply my experience as a longtime student of the Soviet Union and Russia—first as a journalist, then as a government official, and later as a historian—to a study of Russian negotiating behavior. This work is part of a broader United States Institute of Peace project on cross-cultural negotiating behavior that will examine differing attitudes and responses to such concepts as the rule of law, compromise, consensus, and timing, and their impact on the course and outcome of negotiations. The work aims to draw cultural comparisons that will provide insight into negotiating behavior and thus make negotiating encounters more productive by reducing misunderstandings. We also

hope to provide U.S. negotiators with a clearer sense of what they can and cannot expect from their Russian partners during this unstable period while Russia makes the transition from Soviet communism to a market economy with new and still fragile democratic institutions.

I began my study with an extensive review of the literature—much of it generated during the Cold War, when the West sought to fathom the depths of Soviet character and motivation. I searched for analyses that would expand, illuminate, or disagree with what I knew about Russia from my own experiences in Moscow since 1968. Historians, sociologists, and political scientists who have sought to clarify and define Russian cultural identity have affirmed the durability of its inheritance through the period of Soviet rule. There is minimal disagreement between their scholarly work and memoirs of the Cold War period by American diplomats and negotiators.

These perspectives were illuminated by extensive interviews with a unique and only recently available source: former Soviet diplomats and negotiators. From their side of the story a revealing portrait of Soviet and postcommunist negotiating behavior emerged for the first time. These interviews with Russians would have been impossible under the conditions of Soviet rule. As Paul Nitze noted in his foreword to a recent study of Soviet arms control negotiations, “This information would have been as closely guarded as the capabilities of the weapons themselves.”¹ Survivors of the Soviet period freely offered trenchant comparisons of negotiating maneuvers under the Soviet Union and the bureaucratic breakdown since 1991.

Interviews with senior U.S. government officials, ambassadors, diplomats, trade negotiators, and business people offered rich insights into the exasperation and occasional exhilaration of negotiating with Russians both before and after the fall of communism. My personal experiences in Moscow—from 1968 to 1970 as *Time* magazine’s Moscow bureau chief, during the glasnost and perestroika days of 1987, and from 1990 to 1994 when I was a founding editor of *We/Mbl*, a joint-venture Russian-English-language newspaper of the Hearst Corporation and *Izvestia* newspaper—provided hands-on verification of changing conditions since the fall of the Soviet Union.

The last rites of the Soviet Union were intoned in the December 1991 declarations of independence issued by its fifteen successor states.

Marxism-Leninism no longer holds sway. The Kremlin can no longer dictate its will over the peoples of the former empire. Even within the Russian Federation, central authority has been severely weakened by the institutional breakdown that accompanied the dissolution of the Communist Party. The chaotic political and economic environment that has since developed leaves in doubt the transformation from dictatorship to democracy.

Yet when it comes to negotiating with Russians, how much has really changed? Do Western diplomats, politicians, and entrepreneurs need to adapt themselves to a new and profoundly different set of beliefs, aims, and strategies on the Russian side of the negotiating table? Or is there a core of continuity that draws its identity from a distinct and consistent national experience?

These questions lie at the heart of this study of Russian negotiating behavior. When we describe and analyze how Russians conduct negotiations, the theme of continuity and change inevitably predominates. The strand of continuity emerges when we locate those enduring traits of Russian identity, behavior, and culture that characterize the Russian negotiator no less today than they did during the Soviet and the pre-revolutionary eras. Yet, while Russian negotiating behavior draws on a heritage that Russians would be hard-pressed to reject even if they wished to do so, there is also a legacy of a more dynamic kind, one that can be disowned or outmoded in part or whole by political and attitudinal shifts. Although our focus is on post-Soviet Russia, the marked degree of continuity with the past means that we need to extend our study to the experience of Soviet-American negotiations since World War II, particularly since the 1960s.

The official whose career was established under communist rule remains psychologically confined by Soviet-era approaches and attitudes, no matter how much the official might wish to adapt. Moreover, the Soviet legacy reflects and reinforces traits that have for centuries characterized a distinctly Russian outlook: mistrust and jealousy of the outside world; ambivalence toward the West reflecting a sense of moral superiority and material inferiority; deep-seated insecurity and—its antidote—willing acceptance of an all-controlling leader; respect for power and certainty of goals; distaste for compromise and readiness to threaten the use of force. The historic record of foreign invasions colored the

policy of tsars and Soviet leaders alike, and it still influences Moscow's calculations. The Russians defended their motherland from outside invaders, sought outlets for trade, and maintained control over a vast empire threatened by hostile neighbors on all sides. They saw themselves as the victims of foreign penetration and domination—the oppressed, not the aggressors.

Beginning with George Kennan's influential "Long Telegram" of 1946, American analysts and negotiators came to display an astute appreciation of the maneuvers and machinations to be expected from the Soviet side of the negotiating table. Armed with their own accumulating experience and with the insights of an expanding squadron of Sovietologists, U.S. negotiators were able to engage the Soviet Union effectively on a broad range of issues.² The long process of U.S.-Soviet negotiating exchanges helped discourage unfriendly action. In his classic 1964 study, *How Nations Negotiate*, Fred Iklé makes the point that "a history of past negotiations establishes a *habit* of communicating, which may induce governments to keep in touch during emergencies. Such a habit is well ingrained between Moscow and Washington but lacking between Peking and Washington."³ That habit helped keep forty years of Cold War rivalry and confrontation between the United States and the Soviet Union from bursting into flames.

Certainly, Americans fooled themselves with misperceptions of the Soviet side, not the least of which was the tendency to project American values onto Soviet leaders and to misconstrue the Soviets' real intentions.⁴ Henry Kissinger has sharply remarked: "The theme that the incumbent in the Kremlin was in his heart of hearts a peaceful moderate in need of help in overcoming his intransigent colleagues was to remain a constant of American discussions ever after [the Yalta conference in 1945], regardless of the Soviet leader. Indeed, these assessments survived even in the post-communist period when they were applied first to Mikhail Gorbachev, and then to Boris Yeltsin."⁵ In the extended debate over NATO expansion, a key argument against enlargement was that it would undermine the democratic Yeltsin and encourage nationalist extremists.

Now that the Cold War is behind us, to what extent can we rely on assessments of Russian negotiating behavior culled from the experience of bargaining with Brezhnev and Gromyko, or Gorbachev and

Shevardnadze, who like Stalin is a Georgian, not a Great Russian? Today, the United States is trying to replace confrontation with new rules for cooperation in a market-based, internationally interdependent system. Dealing with the Russians has become more demanding because the former Soviet Union is in the midst of a wrenching transition from a centrally planned, command economy to a market economy. American negotiators are faced with the challenge of dealing with a fallen superpower that demands equality at the bargaining table. It is necessary to develop a sophistication about how the Russians operate that will bridge the gap between our former adversaries and ourselves and make it possible to communicate both ways: their needs to us and our needs to them. Negotiations managed in this manner—unlike the adversarial negotiations of the early Cold War years—focus on consensus building and partnership in solving problems rather than on a zero-sum, I-win-you-lose confrontation. The United States and the Russian Federation continue to negotiate nuclear arms control (destroying missile silos and removing nuclear warheads); they have added new negotiations to conduct commercial business and develop major projects to produce oil and gas. Winner-take-all is being replaced by win-win, where both sides benefit from mutually achieved solutions.

No longer are capitalism and socialism world-dividing enemies. Convergence, the 1968 vision of Nobel Prize-winner Andrei Sakharov, in which East and West would take the best from each other's systems, has been overtaken by new realities. The balance for Russia's future has tilted away from socialism and toward developing a market economy whose characteristics are still unfolding. Which Russia is real? The one with a precarious ruble, with *mafya* rule replacing governance, and with secessionist war in Chechnya a foretaste of yet greater internal violence and disarray? Or the Russia of a rising middle class with the beginnings of new legal, judicial, financial, and law enforcement institutions?

With the fall of the Soviet Union in 1991, the centralized sources of political control—the Politburo, the Central Committee, and the Communist Party apparatus—have disintegrated and left a power vacuum that has not yet been filled by the new presidential decision-making system. Once dependable and rigid, the institutions of political control in Russia are now fluid, shifting, and constantly surprising. In the transition from centralized party control to a market economy, new activators

have come into play. Where once ideology ruled, now a revived Russian nationalism, money, and “practical interest” (in the form of jobs or regional development) are the rationales motivating negotiating behavior. The Soviet legacy still exercises a significant influence on Russian negotiators, although the younger generation of Russians is beginning to display an un-Soviet-like appetite for risk and flexibility.

Because there is no longer top-down control in Russia, decisions are harder to enforce, contracts less certain to be carried out. One of the most marked changes from the Soviet era is the growing possibility of nonfulfillment and nondelivery of commitments that seem to be made in good faith. The old rules, in which the Ministry of Foreign Affairs reflected unitary political authority and internal bureaucratic discipline, no longer prevail. Today, it is every ministry for itself. After a draft is initialed by the Ministry of Foreign Affairs, American negotiators have to make their own deals with the other ministries involved.

Russia remains a colossus without effective rule of law. It lacks a functioning legal system with judges and courts whose rulings are enforced on property rights and civil rights. There is a criminal code, but laws for bankruptcy, the sale of securities, real estate, banking, taxes, the environment, and personal property remain unwritten or unenforceable in Russian courts. President Mikhail Gorbachev tried and failed to create a legal framework for the Soviet Union, and his successors are still facing the challenge.

This study aims to provide a guide to the characteristic patterns of contemporary Russian negotiating behavior derived from the twin inheritances of national culture and Soviet ideology. Our goal is to provide a road map and guide to the constants of Russian negotiating style and to show how the behavioral patterns and institutional practices of the Russian Federation depart from those of the Soviet Union during the Cold War years.

Chapter 1 examines the enduring impact on negotiating behavior of Russian identity and the Soviet legacy. Traits and behavioral patterns born of Russia’s history, geography, and cultural traditions have long shaped how Russians perceive the outside world. Historians have pointed out that centuries of commercial, cultural, and religious isolation have fostered a sense of inferiority and envy while encouraging an inward-looking mentality suspicious of outside influences; centuries of

invasion have engendered an obsession with security and an aggressive attitude toward other countries. The tradition of despotic rule, extending from the Tatar invaders of the thirteenth century through tsarist control to Soviet totalitarianism and beyond, has profoundly affected attitudes toward power and authority. Some historians point to child-rearing practices and the role of the Orthodox Church as key determinants of Russian psychology. Whatever its origin, we can discern the corpus of a distinctly Russian outlook in reviewing the experiences of Western diplomats with Soviet officials. Obviously, such characteristics are not identically manifested in all Russians, but Russians do have traits in common. They demonstrate a recognizable style that Western negotiators can readily identify and would be unwise to ignore.

These traits were evident in the behavior that characterized negotiations by Soviet-era officials. Stalin was a Georgian and Khrushchev was a Ukrainian, but the question of nationality was not an issue within the leadership, where loyalty to communist dogma unified behavior and transcended most cultural variants. Mother Russia and the Russian people were the focus of Soviet strength; cultural diversity was subordinated to communist ideology as defined from the ruling center. The classic example was Stalin's victory speech in the Kremlin in 1945 commemorating the end of World War II. Stalin was careful to thank only the Russian people for their contribution to winning the war, ignoring the other nationalities.⁶

The Soviets injected new elements into the Russian negotiating style. The second part of chapter 1 demonstrates that Marxist-Leninist ideology and the political calculus of the Bolsheviks greatly influenced the way in which Soviet negotiators operated. First described by sociologist Nathan Leites in 1951,⁷ the Bolshevik Code established a set of rules according to which dominance and control, perseverance, shiftiness, flexibility, and opportunism were the keys to effective political conduct. With dialectical materialism influencing both strategic and tactical decisions, Soviet negotiators were animated by a readiness to attack. They believed in the constancy and the historical necessity of conflict. In the service of Bolshevism they were ready to employ violence and falsify reality. They were motivated by a sense of moral superiority coupled with a desire for recognition as a world power. They

respected power and certainty of goals. They were subservient to the concept and the person of the *vozhd*, the all-controlling leader.

After 1985, with Mikhail Gorbachev in power and his "new thinking" reshaping Soviet priorities and practices, several of these traits were modified. In his attempts to reform the Soviet system, Gorbachev underestimated the inertial hold of the Bolshevik Code. Torn between wanting to reform the Bolshevik system and wanting to become part of the Western economic order, Gorbachev allowed his pragmatism to come to the fore. He pushed aside Soviet ideological considerations for a more cooperative and flexible approach to negotiations. However, although Gorbachev and his foreign minister Eduard Shevardnadze represented a departure from the Soviet tradition, that departure has proved to be temporary. With the coming to power of Boris Yeltsin, the tradition has been substantially revived; the psychological conditioning, behavior patterns, and personal style of those raised under the Bolshevik Code continue to dominate Russian negotiating culture. Soviet-trained diplomats and bureaucrats adhere to top-down decision making, a system that lacks adequate provisions for consensus building and the checks and balances of a legal system. The result is most often a shifting and unpredictable negotiating environment, compounded by the peculiarly chaotic circumstances that prevail within today's Russian Federation.

Chapter 2 assesses the effects of contemporary political uncertainty and institutional breakdown on Russian negotiating behavior. Russian nationalism has replaced Marxism-Leninism as an ideological driving force in foreign policy decision making. Whereas the dictates of Marxism-Leninism were defined by a small, disciplined leadership group, Russian nationalism is a volatile, protean force that competing political factions interpret, encourage, and exploit in their own ways. The fierce domestic struggle among them to become the popular champion of nationalism helps explain the remarkable and unpredictable twists and turns in Russian foreign policy. It explains Russia's constantly shifting position on NATO expansion. The absence of decision-making institutions has left a vacuum yet to be filled. Russian negotiators are limited to dealing with specific practical issues. The failure to delegate individual and institutional responsibility leads to gridlock in negotiations, while neglect of executive coordination and control has resulted in ministries making their own foreign policy.

Amid such chaos, however, the twin inheritances of Russian identity and the Bolshevik legacy still exert a potent psychological influence over the Russian people and their leaders. In some ways Russia's changed circumstances have only accentuated preexisting traits. Resentment of the West has been exacerbated by the acute sense of wounded pride inflicted by Russia's loss of its superpower status. The desire to keep up with the West in material terms, coupled with the difficulties of adjusting to Western-style capitalistic market forces and nascent democratic processes, has made Russians yet again wary of being put in a vulnerable, dependent, and inferior position. Yeltsin's decision in 1994 to crush the Chechen rebels rather than negotiate with them reflected fear of further disintegration of Russia and echoed past Russian responses during challenges to Moscow's authority.

Despite Russia's changed circumstances, the Russian negotiating process is still governed by the Bolshevik Code. Chapter 3 describes the various stages in a Russian negotiation: the cautious phase of prepositioning during which Russian negotiators weigh up and seek to cultivate relationships with their counterparts; carefully scripted, aggressive opening moves designed to force out the other side's position while concealing the distance Russia is prepared to move toward accommodation; the prolonged probing in the midgame, during which Russian negotiators look to exert pressure on and divide the opposing delegation and prevail with their own position; the typically sudden endgame, when side issues are swiftly settled once Moscow believes negotiations on the central subject have yielded the best result attainable under the circumstances.

At each stage the Russian negotiator, who enters with prepared instructions, a predetermined fallback position, and an abiding fear of Moscow's displeasure, enjoys only limited freedom of maneuver. Unexpected proposals from the other side must be referred back to Moscow, where domestic political considerations can exert a powerful influence over diplomatic calculations.

Chapter 3 also examines the tactics typically favored by Russian negotiators, among them: stalling and repeating opening positions; failing to respond to questions so as to create uncertainty; wearing down opponents through intransigence; exploiting entertainment and protocol in order to consolidate their position; operating on the basis

of hidden agendas; treating compromise as a form of bartering; applying pressure through threats, verbal abuse, and shifting deadlines; manipulating the press; and operating through back-channel diplomacy. These stages and tactics are illustrated with examples drawn from both the Soviet and the post-Soviet eras.

The utility of money has been added as an incentive to reach agreement on arms control, trade, and ecological issues. Money has replaced ideology as a rationale for behavior, and who has it and who doesn't have it influences action and response. The U.S. government and American corporations are deeply involved with supporting and investing in the future of Russia, and this American commitment of funds has changed the nature of negotiations on many levels.

Chapter 4 offers guidelines for specific counterstrategies and countertactics. The chapter looks at past negotiations and the advice of former and current senior negotiators, bridging past and present Soviet and Russian behavior and suggesting how to exploit it successfully. A keen awareness of both the similarities and the differences between Soviet and Russian Federation negotiating processes is crucial for Western negotiators. No less important is an understanding of which countertactics and counterstrategies are likely to prove most effective in dealing with Russian negotiators. Condescending to the Russians, feeling sorry for them, and demonstrating superiority are tactics guaranteed to create stalemate or defeat. Listening hard, precisely defining the issues to be negotiated, and determining the bottom-line needs of the Russians that can be met within the context of our own carefully defined goals are critical to success. By assessing both mistakes made and victories won by Western diplomats and politicians in bargaining with their Russian counterparts, negotiators can formulate effective responses.

Chapter 5 surveys the problems of doing business in contemporary Russia and former Soviet republics. This chapter discusses the difference between political and commercial negotiations and the importance of generational changes: the influence of the Bolshevik Code lingers in senior government officials but is lost on the younger generation. Although the influence of Russian culture remains strong, changes in the form of doing business are creating new values that promise adaptation to Western market behavior and institutions. The creation of

these institutions—reliable banking, predictable and nonconfiscatory taxation, and business law—remains inchoate, and rule of law is a vision, not a reality, in Russia.

The negotiating behavior pattern described in formal diplomatic situations applies to nongovernmental negotiations by international entities such as the World Bank and the European Bank for Reconstruction and Development, and to the business sphere.

Corporate business negotiations, large scale or small, in the end rely on the creation of a market economy structure. A *mafia*-ruled marketplace where disagreements are settled by assassination—six hundred bankers and business people have been killed since the fall of the Soviet Union, according to Moscow estimates—cannot function in the world economy because investment capital will not flow into Russia. Experienced business people and young entrepreneurs will find chapter 5 helpful in understanding the context, contradictions, corruption, and realities of doing business in Russia.

The concluding chapter summarizes the competing challenges of continuity and transition in Russian negotiating behavior: class struggle and the Bolshevik Code versus a market economy governed by democratic institutions and legal norms. The drag of the top-down command economy, the Soviet legacy, is under attack from the new business culture grafted onto the old socialist system. The “black economy” undercuts the legal economy and creates a trading mentality dominated by the flight of capital, not domestic investment in new industries. The struggle for democracy and responsive government is still overshadowed by the lingering strength of the Bolshevik mentality and behavior patterns, but change is possible. The chapter provides diplomats and entrepreneurs with a series of negotiating rules of thumb.

Figuring out what makes the Russians tick in their unique manner is a source of endless fascination and practical necessity. The negotiating process between Russians and Americans reveals useful pointers for those with patience, self-assurance, and the ability to listen. For those who know their goals clearly, and pursue them while remaining firm, pleasant, and patient, negotiating can bring both intellectual and material rewards.

