



# RUSSIA in GLOBAL AFFAIRS

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# Variability and Stability

*Fyodor Lukyanov, Editor-in-Chief*

The turbulent political season in Russia has not brought about dramatic changes in the system, yet it has demonstrated that stagnation should be least expected in the country and that, therefore, its foreign policy will change, as well – especially as the situation in the world keeps everyone in alert and ready for anything.

**Dmitry Yefremenko** analyzes Russian developments in the context of the global turbulence and concludes that during Vladimir Putin's presidency Russia most likely will not avoid major shocks and that the country's foreign policy should help minimize risks. **Andrei Tsygankov** argues with those who believe that Russia's foreign policy remains unchanged because it is guided by expansionist logic inherent in authoritarian regimes. **Svetlana Babayeva** discusses the now fashionable belief that social networking fosters democratic changes, and warns that the importance of this factor should not be overestimat-

ed. **Nikolay Spasskiy** reflects on the changes in Russia and expresses doubt that this country should follow in the footsteps of contemporary Europe.

**Alexei Miller** and **Thomas Sherlock** discuss, each in his own way, interrelationships between history and national identity. The Russian historian describes the process of creating national symbols, while his U.S. counterpart compares the ways Russia and America sanitize their pasts.

Mutual relationships in the Russia-U.S.-China triangle are gradually becoming the most prominent part of international relations. **Xiong Guangkai** writes about the responsibility shared by these three countries for world stability and that they do not have a right to groundless conflicts. **Roderick MacFarquhar**, in contrast, focuses on tensions and difficulties in the relations between the three states. **Vassily Kashin** analyzes how modern China views Russia and, through this prism, its own role in the

world. **Allen Lynch** takes the reader back to the unending discussion of reforms, namely, why China's path has proved to be more efficient than those of the Soviet Union and post-Soviet Russia.

**Kevin Ryan** and **Simon Saradzhyan** suggest using the positive experience gained by Moscow and Washington in the most successful area of their mutual cooperation – space exploration – and repeating this success in missile defense. **Andrei Bezrukov** regrets that the American foreign policy is flying on “autopilot” to a preset trajectory and that it is unable to adequately respond to changes taking place in the world.

**Yevgeny Vinokurov** and **Alexander Libman** discuss a Russian foreign-policy priority that has been consistently translated into life by Moscow, namely, its desire for integration with its most important neighbors. This integration was launched by the establishment of the Customs Union. **Ivlian Khaindrava** writes about Caucasian politics which has inseparably linked two now unfriendly countries – Georgia and Russia. **Andrei Baklanov** analyzes problems brought about by the Syrian crisis, the most acute regional crisis of today. He recalls Moscow's old idea, expressed back in the 1990s-early 2000s, to create a multilateral mechanism for maintaining security in the Middle East. The

Syrian crisis has proved that this idea is still relevant. **Kayhan Barzegar** gives an Iranian view of the recent developments in North Africa and the Middle East, and denies allegations by Arab commentators that Tehran's political presence and the Shia factor serve as catalysts for the unrest.

The instability in the region, which provides for the bulk of world energy supplies, has a huge impact on the situation in the raw materials markets. Our authors offer different views on how global energy trends may affect Russia's relations with the European Union, its main client in this field. **Frank Umbach** is confident that Moscow's reluctance to play by the rules of United Europe and to pay heed to changes caused by the emergence of a surplus of gas in the world will result in Russia losing its positions as the main energy supplier. **Tedo Dzhaparidze** and **Ilia Roubanis** note that both the European Union and Russia are now in weak positions because of the economic crisis, and that any politically motivated rivalry between them may cost them huge commercial losses.

In the next issue we will continue discussing opportunities that may open up for Russia's foreign policy under the new president amid the changes in the world situation, and whether it has any alternatives.

# Russia in Time of Turbulence



“ The world and the country where Vladimir Putin has taken presidency for a third time is markedly different from what it was when Boris Yeltsin handed over the reigns of power to him. That the changes have proved so significant is largely a merit of Putin himself. But that by no means makes his future tasks easier. ”

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# The Potential and Limits of Twitter Revolutions

Can Social Networking Ensure Democratic Development?

*Svetlana Babayeva*

Social networking is portrayed today as the critical factor for accomplishing an ideal democratic future. However, if the success of democracy depended only on the free circulation of information, just a dozen or so autocracies would remain on the planet. Unfortunately, a free society is not similar to a free flow of information, and other components are required to achieve a stable democracy.

## THE IMPORTANCE OF BEING INFORMED

Today, Western officials – especially those willing to foster liberalization throughout the world – embrace the view that the new media and social technologies facilitate interpersonal communication and encourage a broader discourse. Social interactions, accompanied by disputes, tensions and changes of political figures, build up the people’s belief that they are not just pawns. An individual, hence, finds evidence that his public consciousness actually matters and involves himself more actively in the life around him. Self-governance only works when responsible citizens can understand the choices at hand and make informed decisions based on diverse trusted information.

This, in turn, requires a variety of sources to communicate among themselves (what we call horizontal networking), as well as between them and the government (vertical networking) to verify, synthesize and work out the flow of information. With these channels becoming increasingly dysfunctional or even suppressed, and the content itself unreliable, the information reliability is interrupted or distorted. Thus

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**Svetlana Babayeva** is RIA Novosti Senior Analyst.

social technologies cause the elites' responsibility towards society. The authorities' continued disregard for the irate vox populi may eventually lead to an intense social outburst, as occurred in the Middle East.

Other experts believe that new technologies can facilitate social change, but cannot create it. The formal government approach is, in fact, to promote facebooking, twittering and other person-to-person media more broadly in order that people act on their impulse to change the world around them.

This approach highlights a direct linkage between freedom and information flow, where the latter is deemed as the sole precondition for the former. Virtual freedom entails real freedom.

That's why Americans embrace the blossoming of social networks and their uncensored existence. This attitude clearly reflects the nation's innate desire for freedom and better life all over the world. Based on their national background rather than any experience abroad, Americans have a strong conviction that an open conversation, though in a virtual space, will eventually positively affect real life. Free information will help users shape undistorted views; discussions will give rise to social solidarity and readiness to improve the 'real' world.

The Arab Spring is frequently referred to as such a case, though these countries are at the beginning of their path and where it will lead them is yet to be seen. At the same time, the tumultuous months of protests in Iran haven't compelled the regime even to cough, much less to collapse. Information, then, is not the only factor in determining a regime's dismantling, although this isn't vigorously debated. What social paradigm may replace an autocracy that has been swept away is debated even less.

#### CHOOSING BETWEEN DEMOCRACY AND AUTOCRACY

Research in autocracy, which until recently primarily focused on the phenomena of Stalin's Russia and Hitler's Germany, the most brutal totalitarian regimes of the 20th century, posed the question: What were the driving forces allowing these regimes to exist so long and successfully and, as in the case of the Nazis, to attain power legally through elections and parliamentary means?

John Hallowell in his *Moral Foundation of Democracy* concludes that one of the remarkable features of modern dictatorships is that they arise as mass movements and are based on broad public appeal.

In this context, another question should be posed: If a dictatorship or autocracy is based on the distinct will of the majority, what is its key difference from democracy?

The difference is obviously rooted not in the concerns of the majority, but in the treatment of minorities, whether their attitudes are presented in public discourse and taken into consideration by that majority. The second principal difference is whether a political model empowers its citizens not to support indifferently (or better to say, silently) the existing fundamentals, but to have a hand in the process of transforming the society they live in.

Actions, not words distinguish a real democracy from one in name only.

The issues of democracy, its boundaries and challenges have been scrutinized in the U.S. from the constitutional outset, particularly since the debates between John Adams and Thomas Jefferson over the role of populace in the political process. The most educated people of their time, Adams and Jefferson were familiar with the warnings from the age of Thucydides to Rousseau about an eventual devolution of democracy into autocracy.

In grave conditions, such as during economic or military crises, a majority of people lean towards a more authoritarian style of governance, assuming that a heavy-handed policy will alleviate their misfortunes. Even stable democracies can be susceptible to such a menace. Anatol Lieven, a prominent British scholar, dissenting on the turbulence in Europe and the U.S., recently warned: "Such a crisis would rightly be seen as the result of a catastrophic failure not only of Western economic policy but of Western democratic governance. This is reflected in different ways in the shambles of Greek and Italian politics and the endless half measures of the European Union. It is also reflected in the creeping paralysis of the U.S. system, created not only by the savage bitterness of relations between the Republicans and Democrats, but also by the inherent and seemingly unremovable flaws in the U.S. Constitution. In both Europe and the United States, the economic decline of large parts of the population is leading to grow-

ing extremism in politics. In Europe, it is leading to the rise of rightwing anti-immigrant parties. In the United States, the radicalization of the Republican Party manifested by the Tea Party movement is especially worrying because it shows that the conservative middle class is no longer capable of analyzing or explaining its increasingly desperate economic condition in rational terms.”

Given these predilections, what social groups can keep the nation from pandering to a majority’s will that is not necessarily wise or responsible? How to avoid rash, short-term connivances, in order to preserve greater goals?

In the case of the U.S., the upper strata of society with their judgments over the moral and social foundations have traditionally constituted the whole framework allowing, at the same time, the nation to emerge. To some extent, they followed the principles of Montesquieu that everyone can vote, but not everyone can be elected. There was a constant search for equilibrium between the conventional pillars of society and innovations for the future such as broader political rights, better government accountability and more transparent economic relationships.

Notably, at the turn of the 20th century, the U.S. faced formidable social and political tensions from a growing domestic radicalism and unrest. This was followed by decisions to demolish the powerful trusts, to end the “bossism,” and to have direct elections of senators along with expanded electoral rights.

A prominent Russian researcher, Dr. Vladimir Sogrin, while analyzing the concessions made by the elites, especially during Woodrow Wilson’s presidency, wrote that “adoption of the necessary political and social reform meant for them [the elites] a consent to those changes in the social contract with the nation, in which concessions to democracy and to the lower and middle classes simultaneously became a guarantee for the preservation of the foundations of the American order... There was a compromise from which the elites had won more than lost.” These concessions, he adds, were more “economically profitable than confrontation” would have been.

In facing and resolving these kinds of conflicts, a nation at times conserves its social contract and at others modifies it, responding to the challenges society puts forth. The institutions of the government

and social networking, thus, are gradually adjusted, involving citizens more broadly and efficiently in their governance and creating new channels for dialogue. With this greater flexibility comes a new capacity to deliberate solutions that make the nation more stable and prosperous without eroding its foundations.

However, when there is neither public consensus on basic values, nor even such values per se – something that often happens in transitional societies or in those societies where the existing moral framework dissipates for some reason – there arises entropy. When a society is morally distracted and economically dissatisfied, a real threat of chaos appears, creating fertile ground for the appearance of long-term authoritarian rule, whose legitimacy will be based on the majority's will. Erich Fromm wrote in 1954: "It is naively assumed that the fact that the majority of people share certain ideas or feelings proves the validity of these ideas and feelings. Nothing is further from the truth... The fact that millions of people share the same vices does not make them virtuous, the fact that they share so many errors does not make the errors to be truth...."

These errors nonetheless help justify and strengthen the regime's legitimacy, which is based allegedly on mass appeal, but really on the passive support of citizenry who lack the will to take part in governance or even to make their own independent judgments, which is understandable. Once realized, these judgments may be further shaped, promulgated and set forth, thus presenting a threat to the ruling elite. It is much more convenient to keep the populace generally unaware and yet satisfied in its basic needs while ignoring or eradicating the voices of malcontents.

This strategy allows such elites to feel safe and simultaneously reinforces the incentive to stay in power indefinitely. Respectively, with time a regime increasingly focuses on self-preservation and self-replication. However, it actually follows the path to self-destruction, as its nature erodes into a hypocritical pretence. The system's ability to influence society slopes to zero. Goal-setting increasingly deforms, moving away from the country's real needs, whereas errors increase, reducing the opportunities to correct them.

American political scientists Gabriel Almond and Sidney Verba underscored in *The Civic Culture* that if one's belief in one's political capacities is not revalidated from time to time, it is likely to vanish.

However, despite the most sustained Western delusions, such a system will not dissipate immediately. Living examples prove that it can function for a long time.

#### REASONS FOR LONGEVITY

Unfortunately, researchers are not prophets. They give at times a brilliant analysis of how a system functions, but rarely why it continues to work so well and for such a long time. They present ample arguments for the regime's fragility only after it has already collapsed. We did warn, they say, but in reality, they did not; they didn't know, didn't expect, didn't predict. Moreover, it's more apropos in Western political circles to talk about the fragility and near doom of world autocracies than of their stability and good prospects. They rarely admit that hopelessness can long endure.

Russian liberal economist and former Prime Minister Yegor Gaidar in his book *Collapse of an Empire* points to the short lifespan of autocracies. "Authoritarian regimes that are stable for a period exceeding 75 years (a lifetime of three generations) are very rare in history. In this respect, Rome, from which Europe took its imperial tradition, is an exception." However, 75 years is an extremely long period in today's dynamic world that moves in tempo of months, if not days.

Why does an autocracy persist for so long? The reasons may differ; and the first involves what Thucydides defined as mutual fear. In the 4th century BC he wrote: "In an alliance the only safe guarantee is an equality of mutual fear." However, this means not only the fear of being oppressed for free thought or insubordination, but the fear of being deprived of even those minor accommodations the ordinary people enjoy in this unfair distribution model. Authorities, familiar with these concerns, in turn, often exploit these fears to their own advantage.

This leads us to the second factor in authoritarian longevity, namely the facets of a social contract. Rousseau would be very surprised to find how his theory of an agreement between rulers and populace is interpreted in autocracies, and so would Americans, who think that such an agreement can be based only on democratic procedures. Not necessarily.

This presumably is one of the key differences between totalitarian and authoritarian regimes – the latter does not interfere in the private lives of its citizenry, allowing them to do almost anything they want,

except for engaging in political activities. The tacit social contract looks like this: the authorities don't pry into the private affairs of the populace, and the populace doesn't pry into the political life of its elites.

Such a model quite successfully existed in Russia for a decade from Putin's first presidency until almost the end of Medvedev's term. The first crack, to the authorities dismay, appeared in December, and the consequences of the recent protests are yet to be seen. At present, we can see that the patience among the wealthy social strata has been exhausted and their frustration has spilled out onto the streets. We see that it is becoming unfashionable for Facebook and Twitter users to remain silent, just as it was deemed bad taste to show one's temper in previous years, when the Internet was a place to practice some type of internalized escapism, where one could casually chat with fellow believers and forget the harsh life realities.

For some time, social networks may again become a kind of safe haven. After three months of protests, public activity is now fading, and although the state of Russian society will not return to its former somnolence, it is still hard to foresee when a new outbreak will occur and what shape it will take. Much will depend on the steps the authorities undertake. Will they interpret the recent public outcry as a sign of society's genuine demand for change, or will they take it as an attempt of "State Department agents" to tear down the system of power in Russia?

The authorities' ability to launch a broader public dialogue can largely determine how successful this new presidency will be for Putin. So far, the government has been unwilling to abandon its practice of monopolizing all civic activities. On the eve of Russia's Independence Day, the Russian parliament passed a new legislation that dramatically increases penalties for administrative violations during public protests. The bill was specially crafted to rein back street activity, and it took just a few days for the lawmakers to pass it. This heavy-handed law is a clear signal to the public that the authorities consider the demonstrations to be violations of public order rather than a legitimate demand for change.

However, according to many experts, such steps by the government may have an effect opposite of calming the situation. The anti-protest law will rather have a backlash and a civic revolt may again break out in autumn.

The third reason for the authoritarian longevity is the lack of opposition inside the country. And this is not only because the opposing voic-

es and figures are eradicated. Sometimes the opposition may be split or it may pursue its own selfish goals. It may also not enjoy broad social support because of the lack of a popular message or even mistrust among its leaders. One should also remember that opposition is not necessarily positive, nor constructive.

The fourth – and perhaps the primary – reason for long-enduring stability is the role of the elites who prefer to follow in lockstep with their leader rather than oppose him. Personal safety, wealth and upper social status emanate from adherence to the rules of the game, and this gives strong incentives to keep the system operating. Given the choice to oppose or to submit, the upper classes will most certainly choose the latter. The power, then, is based less on fear than on benefit.

It is worth noting here that the nature of modern autocracies has changed substantially in the last two decades, particularly after the collapse of the communist bloc and its messianic ideology.

Bulgarian political analyst Ivan Krastev with his first-hand knowledge of autocracies argues in his *Paradoxes of the New Authoritarianism*: “The new authoritarian regimes’ lack of any real ideology explains their tendency to view themselves as corporations.” Unlike totalitarian models of the past, including the very recent past, “the new authoritarian regimes do not want to transform the world or to impose their system on other countries. So the axis of conflict today is no longer the free world versus the world of authoritarianism.” That is one of the reasons, he continues, why “the democratic world is reluctant to confront them.”

It would be therefore a mistake to assume that the collapse of such a model can occur rapidly. It might drag on for a long time, particularly with sufficient money and/or fear to fuel its mechanisms.

#### REASONS FOR COLLAPSE

Under what circumstances does this authoritarian hold tend to shake and weaken?

Under one scenario a leader’s increased inability to perform his duties may compel his subordinates to find someone dependable whose leadership would guarantee a continuity of such a regime. Or instead they might find someone to rectify the most outrageous faults of the system, while preserving its fundamentals. In the second scenario, certain

groups of the elites, whose loyalty has subsided, may decide that they would gain more from the destruction of the order than from its preservation, and so they undermine it.

Such crossroads may be seen now in North Korea after the death of Kim Jong-il. The country, a rare case in the history of modern autocracies, outlived the death of Kim Il-sung, the founder of the dictatorship, and allowed his son to take over the reins, which now fall into the hands of his son, Kim Jong-un. In fact, the world surrounding this reclusive authoritarian dynasty has changed since the father came to power. It will be clear in the coming years whether the country has the potential and the will to follow this path and accept the third generation dictator. North Korea may opt for the Chinese scenario with its meticulous economic transformation, followed by even more careful and protracted political softening.

The third scenario for the authoritarian collapse involves a growth of social unrest, threatening to turn into long and massive protests that could undermine the regime or at least draw a stream of new supporters to the opposition. In this case, the fear of exclusion from the elite ranks no longer dominates, being replaced by other forms of fear, and these elites may find it more advantageous to join the protesters rather than go on showing their loyalty.

The examples can be found in different periods of history, from the late Roman Empire to the French Revolution, from the late Soviet Union to the recent events in the Middle East. The model lacking the pillars of solid public support is doomed sooner or later.

The last scenario leaves open the question of what political model can come in place of the broken autocracy. Many Western politicians believe that the people's desire for freedom will secure the arrival of democracy. Meanwhile, over the past two decades, only Eastern European countries have been able to transform their authoritarian models of governance into sustainable democracies. There are indeed other pre-conditions, such as society's preparedness for self-governance and the maturity of the public institutions. That's why less optimistic researchers witnessing the collapse of one-ruler systems often recall Thermidor (from the French Revolutionary calendar; now referring to post-revolutionary retrogressive turnabout) and warn about the unlikely chance of a

real democracy blossoming from the wreckage of authoritarianism. Yegor Gaidar explained “the fundamental problem” occurring after the collapse of authoritarian regimes: “There is no guarantee that permanent democratic institutions will follow.” More likely, a new version of authoritarianism will arise, more sophisticated, perhaps even more flexible at first, but eventually no less penetrable or enervating.

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The world has indeed transformed dramatically over the past 20 to 30 years, and especially in the past decade, as the technological innovations (created, in fact, by Western, liberal economies) have become accessible in dozens of countries for millions of people with the advent of laptops, cell phones, and the Internet. Information reaches its users worldwide in a nanosecond, and people are exponentially more informed about the universe around them than even five or seven years ago.

However, the technological change does not mean that the world, its institutions and particularly its people are bound to change with the same speed. Indeed, the advent of cars, TV sets and jet engines in the previous century greatly changed people’s day-to-day life, but it did not make the world more democratic, or more secure. Likewise, there is good reason to believe that social networks that impact our daily lives today can hardly turn the repressive mechanisms into democratic drivers. Social networks provide an opportunity to share information and opinions. Discussion, either real or virtual, can encourage people to wake up and remember of their human dignity, as happened in Russia last winter when social networks were used to exchange views and indignation, arrange meetings or even call for restraint. Yet it was not Twitter that brought people to the streets in major Russian cities, but an event in real life. Ballot rigging in the parliamentary election and the authorities’ unwillingness to respond became a catalyst for long-growing discontent and eventual anger that spilled out of its virtual bounds.

Similarly, the mechanisms of well-functioning society to assure transparency, accountability and healthy replacement of those in power can only originate and exist in real life. Otherwise, democracy will remain virtual, as well. A Twitter revolution can engender a Twitter democracy. But little change in the material world.

# Waiting for a Storm

## Russian Foreign Policy in the Era of Change

*Dmitry Yefremenko*

Whatever may be happening in the world these days, turbulence is Mr. Analyst's label of choice. This catchword largely owes its popularity to the world financial and economic crisis, which now looks as infinite as it did back in 2008. Uncertainty about the capacity to exercise control of one's own future, which Pierre Bourdieu discussed in relation to the individual at the end of the 20th century, is now enveloping states and their economic systems, as well as transnational associations. Nothing is ruled out and nothing is predetermined – this is what the uncertain system of coordinates, in which world leaders have to make decisions, looks like now. Vladimir Putin, who has extended his stay in office till 2018 (without any guarantees, though), can for a good reason be considered one of the oldest old-timers. The world and the country where he has taken presidency for a third time is markedly different from what it was when Boris Yeltsin handed over the reigns of power to him. That the changes have proved so significant is largely a merit of Putin himself. But that by no means makes his future tasks easier.

### ABOUT OUR UNDER-REVOLUTION

The range of foreign political options, which the Russian political leadership will be able to choose from in the near future, will be determined by internal political opportunities to a far greater extent than at the beginning of the past decade. In my previous publications I dared spec-

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ulate that in the election campaigns of late 2011 and early 2012 Russian foreign policy may become hostage to an uncontrolled march of events as a result of the lack of the authorities' legitimacy won in elections devoid of genuine competition. Now that the dramatic threshold is way behind, one should consider the possibility for Russia falling victim to the latest changes and turning into a new trouble spot of world turbulence. But first, a few words about what really happened between December 4, 2011 and March 4, 2012.

'Under-revolution' seems to be the most appropriate word to describe the events. The term was coined by some leaders of the student unrest of 1968 to describe the scale of youth protests against the social and political system in the countries of the West.

The dwindling electoral support for the ruling party United Russia (even according to the official results from the State Duma elections) and, above all, the protest demonstrations that followed the December 4 voting have demonstrated that the political consensus of the early 2000s is gone. The scope of the demonstrations in Moscow's Bolotnaya Square and in Sakharov Avenue indicated a cumulative growth in the number of those having "stylistic disagreements" with the authorities. Although a detailed sociological profile of the "people with white ribbons" is still to be drawn, one can say with certainty that the vertical chain of command has lost the support of a considerable segment of the middle class in major Russian cities.

Apparently, the awareness of the new situation has thrown the ruling Putin-Medvedev tandem into confusion. The protest sentiments forced them to agree to partial political liberalization, which had begun to be considered long before the December elections. Simultaneously, the editorial policies of the government-controlled electronic mass media showed certain change, similar in scale to the *glasnost* breakthrough of the 1980s.

However, in January 2012, the Putin team revised its election tactic to shift to confrontationist rhetoric towards the protesters and the sympathetic external forces (the just-appointed U.S. Ambassador, Michael McFaul fell victim to that campaign, too). In this way a new basis of Putin's electoral support was consolidated and preconditions were created for a considerable shift in the balance of forces at the level of the political elite. The presidential election proved surprisingly competitive,

but it was a competition between the authorities and a patchy opposition not represented in the ballot papers. In February, the pro-Putin forces achieved superiority in the scope of street demonstrations. Eventually, Putin for the first time emerged winner in a political standoff, and this fact will have major consequences for Russia's politics.

It looks like the scope of protest demonstrations was a no smaller surprise for the leaders of the anti-Putin opposition than it was for the authorities. Almost spontaneously a weird coalition emerged that united supporters of liberal values, leftwing radicals and nationalists. In a configuration like this the emergence of one coordinating center, capable of formulating an integral list of political demands, proved impossible. Seeking to gain massive support of demonstrators in street protests, the oppositional leaders missed the chance of distancing themselves from dubious personalities and organizations that had joined the rallies in the first days. As a result, protest activity developed a downtrend before the March 4 election. The scope and intensity of grass roots support for the oppositional protests were not enough for destabilizing the regime. But nothing is settled yet. The number of opponents critical of Putin and of the system he represents has not reduced, and it is hard to believe they will be calmly waiting for the end of his third term.

From the very moment of his inauguration, Putin was confronted with a stark dilemma – either to go ahead with strengthening the authoritarian rule in every possible way, or to undertake fundamental political reforms, including a constitutional one, which would at last build the presidency into the system of power sharing, establish guarantees of the independence of courts and the mass media, and make genuinely free elections inevitable. Most probably Putin and his entourage will at first try to consolidate power with regard to the new political realities. The under-revolution of the winter of 2011-2012 highlighted the non-efficiency of the previous coalition of *siloviki* and systemic liberals Putin had relied on since 2000. In the new conditions, Putin will have to recruit a new generation of the managerial and political elite to count on. In the long term, the “newcomers” will be determining the country's future to an ever larger degree.

In the near future the Russian authorities will be taking any significant step with double caution, because the risk of another outbreak of

protests is still high. Putin's political opponents will continue to question the legitimacy of his third presidency and the current composition of the State Duma. In the event of another tide of the economic crisis Putin will have to establish a dialogue again with various political forces, including the advocates of Western-type liberal democracy and radical nationalists. The task of the political leadership will be to integrate both groups in a legal political process by giving them a chance of full-fledged participation in regional and municipal elections, and then in federal election campaigns. The normalization of political processes would be far easier to achieve should there be an unambiguous signal that Putin and his entourage are prepared to confine themselves to a six-year presidency and will not seek to prolong it to 2024. In fact, time is ripe for Putin to start working on a strategy of a civilized exit from the ruling officialdom within the deadlines established by the Constitution.

The Russian under-revolution has demonstrated the Opposition's indifference to foreign policy issues. The oppositional activists' response to Putin's statements throughout the election campaign was slack, none of them even tried to propose some policy benchmarks in that sphere, at least in response to the Putin's article in *Moscow News*. It is very unlikely that there is a broad consensus of Putin's supporters and opponents as regards foreign policy issues. The Opposition remained reluctant to get involved in the foreign policy discussion, most probably because the alternative platform does not look attractive enough for mobilizing the electorate and political activists. In fact, the Opposition allowed Putin to retain monopoly on shaping and interpreting Russia's foreign policy agenda.

The social processes that have been unfolding in Russia since late 2011 are undoubtedly consonant with the main trends of the global political turbulence. But, if one considers the March 4, 2012 election as an interim threshold, then one must admit that by the moment it was reached Russia had avoided the plight of turning into another source of global chaos. Russia's foreign policy has not yet become hostage to the internal political change, of which Russia's independent stance on Syria in early 2012 is evidence. Nevertheless, the likes and dislikes of Russia's main foreign partners regarding the actors of the political process within the country have clearly manifested themselves. In the future, especially in a situation of a growing internal political turbulence, outside

pressure in support of this or that force inside Russia will increase. Accordingly, the Kremlin's foreign policy choices may be derivative of a "friend-or-foe" approach, with all other factors of significance fading into the background.

#### EURASIAN (POST-SOVIET) INTEGRATION

The Putin-Medvedev duumvirate's rule has seen a major change in interstate cooperation in the post-Soviet space. In fact, there has developed a change of trend for the first time ever since 1991. True, it would be too bold to say that disintegration and nation-state building has given way to a unification boom. But the creation of the Customs Union and the Common Economic Space of Russia, Belarus and Kazakhstan is increasingly often seen as a project with greater-than-zero chances of success. It is also noteworthy that it was none other than Vladimir Putin who played the most important role in launching this initiative (although by and large he avoided disputing Dmitry Medvedev's foreign policy prerogatives).

Why did it become possible? It would be an exaggeration to say that the economic integration of Russia, Belarus and Kazakhstan materialized in favorable external conditions, but the general background was surely neutral. The world economic crisis noticeably reduced the capabilities of the key world players in the post-Soviet space. Besides, as one may speculate, the resetting of Russian-U.S. relations implied bilateral tacit awareness that the U.S. activity in matters related to the political and economic development of the CIS countries would be surely less intensive than it was under George W. Bush. While refusing to recognize Russia's right to a zone of privileged interests, the United States under Barack Obama apparently deemed it impossible to resist Russia's growing strength in the post-Soviet space too firmly. As for the European Union, the Eastern Partnership program, formulated at the initiative of Poland and Sweden, has failed to become an effective instrument for exercising influence in the post-Soviet space. In a word, by 2012 Russia had achieved considerable progress in advancing its integration initiatives.

True, these initiatives still remain mostly a political project. The idea of a Eurasian Union, which Putin breathed a new life into in the autumn of 2011, is still feeding the political component of the integration activity. However, this policy is fraught with certain risks, such as the disrupt-

tion of unification efforts. The establishment of a trilateral Customs Union and the proposed formation of a Eurasian Union on its basis is a project of three personalistic authoritarian regimes, of which the Russian one is the softest, particularly so after the turbulent political winter of 2011-2012. Therefore, it is logical to focus efforts on minimizing the project's costs so as to make the integration trend irreversible and ensure stability of the union structures irrespective of what may be happening "after Nazarbayev," "after Lukashenko," or "after Putin." Conversely, any steps towards expanding the Customs Union and the Eurasian Union territorially, for instance, to Kyrgyzstan or Tajikistan, would hardly contribute to making the economic basis of integration stronger. Alongside greater economic pressures this would be tantamount to the import of instability and conflicts. For instance, in view of the strained relations between Tajikistan and Uzbekistan it would be careless to agree to a radical rapprochement with Dushanbe, thereby complicating the dialogue with Tashkent.

Creating a firm and sound (at least economically) core of integration in the post-Soviet space is a major task that will take years, if not decades, to accomplish. Beyond the scope of the "top three" – Russia, Belarus and Kazakhstan – it would be correct to opt for a model of multi-speed integration, making it possible to gradually create economic and political prerequisites for closer relations among ever more countries in the post-Soviet space. In relation to Ukraine, the optimal scenario might be to put it in the follow-up integration echelon. Ukraine's hypothetical membership of the Customs Union, the Common Economic Space and, eventually, of the Eurasian Union, would considerably ease the integration impetus and, in case of another change of power in Kiev, result in the deconstruction of the emerging associations. One has the impression that Moscow seeks to use the weaknesses of Ukraine's current authorities to address issues concerning the future of the gas pipeline system, as well as involve Kiev in some sort of partnership that would prevent Ukraine's ultimate reorientation towards the European Union. However, the march of events in the neighboring country after the "Orange Revolution" has convincingly shown that any "final" solutions there are impossible. For Moscow it would be reasonable to proceed precisely from this understanding of Ukrainian specifics.

If the idea of Greater Europe “from Lisbon to Vladivostok” is to be considered in earnest, Kiev might play a modest but independent part in such a European concert. Russia should recognize this and even help Ukraine find a constructive role of a link between the European Union and the Eurasian one.

#### THE EUROPEAN IMPASSE

That the relations between Moscow and the European Union have been in an impasse for years is on everybody’s tongue. Even those who are still prepared to offer solutions are beginning to feel bored. Russia can only wait and watch the EU trying to find a way out of the debt and institutional crisis. Naturally, it can make its moderate contribution to resolving the debt problems and to eventually take a tactically beneficial position of a lender. On the EU scale Moscow’s support will be hardly noticeable, but it would be tangible for individual countries, for instance, Cyprus. Possibly, the current moment is most convenient for laying hands on low-priced European assets, but a massive buy-up of the heftiest chunks of property, for instance, in the high-tech sector, will not happen.

In his last pre-election article Vladimir Putin made it clear that he was an advocate of the version of anti-crisis reforms and institutional transformation that Berlin and Paris were insisting on. To be more precise, not of the version as such, but of the idea that its implementation will help consolidate German-French domination in united Europe. It is hoped that such transformation would have the most favorable effect on Russia-EU relations. However, if this shift is bound to occur, it will not happen in the near future.

Europe’s debt crisis has exposed things which everybody knew all the way but which were painstakingly camouflaged: whereas before the crisis Germany’s leadership was kept under the veil of a consensus political decision-making (even with certain adjustments the Lisbon Treaty had introduced), which diluted political responsibility, now Berlin is forced to assume the role of a full-fledged leader. Germany’s cautious Chancellor, Angela Merkel, is still trying to share the burden of responsibility with France, but this does not make much difference. Most probably, when the crisis is at its peak, the majority of EU countries will accept Berlin’s terms of exit from the debt depression, but the London-led

camp of opponents will get stronger, too. As they overcome the crisis, the number of countries, prepared to contest Germany's key role in solving various problems, will grow. A variety of scenarios is possible here.

One scenario suggests that the mechanism of decision-making in the EU will be rather quickly adjusted to the new economic realities, and the "multi-speed Europe" principle will be institutionalized. This would be most favorable for taking practical steps in favor of implementing the idea of "Europe from Lisbon to Vladivostok." The European Union's stratification into several integration tiers would help bring about more zones of cooperation, serving as "bridges" from the European Union (its core) to the Eurasian Union. Implementation of a differentiated model of multi-speed integration would lay the basis for new mega projects with points of support in Paris, Berlin, Warsaw, Kiev and Moscow. For the time being this scenario looks purely hypothetical, though.

Under another scenario the reformatting of the EU will last a while, and Berlin will have to make concessions to partners on issues of secondary importance again and again. Possibly, the policy towards Russia and other countries in the post-Soviet space will be one of the victims. On the Eastern track, the simulacrum of the European Union's common foreign policy has chances to last longer. Then the stagnation in relations between Moscow and the European Union undergoing internal transformation will last for years. Europe will be a priori unable to discuss strategic partnership matters with Moscow, and Russia will hardly like the idea of waiting in uncertainty in front of the European home's locked front door. Respectively, Moscow's partnership with Brussels will not become a tangible factor, contributing to Russia's positions in the Asia-Pacific region, which Putin mentioned in the pre-election article "Russia and the Changing World" as a goal to be sought. Most probably, it will turn the other way round, and a resolute surge in Russia's policy in Asia and the Pacific will sooner or later force the EU countries to take a fresh look at the prospects of relations with the largest country in Eurasia.

The third scenario may involve a sharp worsening of the military-political situation in the Middle East, and also its long-term geopolitical and geo-economic consequences. A clash of Israel and the United States with Iran would make the problems of energy security more acute. The effects of such a clash will produce serious long-term challenges for all:

the redrawing of borders in the Middle East, refugee flows, Turkey's struggle for asserting its ambitions of a regional dominator in the Eastern Mediterranean, the South Caucasus and Central Asia and the comeback of the specter of a Sunni Caliphate from Mecca to Casablanca. Awareness of common threats is certainly one of the strongest arguments for countries to unite.

#### ASIA-PACIFIC WINDOW OF OPPORTUNITIES

Remarkably, Russia's chairmanship of this year's Asia-Pacific Economic Cooperation forum has coincided with the shift of the world policy focus on that region. If the struggle for global leadership between the United States and China is to become the key factor in the transformation of the system of international relations, then the expanses of East Asia and the Pacific are bound to serve as the competition field. The more so since the center of gravity of world industrial and financial activity is moving from the Euro-Atlantic area to the Asia-Pacific region. A realignment of forces is afoot, and Russia is not taking an active part in it yet, reluctant to get involved in any political-economic configuration prematurely. However, despite the growing tensions caused by this realignment, the Asia-Pacific region still remains a fairly stable and economically safe part of the world, and presence there is a basic condition for Russia's successful development in the 21st century. "An eastward turn" will entail major risks, but staying idle will be far more risky, for the window of opportunity may be shut to never open again.

A radical change in the agenda of Russian-U.S. relations will be possible only if the sides succeed to jointly define a balance of interests in the Asia-Pacific region and to consider it as the main context-formatting factor for the entire range of cooperation relations between Moscow and Washington. Firstly, the balance of interests should involve economic cooperation, including creation and development of regional free trade areas. Secondly, it suggests support for Russia's active contribution to supplying energy resources to the Asia-Pacific region, including wide diversification of routes of delivery and destinations. This sort of mutual understanding in questions of energy supply to the Asia-Pacific region means a departure from confrontational policies in the field of European energy security, where the United

States had until recently acted as the main lobbyist for alternative oil and gas supply routes that would ease Europe's dependence on Russia. Thirdly, the new balance of interests suggests the United States and the Asia-Pacific countries leaning on it will enjoy vast opportunities opened up for the development of Siberia and Russia's Far East. At least, the same opportunities as China enjoys. Fourthly, Russia should recognize that the considerable military presence of the United States in the Asia-Pacific region does not endanger its security. Moreover, a further U.S. military buildup in the region may be deemed acceptable on the condition it does not undermine Russia's own strategic security efforts. At the same time, the United States will have to demonstrate its readiness to take into account the interests of Russia's security in the post-Soviet space, in Europe, and in the Middle East.

Meanwhile, however, the chances for a positive "resetting of the resetting" of the U.S.-Russia relations are slim, and they will remain so for years to come. Relations with Russia have long ceased to be a matter of bipartisan consensus in Washington. Quite probably, fundamental efforts in favor of a U.S.-Russia rapprochement will for a long time be blocked by an influential group of U.S. legislators interested in the votes of anti-Russia minded migrants from Central and Eastern Europe and their descendants. The rhetoric component of Russian-U.S. interactions may even get stronger. For instance, a swap of the vintage Jackson-Vanik amendment for the Magnitsky Act that John McCain and a number of his colleagues have proposed will exacerbate the distrust between the two countries, without resolving a single practical problem. The publication of a conversation between Barack Obama and Dmitry Medvedev, caught by a live microphone in Seoul, and the ensuing anti-Obama and anti-Russia campaign by Mitt Romney and other Republicans were yet another illustration the chances of shuffling off the power of stereotypes are scarce.

Instead of searching jointly for opportunities for cooperation in the Asia-Pacific region as the basis of a new agenda of U.S.-Russian relations we will see a further erosion of the modest achievements of the resetting. The current agenda of bilateral relations, in which the missile defense problem takes center stage, will be perpetuated till the end of the current decade. And then, especially in case of another surge of internal political

tensions in Russia or of another aggravation of relations with the West, Moscow may take a step towards still closer relations with Beijing.

The current level of Russian-Chinese relations is optimal by and large. A search for a balance of interests and new mechanisms of cooperation by Russia and the United States in the Asia-Pacific region might help achieve a better balance and avoid unilateral dependence on China. For Moscow, it would be equally risky to get involved in anti-Chinese and anti-American alliances. At this point it would be reasonable to lessen the disproportion in China's favor by stepping up cooperation with the United States. Such restoration of balance would provide the most comfortable ground for the further advancement of Russia's interests in the Asia-Pacific region.

The opportunities for economic cooperation and the development of trade are most significant in this context. Russia's crucial task following the access to the World Trade Organization is choosing partners for the establishment of free trade regimes. Already now discussions are underway on free trade by the Customs Union countries with New Zealand, Vietnam and Mongolia (beyond the Asia-Pacific region consultations are being held with the member-states of the European Free Trade Association). The talks may serve as a model for further wider dialogues over the establishment of relations with the existing and emerging free trade areas or even over full-fledged participation in one of these areas. In contrast to the European Union, multilateral structures of economic cooperation and free trade in the Asia-Pacific region keep cropping up. Besides accepting the conditions for cooperation in the region established earlier by other actors, Russia may also participate in setting the rules of the game.

The Asia-Pacific region still lacks a major project for multilateral economic cooperation, but there is a variety of competing projects. In the final count the choice will be confined to which project is preferable – the one involving the United States or China. This situation will not last indefinitely, but now Russia has a chance to consider various options. The free trade regime is by no means a harmless thing, particularly so for a one-sided economy like Russia's. Nevertheless it makes sense to analyze the existing options, above all the possibility of closer relations with the Trans-Pacific Partnership (TPP). The United States will dominate this emerging economic group, so a probe into the

chances of close cooperation with the TPP will also put to test the chances of “resetting the resetting” on the basis of a balance of interests of Washington and Moscow in the Asia-Pacific region. One should not brush aside offhand the possibility of taking part in some other configuration, for instance, the ASEAN+6 format.

Russia should look for regional partners (in other words, *sherpas*, if one is to use a word from the diplomatic vocabulary) that would be prepared to provide assistance to Russia in turning eastwards. They should not be stronger than Russia itself, or have some insurmountable differences, like a territorial dispute. Clearly, Moscow should create powerful incentives to persuade these countries to take into account its interests in earnest. Such incentives may be varied – supplies of fuels and energy, joint infrastructural projects, the opening of the Russian labor market, creation of favorable conditions for economic activity, assistance in resolving conflicts, etc.

Vietnam and South Korea may easily become such regional players. With Vietnam Russia shares the political and economic heritage of the Soviet era. Naturally, that heritage suffered serious erosion, but, despite the years of mutual estrangement, a number of successful economic cooperation projects have been preserved, and many people in both countries are keenly interested in reviving Russian-Vietnamese cooperation on a new basis. Vietnam largely follows the Chinese model of modernization, and in terms of the structure and quality of its workforce Vietnam looks very much like China of 10-15 years ago, but the gap is narrowing. At the same time, the Vietnamese economy is tiny compared to the Chinese one. Besides, Russia and Vietnam do not have a common border, which lifts certain concerns which invariably surface whenever plans for a massive invitation of Chinese workforce into Russia are discussed. Lastly, Vietnam is not just an ASEAN member, but a participant in the TPP, and the specific features of Vietnam’s political regime are not an obstacle to this.

The situation with the Republic of Korea is different, of course, but even in that case Russia may discover some potentially favorable opportunities. First and foremost, Moscow is sincerely interested in the peace settlement of controversies over North Korea’s nuclear program. Russia has every reason to demonstrate support for a constructive dialogue

between the two Korean states, because it is a necessary condition for the implementation of projects for developing transport and energy infrastructures in the Korean Peninsula. Peaceful unification of the two Koreas would be consonant with Russia's strategic interests. Naturally, it would be preferable to see not some dramatic scenarios, like the fall of the Berlin Wall, but gradual and steady progress in the inter-Korean dialogue based on the principle "one country – two systems." Moscow has enough reasons to seek a situation in which still-divided Korea would be its privileged partner in East Asia, similar to what Germany is in Europe. Also, Korea may counterbalance the influence of China and Japan somewhat.

However favorable the foreign economic opportunities might be, Russia's "turn eastwards" will require resolute internal political action. The plans for creating a government corporation for the development of the Russian Far East seem to point to the seriousness of such intentions. However, it looks like they have already fallen behind the pace of depletion of the region's human potential and the scale of external challenges. In the current situation moving the center of political power to that region may turn the tide of negative trends. Dmitry Medvedev's initiative, voiced last year, for doubling the territory of Moscow and moving political governance structures to a new site would resolve only some of the Russian capital city's problems. At the same time the project will cause further growth in the disproportion between the central region and the rest of Russia. A decision to move the capital to the Asian part of the country, or at least to disperse the capital city's functions geographically will not only prove that Russia wishes to fit in with the new configuration of political and military power, but also herald the beginning of a new political era. Lastly, relocating Russia's government center eastwards would let the authorities distance themselves from such a hotbed of political turbulence as the Moscow megalopolis.

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Turbulence is characteristic of a situation where long-term forecasts are not worth a dime. Minor causes may trigger macro-processes and scenarios that seemed exotic or utterly improbable just recently, but today are a fact of life. Most global turbulence factors lie outside Russia, and chang-

ing something radically is beyond its leaders' ability. The economic system of global capitalism has accumulated a tremendous potential of internal destruction and chaos, and over the years of the economic crisis that potential has not only eased, but kept growing. Globalization has put a cap on the territorial expansion of world capitalism and encouraged it to start temporal expansion, to try to maintain economic growth and well-being at the expense of the future. What makes the current crisis particularly dangerous is that this resource seems to have been exhausted, too. No one knows though whether all bills will be presented for payment instantly, or several generations will have to redeem them by installments.

The old U.S.-centered world order has been losing supports one by one. Moscow may watch this happen with a mixed feeling of satisfaction and alarm. The reasons for alarm are many, because even the general outline is still unclear, and, consequently, the period of turbulence will last. Russia is, of course, capable of making its contribution to the gradual emergence of a new world order, hoping for a worthy place in it. However, one should not rule out a synergy of internal destabilization and external turbulence, witnessed many a time in the past, for instance, in the second half of the 20th century. At this point one can say with certainty only that no vector of historical evolution is predetermined.

The above-described options of Russia's action in the international arena during Vladimir Putin's third presidency are based on the assumption of relatively inertial transformation of the world order. They rest upon the assumption of moderate turbulence. At the same time there are no guarantees that in 2012-2018 the world and Russia will avoid getting into a real storm. The causes may be varied – an escalation of currency wars, a chain of defaults that nation states may declare on sovereign debts and, lastly, tensions in the Middle East growing into a large-scale military conflict. The ineffectiveness of anti-crisis measures may add to the temptation to try an unconventional exit from the crisis through a military shakeup. Many have been writing about this option and still keep doing so, but the important thing is that such options have begun to be considered in earnest by the most authoritative analysts, such as Paul Krugman.

In the years-long saga over Iran's nuclear program the most menacing factor is the pace at which tensions have been soaring. This pace nar-

rows the room for maneuver by politicians making decisions, and increases the role of random factors which can result in the total loss of control. This pace brings to mind the way tensions grew over the Balkans in the period from the Bosnian crisis in 1908 up to the fatal shot in Sarajevo. Fortunately, in contrast to the events of a hundred years ago the current situation still gives enough reasons to believe that Russia will be able to avoid direct involvement in the conflict. But it will be unable to stay aloof altogether, either, because the economic effects of the military cataclysm will be global. Consequently, the hope for a relatively smooth and soft transformation of the world order will be shattered.

The good news is that turbulence does not mean that this or that scenario is predetermined. The combinations of factors increasing the likelihood of a military scenario are transient. A minor push may trigger a chain reaction of decisions and actions that will make a conflict inevitable. But it is likewise possible that a “war-inducing” combination of factors will begin to be eroded, too, while the trends enabling one to edge back from the fatal line will be gaining strength.

However, those responsible for planning and political decision-making in a turbulent environment must take into account the possibility of the worst-case scenario. There is not enough certainty that political planning in Russia is done at the appropriate level. There is still less certainty that the country will remain strong enough to stand the gusts of the storm during Putin’s third presidency. The much needed reforms of the political system, although creating extra problems when being implemented, can contribute to greater resistibility to external challenges in the long-term. Such reforms do not guarantee Moscow’s success in foreign policy, but they will certainly ease the risks stemming from internal political polarization.

# Understanding Russia

## Is Russian Foreign Policy Authoritarian and Expansionist?

*Andrei Tsygankov*

Russia's international behavior continues to spark lively disagreements among scholars and policymakers alike. While some view Russia as largely accommodationist and non-threatening to the West, others perceive the Kremlin's objectives as expansionist and disrespectful of existing international rules. The arrival of Barack Obama to power and his attempts to "reset" relations with Russia has yet to clarify the question of the motives behind the Kremlin's international behavior. Those on the skeptical side argue that the reset advocates misread Russia's intentions and undermine Western allies. According to this line of reasoning, Russia's authoritarian culture and political system require for the Kremlin to depend on the Western threat image at home and engage in revisionist behavior abroad.

Behind the debate about Russia's intentions are profound theoretical, historical and ethical questions. Is a more democratic Russia likely to act in accord with the United States and Europe in international affairs? Does an authoritarian Russia necessarily present a threat to the West? Should Russia's cultural and regime-based difference serve as a sufficient basis for excluding the nation from the list of partners and potential allies? More generally, should a difference in political system and values – whether it concerns Russia, China, Iran or another country – be treated by Western nations as potentially threatening their values and interests?

This paper assesses the validity of the authoritarian/expansionist Russia approach by comparing it to two other prominent perspectives on

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foreign policy, realism and constructivism and argues that, as a guide to understanding Russia's international behavior, the theory of authoritarian expansionism (TAE) is at best insufficient and at worst misleading.

### THE THEORY OF RUSSIA'S AUTHORITARIAN EXPANSIONISM

The central claims of the TAE may be summarized in terms of main propositions – one of a descriptive and one of a causal nature. The descriptive proposition states that Russia's main foreign policy objectives include the preservation and expansion of the country's imperial borders and institutions. The causal proposition comes in two distinct versions. Version One links Russia's expansionism to its authoritarian culture and propensity to impose itself onto other nations. The latter is expressed through the political regime's overconfidence and readiness to act unilaterally, rather than in the spirit of international cooperation. Version Two places emphasis on the leadership's low confidence and internal insecurity. The regime's insecurity and preoccupation with political survival leads to a diversionary form of expansionism. This version assumes the public to be generally passive and uninterested in the state's international activities.

The two versions assume diverse types of expansionism and have distinct policy implications. While Version I identifies what might be called "expansionism from strength" or "missionary expansionism," Version Two describes expansionism that is driven by weakness or desperation and seeks to divert the internal public's attention from the regime's lack of legitimacy and effectiveness. The two versions also differ with respect to the perception of cooperation of Western nations with Russia. While both versions are skeptical of the possibility to develop a robust relationship with Russia, Version I – by highlighting broad authoritarian support for international expansionism – is considerably more pessimistic than Version Two.

The description of Russia's international objectives and main causes of behavior abroad by the TAE contrasts with other theories of Russia's foreign policy. In particular, the TAE differs from realist and social constructivist theories. Realists typically emphasize material capabilities and the status of a great power as state international objectives. Scholars

working in this tradition view the Russian state as acting within the same constraints of an international anarchical system that defines choices of other states. Although internal factors, such as ideology, nature of government, and political culture, matter as well, their role is to specify, and sometimes to cover for, but never to contradict “genuine” national interest. To social constructivists, what matters most is not power or material capabilities objectively defined but what those may mean to the Self in terms of acquiring recognition from its significant Other. In the Russian context, Europe and the West in general played the role of the significant Other and prominently figured in Russia’s debates about national identity by creating the meaningful environment in which Russia’s rulers defended their foreign policy choices. Constructivist scholars of the Russian foreign policy frequently view such policy in terms of signaling the Western nations the Kremlin’s desire for equality and recognition.

The context and the long history of the theory of Russia’s expansionism may be traced to European reactions to Nicholas I’s suppression of Polish demands for independence in 1830-1831. Russia did not limit itself to suppressing what was then an internal revolt, but also played a prominent role during the 1840s nationalist revolutions in Europe. In 1846, Russia led the way in suppressing Polish uprising in Krakow, which was a part of the Hapsburg state under the Vienna convention. In July 1848, Nicholas suppressed revolutions in the Danubian Principalities of Moldavia and Wallachia – partly to assist Turkey in defeating the Rumanian nationalist movement. In 1849, Russia provided Austria with financial and diplomatic assistance to strengthen its position in Italy, and Nicholas committed almost 200,000 troops to help the Hapsburgs to suppress the revolt in Hungary.

By suppressing internal opposition to the monarchical rule, Nicholas acted within the constraints of the Holy Alliance and had no hegemonic ambitions of his own. Although Russia acted in a multilateral spirit and only did what the system expected the Tsar to do, Nicholas was labeled the Gendarme of Europe. Such a presentation of Russia was partly a product of the continent’s power struggle. Britain and France were not satisfied with the Vienna system, and each sought to challenge Russia’s rise as a great power competitor. No less significant, however, was Russia’s and Europe’s growing divergence in values. European lib-

erals now associated Poland and other nations that challenged monarchies with progressive values, and Russia with imperialism and repression. Russia was now deemed too “barbaric” and “autocratic.”

Such was the political context for the emergence of the TAE in the liberal West. The Polish question did not go away, and the Polish elite led another uprising in 1863, during which the European powers, again, opposed Russia’s effort to manage the issue and preserve existing territorial boundaries. Intellectually, the view of Russia as a barbaric expansionist was assisted by foreign travelers, such as the marquis de Custine, who began to promote this view even before the Polish uprising. The United States began to develop negative perceptions of Russia after the assassination of Alexander II in 1881, as immigrant groups (especially Jewish ones) engaged in anti-Russian lobbying in the United States to “liberate” Russia from autocracy and anti-Semitism. Perception of Russia as a dangerous autocratic power grew stronger as Alexander III and Nicholas II sought to preserve their influence in the Balkans. As theories of authoritarian Pan Slavism began to develop, scholars became convinced of the primacy of “Pan Slavist imperialism” in the Tsar’s considerations in the early 20th century.

The social revolution in Russia in October 1917 provided another powerful impetus for developing the perception of the country as an expansionist autocracy. The Soviet Union continued its departure from the Western institutions, and it challenged the West’s sense of military security. The Bolsheviks’ dissolution of the Constitutional Assembly in January 1918, their doctrine of world revolution and the establishment of the Communist International (Comintern) in 1919 in order to spread communist ideas and set up new communist parties abroad all contributed to perception of Soviet Russia as continuing – in the most dangerous way – in the mode of authoritarian expansionism. Even after the Bolsheviks had renounced the idea of world revolution and dissolved the Comintern, the majority of the West’s politicians and scholars could not change their mind about the Soviet system. Scholars became convinced that the idea of peaceful coexistence was a Soviet cover for an ideological expansion or an offensive war on the West. A classic statement of this position can be found in George Kennan’s condemnation of an authoritarian ideology of the Soviet regime. To Kennan, the Western govern-

ments came to hate the Soviet leaders “for what they did,” whereas the Bolsheviks hated the Western states “for what they were, regardless of what they did.” This distinction has become common in Western scholarship of Soviet foreign policy since the Cold War.

Despite the end of the Cold War, many continue to interpret Russia as an authoritarian state with expansionist instincts, and not normal or abiding by acceptable rules of international behavior. Russia has been frequently viewed as reviving the lost empire, backpedaling on democracy and challenging the West’s vital interests in the world. Russia’s intervention in Georgia in August 2008 provided a fresh context for resorting to the TAE. Although Russia has legitimate interests in the Caucasus, many scholars and commentators explained the Kremlin’s intervention either in terms of Russia’s expansionist determination to secure full control over Georgia’s territory and resources or the Kremlin’s perceived insecurity in response to the colored revolutions and its search for internal legitimacy reasons.

#### CRITIQUE

The TAE suffers from biases of essentialism, cultural ethnocentrism, and political hypocrisy.

***Essentialism.*** The first problem concerns the TAE’s presentation of Russia as a never changing entity that is constantly preoccupied with imperialist plans to subjugate and occupy other nations. This tendency to essentialize Russia and its foreign policy downplays the role of factors others than the nation’s political culture or the regime’s strategic design. As a result, little serious consideration is given to the possibility that Russia’s international assertiveness may be designed as a response to actions by the West and that it seeks relatively limited objectives.

For example, despite frequent claims that Russia’s 19th-century policy sought to topple the Ottoman Empire and conquer Constantinople, Russia’s eastern goals were far less ambitious. These objectives included protection of the Orthodox Christians in the Balkans and the right to have a secure passage of Russian vessels through the Black Sea. Even after the defeat in the Crimean War, the government did not turn away from Europe, as Russia’s hard-liners had hoped. As Chancellor Alexander Gorchakov’s activities demonstrated, Russia wanted recognition of

its interests in the Black Sea, which Russia was prepared to defend even at the cost of German unification.

Even Soviet international policy had more limited goals than what many Western scholars and politicians believed. With the exception of the brief period of the world revolution drive, the Kremlin mainly sought to establish the Soviet Union as a great power and a recognized member of the international community, not to expand the Soviet geopolitical boundaries. The Cold War, including the Soviet occupation of Eastern Europe, the Cuban missile crisis in 1962 and the military intervention in Afghanistan in 1979 also cannot be adequately understood without considering actions by the Western nations. Western suspicion and mistrust towards the Soviet Union served to strengthen its determination to act assertively. From the willingness to work with Russia before and during the meeting at Yalta, Great Britain and the United States soon moved to unilateral and potentially confrontational behavior. Ideological differences notwithstanding, Stalin and his entourage did not abandon their attempts to mend fences with the West until Truman had made public his doctrine of globally containing communism on March 12, 1947, and the Marshall Plan had been proclaimed in June of the same year.

It is equally problematic to present Russia's more recent assertiveness as part of a Kremlin plan to restore the empire and dominate its neighbors, even at the price of confrontation with the West. Those accusing Russia of reviving the lost empire, backpedaling on democracy and challenging the West's vital interests in the world, oversimplify the extremely complex process of Russia's transformation and its relations with Western nations. In particular, much of Russia's assertiveness was a product of the United States' regime change policy, the West's post-Cold War advancement into what Russia perceives as the sphere of its overall geopolitical interests, and efforts to achieve nuclear superiority. It is misleading to ignore the interactive nature of Russia-West relations, presenting Russia as an essentialist entity with once-and-forever formed values and behavioral patterns.

***Ethnocentrism.*** The above-noted essentialist presentation of Russia's foreign policy in part results from the TAE's cultural ethnocentrism. Rather than viewing other cultural communities as a source of learning,

ethnocentric theories tend to perceive them as a potential threat precisely because of their difference from the self. Ethnocentrism precludes the TAE from being able to appreciate Russia's historical, geopolitical, and institutional distinctness because ethnocentric ideas assume the superiority of their own culture and inferiority of others.

A good example of a Western ethnocentric theory is that of democratic peace, according to which democracies do not go to war with each other. Upon closer inspection, the theory of democratic peace is a mirror image of the authoritarian expansionism theory. Simply put, the two theories say that by not fighting each other Western-style democracies tend to act peacefully and cooperatively abroad, whereas the non-Western authoritarian systems, such as Russia, are bullish and expansionist exactly because they are non-democracies. Yet social structures and internal conditions are far more complex than the two theories present. In the post-communist context, democratization is not infrequently accompanied by state weakness, thereby allowing the re-emergence and the rise of a previously dormant militaristic ethnic nationalism. On the other hand, authoritarian regimes that lack popular legitimacy may be cautious enough and abstain from assertive foreign policy if they perceive such policy as potentially destabilizing.

The highly simplistic treatment of Russia's political system becomes especially problematic in the post-Soviet context. Russia's system is still emerging, and can hardly be labeled either as an established democracy or pure authoritarianism. More nuanced categories and theories need to be developed if we are to match Russia's domestic conditions to its foreign policy. Even within the West, meanings of democracy change over time, and it makes little sense to analyze the Russian post-communist "democracy" by comparing it to the model of Western societies, rather than to Russia's own history.

***Hypocrisy.*** The essentialism and ethnocentrism of the authoritarian expansionism theory also feed into questionable policy recommendations. If the nation – especially in presentation of Version One of the TAE – was, is and will remain an autocratic and anti-Western imperialist state, then the West must either contain or confront it. Such recommendations do not only tend to perpetuate the tense state of West-Rus-

sia relations; they are also politically hypocritical because they deny Russia interests and stakes that the Western nations themselves view as fundamental to their own existence.

An example of these kinds of recommendations for Western governments might be the calls by many advocates of the TAE to contain the Kremlin by revoking Russia's membership in the G-8, severing its ties with other Western institutions, banning private investments and recognizing the independence of secessionist territories (Chechnya). However, such an approach is not likely to discipline Russia. Instead, continuous treatment of Russia as a potential threat may indeed bring to power in Moscow those who are interested in exacerbating relations with the West. Politically, it may generate a prolonged cycle of hostilities shaped by Russia's and the West's clashing perceptions of each other's intentions. NATO's expansion, as well as military interventions in Kosovo and Iraq, has already done its share of damage in this respect.

### THREE ILLUSTRATIONS

This section reviews several seminal cases of Russia's assertiveness in order to highlight empirical problems with employing the TAE for interpreting Russia's behavior.

***The Crimean War.*** The advocates of the TAE have advanced two assumptions regarding the decision by Russia to go to war with the Ottoman Empire. First, they have argued that the Tsar's ultimatum to the Sultan over the rights of Orthodox Christians was predetermined by Russia's traditional desire to conquer Constantinople. Second, they have assumed that the autocratic nature of Russia's decision-making precluded any serious opposition to the Tsar's plan. Evidence for these assumptions is far from conclusive.

Nicholas did not seek to topple the Sultan. The Tsar's objectives were more limited and included the defense of the rights of Russia's co-religionists residing within the Ottoman Empire, preservation of its prestige of a European power, and the right to maintain a fleet in the Black Sea. More than a third of the Ottoman Empire's population — approximately thirteen million people — was Orthodox Christian, and the Treaty of Kuchuk Kainardji provided Russia with special rights to protect Ortho-

dox Christians within the Ottoman Empire. Although these rights were not clearly defined, Article 7 obligated the Porte to “give the Christian faith and its churches firm protection,” and it granted “the Ministries of the Russian Imperial Court [the right] to protect all interests of the church built in Constantinople.” As a member of the Holy Alliance, Russia also viewed its commitment to the rights of Orthodox Christians as consistent with its European obligations. In Nicholas’ perception, he was challenging the Sultan on the issue of the Holy Places to return the Ottoman principalities to the European Concert. Finally, the Tsar sought to confirm its control over the Straits of the Bosphorus and the Dardanelles, which was vital to Russia’s economic ties to Europe. The Crimean War resulted less from Russia’s expansionism and more from the West’s and Russia’s incorrect perceptions of each other’s motives, as well as from Nicholas’ overconfidence.

It would be equally wrong to assume that Nicholas’ assertiveness met no opposition at home. Advocates of a more restrained policy within the political class included Nicholas’ most influential advisors, such as Count Nesselrode and Baron Brunnow, who urged him to be cautious in negotiations with the Ottomans and consultations with Austria and Prussia. On the other side of the political spectrum, Slavophiles proclaimed the Crimean War to serve the “holy” purpose of reviving Russia’s Christian mission and pressured the Tsar to extend military support for the Balkan Slavs –advice that Nicholas never accepted.

***The Cold War.*** The TAE places emphasis on the Soviet expansionist ideology and totalitarian structure of Josef Stalin’s decision-making. Again, the reality is far too complex to be adequately expressed by the TAE supporters.

The historical record shows that Soviet international objectives after World War II were limited and shaped by the state perception of strategic interests, rather than communist ideology. Before the end of 1945, Stalin acted with restraint and generally in the spirit of Yalta-Potsdam agreements as he interpreted them. He was willing to tolerate Poland’s independence, although not outside the Soviet area of influence. He also planned no communist takeovers in Europe and advised the leaders of communist parties in Italy, France, Hungary and Bulgaria to

cooperate with national governments and not to expect to assume power within the foreseeable future – partly because he wanted to prevent the strengthening of independent communist centers. In addition – and consistent with the division of influence agreement he had devised with Churchill – Stalin refused to interfere in Greece. He further abstained from interfering in Finland, which he viewed as maintaining a generally “friendly” international posture. Outside Europe, Stalin advised Chinese communists to enter into a coalition with their enemies, the nationalists. He also refused to defy the United States by intervening in Japan and landing in Hokkaido, as some of his advisers encouraged him to do after Truman had dropped two nuclear bombs on Hiroshima and Nagasaki in August 1945.

The really radical turn in the Soviet attitude towards the West did not arrive until the Marshall Plan was officially proclaimed in June 1947. Even after Truman had proclaimed his new doctrine in March, Stalin was hoping to continue political ties and negotiations with the United States and Great Britain. In April, during a long meeting with State Secretary George Marshall, Stalin argued for a possible compromise on “all the main questions” and insisted that “it was necessary to have patience and not become pessimistic”. Marshall, however, was of a different opinion, and in his radio address on April 28 he indicated that the United States was no longer in a mood to deliberate and was planning to take decisive actions. On June 5, he delivered his Marshall Plan speech, in which he pledged financial assistance for the post-war reconstruction of European continent. In response, Stalin and Molotov articulated their alternative to Western policy by creating a separate bloc with the Eastern European states and suppressing any opposition to their policy within the region. At home, the new course meant a return to the pre-war system of mass mobilization and repressions.

In addition, the Soviet power structure, as highly centralized as it was, did allow for opposition to the course of assertiveness. Immediately following the war, Stalin’s most impatient comrades wanted him to cross the Elba and occupy some parts of the Western European nations – the advice that he rejected as impractical. From the other side of the political spectrum, ex-Foreign Minister Maxim Litvinov and Ambassador to the United States Andrei Gromyko defended the “liberal”

approach that included more respect for the choices of Eastern European states and more extensive negotiations with the Western ones. What exacerbated the situation, making it ever more difficult to prevent a full-fledged political confrontation, was the two sides' international ambitions and mistrust in each other's intentions. Stalin's geopolitically limited "socialist imperialism" was met with the West's global "democratic imperialism." Were the West to be less revisionist and fearful of the Kremlin's preparedness to penetrate the Western nations, there was a possibility that Stalin would have continued with post-war cooperative security arrangements.

***Russia-Georgia War.*** Similar problems exist with the TAE claims that an autocratic Moscow sought to establish imperial control over Tbilisi and that the war with Georgia was a part of a broader geopolitical plan to revive Russia's hegemony in the former Soviet region.

Moscow's objectives were defensive, aiming mainly to prevent NATO expansion and the inclusion of Georgia and potentially Ukraine into the alliance. Just as Tbilisi was angry with Moscow's unwillingness to honor Georgia's independence and the right to choose a foreign policy orientation, Russia was frustrated with lack of recognition by the United States and NATO. While it is plausible to assume the Kremlin's intention to gain full control over Georgia, it is at least as plausible to interpret Russia's motives as driven by defense and security considerations. The interests of Russia's security are at least as helpful in determining its behavior and explaining why it limited itself to recognizing Abkhazia's and South Ossetia's independence, but abstained from pursuing the more expansionist objectives of removing Saakashvili from power and establishing a pro-Kremlin regime in Tbilisi.

Western nations and Georgia too bear responsibility for Russia's increasingly assertive behavior in the Caucasus. By assisting Tbilisi with its power transition after the Rose Revolution and not interfering with its efforts to restore control over Adjara, the Kremlin expected Georgia to honor its interests in the Caucasus by not pressuring for immediate military withdrawals, excluding the use of force from dealings with South Ossetia and Abkhazia, and consulting Russia on vital security issues such as membership in NATO. Soon, however, Tbilisi adopted a strategy of

solving territorial disputes without assistance from Russia and by relying on support from the United States. Washington has provided \$1.2 billion in aid in the past decade, and deployed military advisors in Georgia. The United States was determined to secure its access to Caspian oil and strengthen its geostrategic presence in the Caucasus, which the Kremlin saw as evidence of America's bias and lack of recognition for Russia's role in the region. The United States did little to restrain Georgia's militarization and ambitions to reign in its autonomies by force. While Russia was increasing its support for Abkhazia and South Ossetia, NATO and the U.S. officials did not hide their backing of Tbilisi, and rarely criticized Georgia's actions in public.

It is also not realistic to assume that the Kremlin's decision-making system was autocratic enough to exclude a serious debate within the ruling circles. According to Gleb Pavlovski, one faction within the Kremlin wanted to march on Tbilisi in order to challenge the West and fully revive Russia's domination in the Caucasus. Another faction had more modest objectives, but did consider the decision to remove Saakashvili. Prime Minister Vladimir Putin and Russian Foreign Minister Sergei Lavrov both indicated that they wanted the Georgian President "to go" and at first considered this a condition for cease-fire. Still another faction seems to have been satisfied with achieving a military victory over Georgia and recognition of its rebellious provinces. The ruling structure was far from uniform or consolidated.

#### TOWARDS A BETTER UNDERSTANDING OF RUSSIA

The TAE has a rather limited ability to understand Russia and its foreign policy. Not only does the theory tend to misrepresent the direction and scope of Russia's international actions, but it is potentially misleading regarding the sources of such actions. Because of its emphasis on the role of the domestic "authoritarianism" in determining foreign policy, the TAE tends to miss other important sources of state international behavior, such as security conditions and actions by outside powers towards Russia. The theory's tendency to essentialize Russia's internal conditions and exaggerate its international ambitions should make analysts pause before adopting the TAE framework and policy recommendations.

A better approach to Russia would have to devise a more complex classification of Russia's foreign policy. The historical record will show that since its emergence as an independent centralized state, Russia has followed not one but several distinct trajectories in relations with the West. From opening a permanent mission in Rome in the early 17th century to the collective security policy before World War II, Russia frequently sided with coalitions of Western states against those whom it viewed as challenging Russian values of security. The second distinct trajectory of Russia's relations with the West has been that of defensiveness or balancing through domestic revival and flexible international alliances. It included Russia's periods of recovery after the Time of Troubles, the war with Sweden, the Crimean War, the Communist Revolution, and the Soviet disintegration. Finally, Russia has historically resorted to assertiveness in relations with the West, as exemplified by the above considered cases of the Crimean War, the Cold War and the Russia-Georgia war in August 2008. The TAE is applicable only to the third trajectory of Russia's foreign policy, and to the specified limited degree.

A better approach to Russia would also have to strive to free itself of crude biases and hypocritical recommendations. Such approaches should be eclectic and draw from various theoretical traditions by incorporating ideas of domestic institutions, considerations of national security and international recognition as sources of the nation's foreign policy. Proceeding from the two hundred years-old vision of Russia by the marquis de Custine as the "essentially aggressive" nation, or engaging in reconstruction of the Kremlin's motives without sufficient evidence at hand is not likely to facilitate a better understanding of the country or produce sound policy recommendations.

# The Decline of Europe and Russia's Future

Why We Need a Lee Kuan Yew Style of State

*Nikolay Spasskiy*

In the Soviet Union, very few read German philosophers in the original language. At best we learnt about their theories through the works of Karl Marx and Friedrich Engels. Me too. In that sense, the following rhymed irony by 19th century poet and satirist Alexei Zhemchuzhnikov is surely not about my generation:

“On the squeaky old cart of a peasant  
For a gent right and noble like me  
No other pastime is as pleasant  
As indulging in Hegel's philosophy.”

Yet today, many years after I left university, I still remember Hegel's dangling phrase “One believes one is saying something great if one says that ‘man is naturally good’. But one forgets that one says something far greater when one says ‘man is naturally evil’.” These words are probably the sole recollection of mine about Engels' fundamental work titled *Ludwig Feuerbach and the End of Classical German Philosophy*. And the reason why Hegel's words came to my mind's eye is the crisis that is engulfing Western Europe.

## WELFARE PARADISE

Once upon a time, in the 20th century A.D., there lived Europe. By a combination of parameters it was the most progressive and comfortable place of all time. For its civilizational maturity it had paid a very high price: two super-sanguinary revolutions – the Great French Revolution

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and the Great October Revolution, two world wars, several civil wars, including those in Russia and in Spain, Communism and Nazism – as social engineering experiments, and a whole lot more.

Lastly, after the end of World War II, which literally halved the territory of Western Europe, the top leaders of the Western European ruling class must have got together for a secret meeting. They had a quick word with each other and decided that Europe would not survive another big war or a real revolution.

Some practical action was taken on this fundamental conclusion. NATO was established to reconcile the primordial antagonists – Germany and France – to have firmly attached both to the structures of one military and political union, directed against the USSR. Furthermore, there was created the European Community – truly a project of a genius, cementing the new Franco-German proximity with economic integration. But that was not the main thing, though. As a matter of fact, the whole of Western Europe set course towards creating a welfare state. The Western European politicians of that day borrowed some most significant achievements of the Soviet Union in protecting the rights of working class people to have introduced these rights and guarantees at home.

The farther you go, the closer you get. Working hours were shortened everywhere and the right to strike guaranteed. The minimum wage was fixed. Unemployment benefits grew tangibly. All countries lowered the retirement age and established pension insurance allowing retirees to live a decent life. In most countries employees were entitled to paid sick, maternity and childcare leaves and free medical care. Medicine subsidies became standard practice. The employer's right to dismissal was emasculated to nothingness.

In the meantime, labor productivity growth in Western Europe was already lagging behind the growth of employees' overall incomes (wages plus fringe benefits).

Alongside the growth of these guarantees, the public and semi-public sector kept expanding – government-financed health care, education and other services provided by the state. A huge self-reproducing system emerged. In this way Western Europe turned itself into a place where the long-cherished dream of the Russian proletariat – a decent life without excelling at work and with no risk of being fired – came true.

The Western European working people were ignorant of this stroke of luck. They developed the habit of looking at all these rights and benefits as something to be taken for granted, as their innate privilege. In fact, they owed this “socialist paradise” chiefly to the Soviet Union, although now few agree to admit that. By virtue of its existence the Soviet Union forced the Western ruling class into colossal, hitherto inconceivable concessions to the working people, quite often outpacing ones, with a huge surplus.

All looked nearly perfect, but for one little thing. Capitalism is a system that works as long as it derives profit. No profit – and the whole system goes wrong. However, profit does not come out of nowhere. Profit emerges in the process of exploitation of hired labor. Respectively, since the exploitation of Western European working people in this new situation stopped yielding the expected profit, capitalism in the West faced the risk of dying down as a system.

With their no small rights, protected by the trade unions, which had lost all responsibility for the future of their countries, the Western European employees were doing an ever poorer job. Naturally, even though there were some angry murmurs and protest demonstrations from time to time, they were pretty happy with their current status. They kept living quite comfortable lifestyles, though not indulging in luxury. And without bothering too much. From that standpoint one can say that the social experiment the founding fathers of modern Europe had staged turned out to be very successful. In that realm of the working people’s rights the Soviet Union was fighting a losing battle.

In the meantime, the problem of the Western European countries’ shrinking industrial potential went from bad to worse as a result of a heavy slump in birth rates. In general this is quite normal. In this particular case one more brush stroke should be added to the picture. Child-bearing and rearing is hard work, by the mother in the first place. And enormous responsibility. As they lost the skills and the habit to work hard, the Western European working classes lost the wish to have children.

To put it in a nutshell, on the basis of its own resources Western European capitalism was unable to ensure growing reproduction and the deriving of profit.

## THE CRISIS

Starting from the 1950s, the Western European countries have been importing labor resources from their former colonies, and also from Turkey and Yugoslavia, on an ever greater scale. With time the migration patterns made U-turns. Whereas in the 1950s and the 1960s Italy exported excessive labor resources, later it turned into a country of mass immigration itself. With the fall of the 'iron curtain' and the incorporation of the former Soviet bloc countries first by the European Union, and then by the Schengen area, there began the massive migration of workforce from the East of Europe westwards. Migration flows from China joined in.

The Western European workforce was drifting to the high-waged and well-protected prestigious sectors of the economy and the public sector. The influx of migrants from the South and the East compensated for these losses. Immigrants were toiling at the factories and mills, building homes, cleaning the streets, waiting upon customers at restaurants, etc. At first, they were doing that for meager or semi-meager pay with no right to protest.

It might seem that the Western European capitalists at last resolved the centuries-old dilemma of the capitalist system to have achieved a wolves-are-fed-and-sheep-are-safe idyll: a situation where the indigent employees are happy and don't strike, but in the meantime the job is being done and profits keep pouring in. How very naive it was of them to think so.

If your inner motive is to prevent a surge of social discontent, there is no way in which it might be possible within one system – compact and open, of which any modern Western European democratic state is the type – to preserve internal hurdles and keep two isolated sub-systems – one for the indigenous citizens and the other, for new arrivals and immigrants.

At this point, a brief footnote. The legal basis of the Western European welfare state was created alongside an adequate political and psychological super-structure. If one leaves aside marginal out-of-parliament parties and sentiment, it would be right to say that the political landscape has undergone reformatting that is unprecedented in history.

Leftist ideas and sentiment (near-left would be a more appropriate term, though) have begun to dominate. The doctrine of social responsibility and social justice began to be professed not only by the traditional social-democratic parties and trade unions, but also by some political

organizations that had been considered right-of-center ones all the way – the Christian Democrats, etc.

In this world everything has a price. Social peace, too. The Western European societies have had to pay for the reality of social peace in life with a phantom of social peace in people's minds. Indeed, Western Europe these days is worshipping the very same values that Socialist propaganda once relied on. Everybody has the right to a decent life, the socially vulnerable and weak should be helped, the state must take away part of the wealth from the strong and successful to redistribute it among the weak and unsuccessful, etc.

Clearly, the assertion of these values arouses tremendous admiration. The problem lies elsewhere – without a balance of rights and duties society stops to function.

Lastly, the guest workers themselves are in no mood to put up with their destitute position. They had come to the West not for the sake of living only a slightly better life than the one they had abandoned at home. They are here, and many more will follow in their footsteps with the hope to live precisely the lifestyle enjoyed by the population of the host countries and to have the same amount of social rights and guarantees.

The Marxist classics often talked sense. They were a hundred percent right, when they postulated that capitalism cares only about today. So it is in this case.

During the lifetime of a whole generation the system based on attracting cheap labor resources from the South and from the East kept yielding super-profits. But that system had been doomed from the outset.

Slowly but surely immigrants were gaining the same amount of social rights and guarantees as the local population. Also, as any organized minority, they began to demand extra rights, first and foremost, the right to religious, cultural and lifestyle identity.

As it has turned out, in modern democratic Britain, the country of the Great Charter of Freedoms and the Habeas Corpus Act, the use of the Sharia law is allowed. But that is beside the point.

The massive attraction of labor resources from the poor countries has enabled the Western European states to cope with the shortage of labor resources, but left the root problem intact: How to go about the business of giving decent remuneration and real rights to all employees to make

them feel contented and at the same time to ensure the competitiveness of production and the generation of profit?

But our Western European friends had one more trump card up the sleeve.

As is known, capitalism, just as the proletariat, is international. When capital is unable to get a high rate of profit at home, it seeks a better fortune elsewhere. This is precisely what happened in post-war Western Europe. As soon as it started losing profit at home, capital headed abroad. At first, to relatively civilized Latin America; then to the countries of Southeast Asia; with the fall of the Berlin wall, into Eastern Europe; and lastly, to China and India.

Capital has employed this well-tested tactic on hundreds of thousands and millions of occasions. This time it worked again.

Large and relatively up-to-date operations were established in Latin America and in Asia. In the context of cheap labor and proximity of natural resources the Western European capital was skimming super-profits again. Manufactures started flowing around the world and back home, as well as to the bottomless virgin markets of Mexico, Brazil, Indonesia, India, China and other third world giants. It might seem everybody was feeling happy again.

There was a BUT, though. Products manufactured some place in the third world – be it the branches of Western European companies or operations created by the very same Chinese on the basis of replicated Western technologies – as soon as they arrived in Western Europe, easily beat their counterparts manufactured inside Western Europe proper. It does not matter what – cars, vacuum cleaners, TVs, PCs, kitchenware, toys, or clothes.

Here are the results of a simple survey an aide of mine has done while surfing the Net.

	Price (in rubles), producer country Germany	Price (in rubles), producer country China
Notebook (15.6 inch monitor, 2048 MB memory, HDD 500 GB)	31,170	14,530
TV set (81.2 inches, resolution 1920x1080 Full HD)	69,990	16,990
Car (class – city crossover, 2-liter engine, diesel, auto transmission)	1,140,000	790,000

True, Western European manufactures are of better quality. But the high-waged labor force and over-bureaucratized labor market in Western Europe make the same goods so much more expensive than their Chinese counterparts – which are only slightly inferior in quality and durability and less safer to health, but in principle quite acceptable – that the Western European producer has to bite the dust behind third world competitors. In one's own home market.

Something remarkable is happening. Once again we are witnesses to an amazing dualism of the proletariat's mentality. On the one hand, the Western European employees are protesting and demonstrating to demand from their government protection of the local producer from unfair competition by China. But on the other, when they come to the supermarket, the very same people prefer Chinese goods, because these are lower-priced.

It might seem that it would be enough to declare an all-out boycott to Chinese goods and to start buying those of domestic manufacture – of better quality, good, nice-looking and nice-feeling, safe to your health and manufactured in strict compliance with the myriad of labor and environmental conservation laws. The problem of competition would be resolved once and for all. But that does not happen, because one's purse, too, has no home country affections.

So the whole scheme of moving manufacturing facilities from Western Europe to third world countries, originally conceived as a measure to support Western European businesses and help it get the habitually high profit rate, is ending with its utter failure in front of our eyes.

Western European governments and big businesses have lost control of a process that they had largely promoted themselves for the past few decades. Powerful industries have emerged and gained strength in China, India, Turkey and other countries in the South and in the East to have offered insurmountable competition to Western Europe's traditional industrial powers. The days of the manufacturing industries in these countries, in particular, of the heavy and light industries, are numbered. The high-tech sector is still afloat, but it is beginning to give in, too.

This total degradation of the industrial base in Western Europe, in effect tantamount to de-industrialization of a vast region that had once been the “workshop of the world,” in combination with the zero growth

and fast aging of the local population and the influx of migrants, is pushing the whole Western European civilization towards a systemic crisis. This crisis has no chances of being settled within the framework of Europe's welfare state model.

The on-going events in Greece, Italy and Spain are the moment of truth. It has been postponed many a time, but now it is unmistakably here. The tragedy of the Western Europeans is this – to start emerging from the crisis they should first carry out a very unpleasant revolution in their minds. From the humanitarian standpoint one can only feel sorry for the Western European working class people. They have enjoyed colossal social gains. They are in the habit of being well-paid, enjoying long vacations, traveling about the world, having free medical care, retiring at an early age and getting nice pensions, etc.

But to be able to afford all that the nation is to begin to produce. When a nation stops producing, a huge bubble is inflated. It can be maintained for a while with borrowing. But sooner or later the bubble will burst. As a matter of fact, this is precisely what has just happened in Greece.

Regrettably, for our Western European friends there can be only one way out of the overall crisis that has hit Europe – the dismantling of the welfare state system. Because that system no longer works. An overwhelming majority of the population gets from the state far more than it gives the state in return. To get out of the crisis the Western Europeans should learn to live by their means. It hurts.

In our lifetime each of us lives through no end of episodes that might seem very insignificant and not very special, but which nevertheless have immeasurably greater and long-term effects for our perception of life. To me one of such impressions was a Monday morning of August 19, 1991.

It was the first day of my vacation. The windows of my parents' 16th-floor apartment overlooked Vernadsky Avenue in the southwest of Moscow. Down below an endless column of battle tanks was rolling into the city. I was reading Oswald Spengler's *The Decline of the West*, pages devoted to Caesarism. Suddenly I had a thought – "Speak of the Devil. This is what Caesarism looks like in reality." I was wrong. Caesarism was nowhere near. It was a silly escapade by the good-for-nothing elite of the late Soviet era. What I am about to say is different. Then, as I watched the dismantling of the Soviet Empire, I surely could not have the slightest sus-

picion that in just twenty years' time I would be able to witness the real crisis of the whole Western European system. The real decline of Europe. In the meantime, it happened.

Now, let us try to see what this crisis may have in store for us, for Russia. And what we can do about it.

#### WHAT WE SHOULD BRACE FOR

First of all, we must admit that we are looking at today's troubles in Western Europe with some sort of malicious joy. It was for too long that we had to live under the pressure of the inferiority complex next to well-off and comfortable Western Europe. One has the same kind of feeling when a successful, high-handed neighbor, who almost never wished you good morning, suddenly gets in trouble and you change places.

In its history, including recent one, Russia has had to experience quite a few injustices from Western Europe. However, one should get rid of this gloating the sooner the better.

Western Europe still remains our civilizational safe haven and the main source of modernization resource. That was the case in the days of Ivan III and Peter the Great. It is so today. Western Europe is Russia's number one trading partner, Russians' most-visited tourist attraction, and number one source of capital investment in Russia.

In whatever way we may position ourselves as a center of power in its own right – which is quite fair – Russia will be an integral part of greater Europe. However special our national history, including the key fact that the Renaissance, the Reformation and the Enlightenment barely scratched its surface, Russia took shape within the mainstream of the pan-Western and pan-Christian historical process. In their perception of the world Russians are Europeans. It's no worth trying to deceive ourselves. As we laugh at the current turmoil in Western Europe, in fact we laugh at ourselves.

The crisis in Europe is not something casual or isolated. It is a systemic crisis, characteristic of a certain stage of a highly advanced capitalist society. It inevitably stems from the late capitalism's immanent desire to reconcile the irreconcilables – social peace, economic growth and super-profits.

The October Revolution pulled Russia out of that mainstream for 75 years. But in the 1990s, we suffered a shock and chaos and plunged deep

right into the middle of that stream. We almost drowned but stayed afloat. And now we are safely drifting along with our fellows professing the same principles of social-economic development. We are drifting in the same direction as the Western Europeans, slightly lagging behind. We are heading towards the creation of a welfare state bearing a great burden of responsibilities to their citizens and dealing with the growing problem of labor shortage through the mass import of workforce.

Our people are not very much spoiled yet by and large, thank God! They are used to feeling contented with very few essentials. In particular, those in the provinces. We are still very far away from the European level of life and the standard of social expectations. But the trend is unmistakably there. History moves fast. If we fail to make some adjustments now, in just 20-25 years' time we shall be faced with a similar imbalance crisis, but spiced with Russia's characteristic brutality of all historical manifestations and a much more dramatic nature of the depopulation problem.

Incidentally, the United States is following the same road, although still farther behind. It has not experienced large-scale de-industrialization so far. The natural population growth is quite decent. Immigration continues to be digested. In other words, society still works. But, nevertheless, all signs of the Western European disease are unmistakably there. The advent of a systematic crisis is a matter of time.

In a situation like that we should honestly and firmly derive lessons from the Western European experience, see where we stand, and take measures to fundamentally improve the ongoing trends – before it is too late.

For this one fundamental question is to be answered.

What do the current historical changes have in store for us? Or, to put it in a nutshell, can we expect that the current changes in the world will gradually bring about a world community of kindness and justice? Should we just take it easy and not try to fall over ourselves to maintain our security, because the historical process will do that for us?

## NATIONAL SECURITY

### AGAINST THE BACKDROP OF GOOD AND EVIL

It is beyond doubt that the historical process, whatever its zigzags and setbacks, does bring about gradual growth in well-being, welfare and comfort around the world. There where most people once walked about

barefooted and wearing just loincloths these days they have sandals and cheap saris. There where famine claimed hundreds of thousands of lives a year these days it kills tens of thousands. There where in the past starvation was the plight of one in two, these days only one in four or one in eight go to bed hungry. Where the life expectancy averaged 25 years, today it is 50-60. Where there was one bicycle per several villages, these days cheap scooters and mobile phones are an everyday essential enjoyed by the poorest families in the remotest provinces.

True, the current scale of human misfortunes as it is, these calculations look cynical. But history, like any science of big numbers, is rather cynical. It is a hard fact – socio-economic parameters, including those characterizing such necessities as the availability of fresh drinking water, sewage, fresh foods, professional services of an obstetrician and other elementary medical aid, telephone communication, etc., are steadily improving even in the most far-away poor and backward corners of the world.

However, material progress is one thing, and the assertion of kindness in inter-human relations is something very different.

Judging by today's social legislation in Western Europe and the activity of humanitarian organizations, one may have the impression that inter-human relations and, respectively, inter-state ones (because the latter do not exist separately from the former) are becoming ever more humane. At least, in Western Europe.

This would have been so. If only 80 years (just one human lifetime) ago Nazism had not risen to power in one of the most humanistic and respectable countries of Western Europe and not created a system of mass systematic extermination of human beings with a view to spreading this system around the world. Industrialized production of human bone meal and hand-made production of lampshades from human skin is not very compatible with the assertion of humanistic values.

Incidentally, the state of affairs in Russia in the very same 1930s was not very much better. In 1937-1938, about 1.5 million people were repressed, including 680,000 executed by firing squads. Very many of the victims suffered not only from sinister troika tribunals or sadistically-minded executioners, but tens of thousands and even hundreds of thousands of ordinary people in no way different from the victims.

That transformation of victims into executioners and back was massive and sometimes it happened several times during a person's lifetime. People betrayed, dooming their relatives to immense suffering and sometimes death just to ward off the terrible risk from themselves, to move to better housing, to get a career promotion, or just out of elementary human jealousy, envy or personal dislike.

Let us not forget that Russia, with its great classical literature and no less great music, had been considered, alongside Germany, one of the citadels of spirituality.

These "malfunctions" make one perceive the "excesses" accompanying changes in the far less well-to-do countries of the world in a somewhat different way. As Russian 19th-century literature classic Ivan Turgenev once put it, "If the cream tastes bad, what is to be expected of the milk?"

Manifestations of cruelty and evil in the modern world are too many to be ignored. Treating the disease requires the correct diagnosis.

All of us would like to hope that as the historical process goes on, the general level of education and culture grows, law is perfected and poverty is eradicated, and that respect for human life will be asserted as a universal value of any human society and system of inter-state relations. That's a basic principle, an ideal.

Therefore making the national security of one's own country and the well-being of fellow citizens dependent on "kindness" of other parties to international affairs who have to be contacted today would be just not serious and irresponsible. Some day, several decades or centuries from now, when there emerges a planetary community of human beings and when kindness triumphs on the globe, it would be possible to rely on humanistic self-regulation of inter-human relations and give up reliance on force. But that will not happen soon.

I would like to make a special reservation to the effect that the postulate of humanistic maturity of modern human beings is not something artificial for the purposes of our discussion of how to ensure Russia's security and safety in view of the approaching systemic crisis of the Western civilization. States are not something supernatural or mechanical, something autonomous from the individuals of whom they consist. The will and actions of a state, just as those of an international organization or a party, etc., are derivatives of the will and actions of citizens of

that state, members of that organization and members of that party. The Taliban are killing and exploding not because somebody had programmed it once and for all, but because tens of thousands, hundreds of thousands, and probably millions of people in various parts of the world wish to kill and explode in the current social, economic, political and psychological situation.

If one leaves aside the hope for the universal triumph of kindness, the state has two ways in which to go about the business of maintaining its national security. One is through building up its own national power, all components of it – hard and soft. The other is entering into alliances with stronger partners, whose protection you are prepared to more or less comfortably accept.

At the current historical stage neither Russia nor other key international players are prepared to consider an option that would assign to Russia the role of a junior partner of another, stronger state – like the role of Austria-Hungary in alliance with the German Empire, or Britain in alliance with the United States.

God forbid that we should ever see the day when such an option will be regarded as something natural.

Consequently, we have no way out but to rely on our own forces to take a decent niche in the modern world and to protect ourselves from its excesses. This is a universally accepted principle. A great deal has been written about that. So it would make no sense to add something else. But, to round up my thought, here is another story – about the tool which, however insufficient and imperfect, is the sole one that still opens up the possibility of overcoming the systemic crisis that is threatening Russia. In a word, it is about the role and tasks of the modern Russian state.

#### THE STATE AND DEMOCRACY

In principle, any state is called to cope with three tasks. Firstly, to protect its population and its territory from outside threats. Secondly, to ensure economic growth and the minimum level of wealth and stability at home. And thirdly, to maintain public order and, as human civilization grows more mature, to assert the value of human life. The state should not be too strong and invasive, because otherwise it will trample underfoot both civil society and the individual. But it cannot afford to be

too weak and amorphous, because otherwise there will inevitably follow chaos, crime rampage and suppression of the individual. The golden mean lies somewhere in between.

In Western Europe, as NATO has not fallen apart ultimately yet and still provides some kind of security guarantees for its members, the center of gravity – as far as the function of the state is concerned – has shifted to the second and third dimensions. For us it is all basically the same, although in our situation the state also has to take care of external security. But, again, the main challenge facing all states in the Old World, including Russia, is pulling their countries out of the deepest systemic crisis.

If our states succeed – the European civilization will have a future. If not, the internal processes of depopulation, de-industrialization and socio-political disintegration will inevitably accelerate with a high probability these countries will lose any tangible role in the world's development.

Of course, in abstract terms any state is evil. It suppresses the individual. But people have not yet learned the way to live without the state. There where there is no state, the criminal gang takes its place as a form of social organization.

It is unnecessary to go as far as Africa for examples of unbridled human behavior. Take the strongest country of modern democracy, so much proud of its democratic maturity – the United States. In 2005, Hurricane Katrina hit New Orleans, the largest city in the state of Louisiana. The population had to be evacuated.

Within a matter of days the people who seemed to have learned the habit of observing very strict rules of human co-existence at their mother's knees, displayed complete inability to self-organize and maintain order as soon as government supervision and control (figuratively speaking, the guy with a big stick) was gone. Such basics of human co-existence as respect for the old and care of the weak were forgotten at once. Massive desertion of civil servants, marauding, rape, hooliganism ...

I have recalled all this not because I wish to take a dig at the "American imperialists." It just shows all too well that even in the most advanced societies people are not yet prepared for doing without the state.

In fairness, I must admit though that in Japan, after last year's earthquake and tsunamis, which caused tremendous destruction, nothing of the sort happened.

The European civilization will have no exit from the ongoing crisis other than through enhancing the role of the state. How effective today's states will eventually prove in overcoming that crisis will be the main yardstick future generations will apply to measure their success in general.

From the standpoint of the historical process and the lives of individual people it makes little difference what form this or that state has – if it is a mature democracy or a slightly authoritarian regime. All other things being equal, the democratic form of rule is preferable in principle, particularly so during long historical periods and with no fundamental internal crises or external threats in sight. No more, no less.

But let us not forget that democracy is only a form of organizing the political system of a state, which lately has been ever more often associated with free elections. By itself democracy will be unable to resolve a single problem – bring about an industrial upturn, fight with crime, cure the sick, take care of minors, etc. Everything depends on the content we fill this form with.

Honestly, I am disappointed to see our Western partners, whom I really respect, and our domestic opposition obsessed with a simplified assertion of democracy. This enthusiasm is not for the 21st century with its problems. In the 20th century, when the ideals of liberalism and democracy were confronted with several totalitarian ideologies, this trend did have a reason, although with great reservations.

Indeed, let us have a big discussion over whether democratic procedures were a hindrance to or a contributing factor for the Nazis' rise to power in Germany. After all, the National Socialist German Workers' Party (NSDAP) did collect its 13-17 million votes. Probably, we shall unearth the truth. But I would prefer a fundamentally different scenario – I wish those not quite free and democratic elections in Germany had never taken place at all. Instead, some brave army general, for instance Walther von Brauchitsch or Ludwig Beck, would have staged a military coup and just shot and killed the top Nazis. Then, most probably, there would have been no World War II, at least the brutal genocidal version of it that happened. Humanity's subsequent development would have followed a very different track – very probably, a more humane one.

Or here is another example from the recent past. In 2006, the United States was pressing for and ultimately achieved free elections in the

territory of the Palestinian Autonomy, although it had been nakedly-clear from the outset that in that type of situation HAMAS would surely win. So it happened.

Now, the question. Was it worthwhile going to such great lengths to secure free and democratic elections at that situation?

Another example. Iraq now, after nine years of the U.S. occupation, is a free and democratic country. Formally free elections are held there. And this is just wonderful. Before, it was ruled by a vicious dictator, who was brutally oppressing his people, using chemical weapons against the Kurds, drowning Shiites in the Shatt al-Arab, fighting wars with neighbors and threatening the whole region. All this is very true.

But in those days young women in Baghdad were free to walk about in miniskirts and bareheaded. And the Christian minority of 1.4 million felt quite safe and had no problems with professing their fate.

Now Iran's Christian community has shrunk to 500,000. And what life is like for Iraq's women today we all know from TV news. Also, we know that the position of women and religious minorities is one of the most common indicators characterizing the civilizational maturity of any society.

So I am asking: Was it worthwhile?

I do realize that these arguments of mine are not quite correct from the ethical point of view. Human lives and deaths are not abacus beads that show at once – life is better there where there are less deaths. The life of one child is of no smaller value than the lives of a million children and adults. But, nevertheless, from the standpoint of practical politics one finds it impossible to avoid using human lives to measure the price of the decisions that we make.

Over the past decades humanity has come a long way. Time is ripe for us to learn to rate the maturity of states and societies not by the degree of democracy of their election process, but by the real quality of life of real citizens, the security and comfort of the individual human life. This evaluation is far harder to make. If we fail to learn the skill of using it, we'll promptly lose our bearings in the neck-breaking changes of today's world.

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In fact, this is the answer to the question what Russia needs today to find the way out of its own crisis that followed the chaotic dismantling of the

Soviet Union and the formation of Russian statehood in the 1990s, and not plunge into the growing crisis of the Western welfare state. Logically, we are doomed to slide into it. The safer and wealthier our life will be, the faster we shall follow our Western European friends – but without having their safety nets and the habit they have developed over the past decades of settling differences in a non-violent way.

Cutting the long story short, we need a Lee Kuan Yew style of state – with inevitable adjustments, because we are not Chinese. A strong, robust and honest state. A wise one. And tough, if need be. The rest will come.

To the Western Europeans I can wish the same – a strong and effective state, capable of addressing social and economic issues, forcing people to work hard and protecting them – from terrorists, from crime and from financial and economic turmoil.

The alternative? Under the best case scenario Western Europe in the lifetime of one generation from now will turn into a shopping area and an amusement park for the Chinese, Hindus, Americans and, probably, for Russians. Not the worst outcome, too.

# History and Self-Identification



Hungarian communist propaganda billboard

“ If Moscow continues to view better economic ties with the West as important to modernization, it is likely to support a more open discussion of the past in an effort to reduce normative barriers with its neighbors. ”

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# The Invention of Tradition

## The St. George Ribbon and Other Symbols in the Context of Historical Policy

*Alexei Miller*

### THE RIBBON OF ST. GEORGE

The Ribbon of St. George, which was re-invented by the Moscow-based news agency RIA Novosti in 2005, is an example of a political symbol closely tied to historical policy.

A number of sensitive political problems accompanied the 60th anniversary of the end of World War II in 2005. In the 2000s, the Russian authorities began emphasizing the Soviet victory in World War II, which remains the only historical myth invoking similar, if not identical, emotions among the majority of Russians. Russia deemed it essential for international politics to re-assert the role of the Soviet Union (and Russia as its successor) in the victory over Nazi Germany. Tellingly, Russian President Vladimir Putin invited more than fifty world leaders to attend the Victory Day celebrations in Moscow.

At the same time, the hammer of historical policy pounded out Russia's 'Victory myth' in a number of neighboring countries. The former Soviet Baltic states – Estonia, Latvia, and Lithuania – interpret the events of May 1945 as the start of a new Soviet occupation. The idea that Baltic leaders would visit Moscow for the Victory Day festivities fueled heated political debates and scandals among the Baltic governments and Moscow. As a result, only Latvian President Vaira Vike-Freiberga attended the festivities in Moscow. In Poland, there was political debate

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over President Alexander Kwasniewski's trip to Russia, while Ukrainian President Viktor Yushchenko, who had just gained power through the Orange Revolution, found a polite excuse not to attend.

Given these circumstances, the introduction of the Ribbon of St. George was a successful political move. Prior to the 1917 revolution, the ribbon, which would be given a second life during World War II, had been part of two awards issued to soldiers and non-commissioned officers for valor in the battlefield – the Cross of St. George and the Order of Glory. The St. George's ribbon, with its origins in pre-revolutionary Russia, was not associated with the Socialist past, unlike the Red Banner or other Soviet-era symbols of victory. The ribbon modernized the symbolism of Victory Day and focused attention on the heroism of soldiers, which constituted an indisputable part of the military myth and was deemed acceptable by a much broader spectrum of Russians than the traditional Victory Day symbols tied to the Soviet past.

RIA Novosti staff writers borrowed from two sources when they came up with the St. George's ribbon. Different colored ribbons have been widely used in the past as a convenient and unobtrusive method to rally support during various public and political campaigns. The British have worn poppies since 1920 in remembrance of those killed in World War I and, subsequently, in World War II.

For the British, the poppy is a commemorative symbol that no political elites have ever questioned. The following episode is quite illustrative in this sense: a conflict broke out between the English Football Association and FIFA in the fall of 2011 when England was poised to play a control game. The match was scheduled for the day when the British mark the end of World War I by pinning a red poppy flower to their coats. The English team wanted to appear on the field with poppies attached to their jerseys, however the FIFA authorities would not allow this, citing regulations that ban political statements on a uniform during a game. A solution was found eventually: the English team entered the field wearing brassards on their arms to which poppies were attached. Deserving special attention in this story is the role of British Prime Minister David Cameron, who claimed that the poppy is a symbol of national consolidation in remembrance of the dead and in caring for veterans.

Cameron must have been quite sincere in believing that the notion ‘political’ is applied only to objects that refer to inter-party struggle. Indeed, poppies do not refer to internal political struggle at all, since all British politicians wear them while laying wreaths during the main annual remembrance ceremony in London. This does not eliminate the symbol’s political nature, though, and any one of the numerous lecturers on political theory, who have lost their jobs in the past year as a result of Tory education reform, could explain this to the prime minister. Rather, the fact testifies to the success of the symbol. It is noteworthy that even separatist parties in Scotland and Wales do not question this political symbol.

It seems the main difference between the St. George’s ribbon and Britain’s remembrance poppy is that the British buy the flower to provide financial support to veterans’ shelters. In 2007, a total of £25 million was raised through poppy sales at a cost of £1 per flower. By contrast, the ribbons are handed out for free in Russia. A statute on the ribbons cunningly states that the ribbons should not be used as political symbols, yet their political nature is much more obvious than that of the British poppies. Already in 2006 the public distribution campaign of the ribbons had turned into a political action campaign under the auspices of the central and regional authorities. For example, the St. Petersburg city budget has spent eight million rubles annually for this purpose since 2008.

The Russian Foreign Ministry conducted the distribution campaign in 2012, and, prior to that, its representations abroad handed out ribbons. Tellingly, immediately after its recent appearance the St. George’s ribbon began to be used in countries neighboring Russia as a symbol of support for the “Russian world” [the worldwide community of people who recognize their close connections with the Russian language, worldview, history, and culture – Ed.]. Since communist symbols are vehemently rejected in these countries, the “non-communist” nature of the St. George’s ribbon was particularly appropriate and the symbol became popular with the local pro-Russian public. In Ukraine, pro-Russian movements have competed for the past several years to make the longest or the widest ribbon. Records were set in Simferopol, where a 50-meter-long ribbon was unfolded in 2009, and in Sevastopol, where a ribbon 300 meters long was made. The Moldovan

capital Chisinau took over the lead in May 2011 when a ribbon stretching 360 meters was unveiled.

Activists from Ukraine's radical nationalistic Vlnost (Freedom) movement, driven by anti-Russian sentiment, tore ribbons from World War II veterans who had gone to lay flowers at monuments to Soviet soldiers in Lviv. In Latvia, nationalists compiled lists of the license plates of cars displaying St. George's ribbons and said "data on the fifth column would be handed over to the security agencies." Sources indicate that the Estonian authorities instructed the mass media covertly to hush up distribution of the ribbons.

Thus, like any successfully devised symbol, the St. George's ribbon conveys a number of meanings in countries neighboring Russia. It is a reaction to "historical revisionism," which challenges the myth of the Great Patriotic War. Now that many communist images have disappeared, the ribbon offers a way to demonstrate solidarity with Russia. Finally, it serves as a means of political self-identification in a specific political environment.

However, the symbol has a few problems, including its close connection with the Russian government; i.e. when the popularity of the government falls, the attractiveness of the symbol will also wane. While the communists were practically the only force to criticize the St. George's ribbon when it was first unveiled, now more and more criticism is coming from the liberal opposition, which says the symbol is turning into a governmental instrument. Defenders of the ribbon have set up their own website and say they are protecting the symbol from profanation that turns the action into kitsch.

A curious situation has taken shape in recent months with the introduction of the white ribbon on the Russian political stage as an anti-Putin symbol. The ribbon's designers clearly drew their inspiration from the success of the St. George's ribbon. Simultaneously, government leaders who have become the main targets of criticism leveled by the protest movement are using the St. George's ribbon more and more actively. Vladimir Putin and Dmitry Medvedev wore the ribbons at the Victory Day parade in 2012, and Putin had a ribbon pinned to the lapel of his jacket when he introduced Medvedev to the State Duma as the future prime minister. It is not at all clear yet how people sporting a white ribbon will resolve the

problem of its similarity to the St. George's ribbon. Some will certainly ascribe the latter to regime-fostered symbols, yet other opinions are possible as well. Recently, I saw a young woman walking down a Moscow boulevard who had a white ribbon woven into one plait of her hair and a St. George's ribbon in the other. The first case shows a renunciation of a tarnished state symbol, while the second may indicate a readiness to argue with the authorities over the right to the symbol.

Above all, the seven years since the institution of the St. George's ribbon have shown the success of a skillfully plotted political symbol that in many ways is attractive because it refers to historical symbols and collective memory. Secondly, this is the story of the gradual imposition of the first non-communist symbol of World War II in Russia, which has acquired an additional meaning of Russian identity and/or friendliness towards Russia in the former Soviet republics. Also, this is an instructive story of how a close association with a political regime that is losing popularity can undermine the attractiveness of a national symbol.

#### THE UKRAINIAN FAMINE AND THE CANDLE OF MEMORY

The candle, as a symbol of remembrance and one related to Christian symbology, has had a rich tradition in many countries. Ukrainian President Leonid Kuchma signed a decree on November 26, 1998 declaring the fourth Saturday of each November as a day of commemoration for the victims of the Ukrainian famine in 1932-1933. The first action was held in 2003 and was conceived of as a nationwide remembrance for those who had died in the famine. Participants set candles and lamps on monuments to famine victims and lit candles on the windowsills of their homes.

The Holodomor, the man-made famine in Ukraine in 1932-1933, is still a touchy political issue in that country. Some Ukrainian emigrants believe the famine should be viewed as an act of genocide against the Ukrainian people. Ukrainians gradually began to believe this notion, however, the authorities did not play up the genocide theme until 2005, when President Viktor Yushchenko made it a key element of his historical policy. He wanted the international community to recognize the Ukrainian famine as a deliberate act of genocide. Inside the country, Yushchenko made every effort to officially establish this interpretation of

the famine. In 2006, the Ukrainian parliament, under pressure from Yushchenko's faction, adopted a law on the Holodomor that qualified the famine as genocide and declared any denial of this 'fact' as immoral and unlawful. Moreover, Yushchenko and the parliamentarians representing his faction would later submit a number of bills making it a criminal offense to deny the famine as an act of genocide, punishable for up to three years in jail. Subsequently, there was an intense propaganda campaign in Ukraine and commemorative books containing the victims' names were published quickly. Yushchenko and his political associates worked hard to legitimize the groundless claim that seven to ten million people had died during the famine, thus implying that more people died in the famine than in the Holocaust.

The official campaign concerning the Holodomor culminated in 2008, the 75th anniversary of the famine. An important part of the propaganda efforts was a 1.5-meter long candle that burned continuously and resembled a sheaf of spikes. The candle, made of beeswax collected from across Ukraine and weighing 200 kilograms, traveled around the globe as part of an action called "Ukraine Remembers, the World Recognizes," the aim of which was to get government and parliaments of various countries to recognize the Holodomor as an act of genocide. In all, the candle traveled to 33 countries, which corresponds to 1933, the year when the greatest number of people died during the famine. The gigantic candle was taken around Ukrainian cities with instructions from the presidential administration to the local authorities on how to hold the 'welcoming ceremonies' for the candle.

On November 22, 2008, a memorial complex was opened during a lavish ceremony near the Kiev Pechersk Lavra, or Caves Monastery. The central element of the memorial is the Candle of Remembrance, a 32-meter-tall concrete chapel. The opening was timed to an international forum that commemorated the Ukrainian genocide in 1932-1933 called "Ukraine Remembers, the World Recognizes." The giant candle became an exhibit in the memorial's museum.

The candle was a central symbol in Yushchenko's appeal to the global Ukrainian community and the international community at large on the occasion of the anniversary. Yushchenko said: "I am addressing you on the occasion of the 75th anniversary of the most tragic event in

the history of the Ukrainian people – the Holodomor of 1932 and 1933. [...] The truth about this genocide, purposely committed by the Stalin regime on the blessed soil of Ukraine, has found its way to broad daylight. [...] Ukraine is able to speak in a loud voice about an attempt on the life of an entire nation committed back in the 1930s only after it has shaken off the yoke of communist totalitarianism. [...] I would like to express profound gratitude for humanism and solidarity with the millions of innocent victims of the genocide. [...] We are not speaking about things that the world could have done 75 years ago had it known the whole truth. We are speaking about what the world might do today as a sign of respect for the dead and for those who survived the perils of the Holodomor. On November 22, millions of candles will be lit by people in Kiev in memory of their fellow Ukrainians tortured to death in the famine. They will merge with the candle's inextinguishable flame that has traveled to 33 countries and all over Ukraine, and thus has imbued the fire burning in the hearts of caring representatives of various countries and peoples.”

This was how the historical policy pursued during Yushchenko's presidency made the candle the central symbol of the Holodomor as a specific cultural and political reality, or rather turned it into a symbol of symbols. Lighting candles on the day of commemorating the famine was an event loaded with political meaning and was transformed from a symbol of remembrance into a symbol of support for interpreting the events as genocide. Similar to the situation with the Ribbon of St. George, overt exploitation of the candle symbol as an instrument of historical policy has dealt a blow to its ethical attractiveness.

#### THE SMOLENSK CROSS

Poland has a centuries-long tradition of using the Christian cross as a political symbol. The first conflict related to the politicized use of the cross in the post-communist era occurred on October 20, 1997 when two Polish MPs representing the Solidarity Electoral Action party, fresh from winning an election, but not the majority in parliament, hung a cross over the entrance to the parliament's session hall. This was an arbitrary act, since the Sejm, as the parliament of a secular state, had not passed any decisions to that effect. Moreover, the Solidarity deputies

knew that they would not have an opportunity to form a majority in support of their action. Yet their strategy proved successful. Those who opposed religious symbols in the parliament did not initiate debates on the issue, and the cross was not removed. It was only after the 2011 parliamentary election that Janusz Palikot, whose Palikot's Movement party surprisingly came in third in the election with a blatant anti-church program, promised to start a discussion on whether the cross was appropriate for the parliament. Moreover, Palikot promised to begin hearings on the issue at the Constitution Court. The church hierarchy was quick to react. During the celebrations of the 33rd anniversary of Karol Wojtyła's election as Pope John Paul II, an announcement was made that the Roman Catholic Church would organize a tour of the pope's cross around Polish cities. This tour was a response to what the church found to be negative treatment by some politicians of Christian symbols and values.

Against this background, the so-called Smolensk Cross played a central role as a Polish symbol in 2010-2011. A jet carrying Polish President Lech Kaczyński and other top members of the Polish government crashed on April 10, 2010 outside Russia's Smolensk, killing everyone on board. In the days of mourning after the tragedy, an ad-hoc wooden cross was set up near the presidential palace in Warsaw by a Polish scout organization. Mourners flocked to this cross to pray, lay flowers, or light candles to honor the victims. When the official mourning period was over, the police attempted to move the cross from the square in front of the presidential palace to nearby St. Anne's Church, but they encountered fierce resistance from allies of the Kaczyński brothers and the Prawo i Sprawiedliwość (Law and Justice) Party. These groups quickly organized a "movement of the defenders of the Cross" that insisted on keeping it near the presidential palace. The groups even refused to hand the cross over to the scout organization. The Smolensk Cross changed from an object of mourning into a political symbol.

The crash occurred shortly before a scheduled presidential election in Poland, in which Kaczyński and Bronisław Komorowski, the speaker of the parliament, were expected to have taken part. Komorowski took up the presidential duties after Kaczyński's death in accordance with the constitution. After this transfer of power, Lech Kaczyński's brother

Jaroslaw became Komorowski's main political opponent. Jaroslaw Kaczynski and his Prawo i Sprawiedliwosc Party tried to gain the maximum political advantages from this situation. They were partly assisted in this by Polish church officials, since the party positions itself as the main defender of the "religious foundations of Polish society." For instance, Jaroslaw Kaczynski said: "The Cross was present in the halls of all the sessions of Polish parliaments, and that is very important for us. The crucifix is our value and tradition, and those who want to destroy it are actually seeking to destroy our society and our people. We must put up firm resistance to them." The church's stance made it possible to bury Lech Kaczynski in Krakow's Wawel Cathedral alongside Polish kings. The Kaczynski brothers' supporters have conscientiously construed a cult around the deceased president as a political instrument.

In the summer of 2010, after Komorowski was elected president, the presidential administration decided to relocate the Smolensk Cross to St. Anne's Church. In explaining their position, Komorowski and his supporters said the territory surrounding the presidential palace should be neutral and free, including from religious symbols. The administration proposed installing a commemorative plaque on a wall of the palace instead of the cross.

However, in view of parliamentary elections slated for the fall of 2011, the "Defend the Smolensk Cross" slogan was again turned into an important political tool as a symbol of a "true president" in the presidential palace, now occupied by Komorowski. The supporters of the cross rejected the idea of a commemorative plaque and demanded the construction of a full-scale monument in front of the palace. Jaroslaw Kaczynski took part in a rally on September 10, 2010 near the palace and warned that he would file a lawsuit against the Warsaw municipal authorities after they had put up barriers impeding access to the cross. The "Defenders of the Cross" movement drew support from a considerable number of Catholic bishops, including the archbishops of Gdansk and Przemyśl. The Smolensk Cross also fitted perfectly into the foreign policy rhetoric of the Kaczynski party. The cross underscored the Kaczynski brothers' policy of holding up the victims of the Katyn massacre as martyrs, along with their anti-Russian mindset and skepticism towards the post-Christian EU.

Yet the opponents of keeping the cross on the square mobilized as well. Young Poles, driven by anti-Kaczynski and anti-bishopric sentiments, organized through Facebook and staged a thousands-strong meeting in the Krakowskie Przedmiescie Street in Warsaw to demand that the cross be relocated. Participants in the action apparently mocked the fans of the cross, as they carried slogans like ‘Remove the Palace – It Blocks the Cross!’” Later many of the protesters voted for Palikot, who had promised to remove the cross.

The defenders only scaled back their activity after Prawo i Sprawiedliwość lost the parliamentary election. The cross was removed in November 2011, after the cross’s defenders had stopped guarding it around the clock. At first, it was moved to a chapel in the presidential palace, and then to St. Anne’s Church. The cross is no longer used as a political symbol, although one cannot rule out that it will be taken out of the church some day and will be carried at the head of a demonstration once again.

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All of these recent symbols have several common features: firstly, their success in many ways hinges on the use of a potent historical tradition, which is true of the Ribbon of St. George, not to mention the candle and the cross; secondly, allusions to martyrology are a crucial element of their emotional impact; and thirdly, the proponents of symbols invariably reject their political nature. Finally, and most importantly, the clearer the connection is between a symbol and a certain political force, the more limited is its impact on those who do not support that force. All the cases we have analyzed above demonstrate that intensive use of symbols by specific political forces ultimately undermines their legitimacy.

# Making Sense of Self-Representations

How the United States and Russia  
View their Contentious Pasts

*Thomas Sherlock*

Russia and the United States often criticize each other for manipulating their national history, particularly in textbooks, by purveying excessively positive images of the past and by ignoring disreputable behavior. Although such charges contain some truth, they are highly simplified and exaggerated, on both sides. These misperceptions should be dispelled not only for the sake of factual accuracy, but because sound assessment of the cultural terrain of other countries is essential to understanding the character and intentions of those states, and for supporting rational foreign policies.

National narratives, particularly those in history textbooks, often downplay or disregard contentious or shameful facts or periods. And while political elites certainly attempt to shape representations of the past to legitimate their power, such efforts do not necessarily lead to idealization or silence, but may produce greater openness about dark periods of nation's history.

## THE CASE OF THE UNITED STATES: FROM UPLIFTING NARRATIVES TO HONEST ASSESSMENTS

In his widely read *Lies My Teacher Told Me*, James Loewen, the American sociologist, provides a harsh evaluation of American school text-

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books, maintaining that they portray American history as a “simple-minded morality play” designed to socialize Americans into the prevailing political and socio-economic order.

Loewen’s claim is based on the fact that many U.S. history textbooks still embrace a self-congratulatory metanarrative, particularly in the lower grades of secondary school (high school). An example of a traditional approach is *The American Nation* (James Davidson, et al., 2005). Echoing the traditional, uplifting narratives that had dominated American history education until fairly recently, the book’s treatment of the Cold War is instructive. Although *The American Nation* readily admits that the Cold War had divided Americans “at times,” particularly during McCarthyism and the Vietnam War, the nation remained united in the belief that freedom was worth fighting for, particularly in its struggle with the Soviet Union, which is described as an expansionist totalitarian state. In its conclusion, the textbook states that the United States has emerged in the post-Cold War era as a “superpower and a model for democracies everywhere.” At the beginning of the 21st century, “America again beckons the world to join the common cause of freedom.”

Although still common, such uplifting narratives have lost their hegemonic status and are increasingly challenged by other, more complex representations of American history. Respected and widely used textbooks for the general student in the eleventh grade (16-year olds), such as *The American Vision* (Joyce Appleby, et al., 2010), often depict American history in somber tones, dwelling at length on the themes of racism and social injustice. Although one of Loewen’s complaints is that Americans are still raised on a “celebratory Eurocentric history,” textbooks like *The American Vision* offer a very different perspective. Its negative treatment of Christopher Columbus, once universally lionized in American schools as the embodiment of a glorious European civilization, is now increasingly accepted. The arrival of Columbus in the New World set in motion encounters that were “devastating” for the native peoples, whose “cultures were changed or destroyed by war, disease, and enslavement.” The lot of Native Americans improved little after the founding of the United States. “Poverty, despair, and the corrupt practices of American traders” in the 19th century ignited futile spasms of Indian violence against the westward expansion of the U.S. Army and white settlers.

The treatment of slaves in the antebellum American South is also described as harsh and degrading. Although the Civil War brought emancipation, the textbook portrays the following hundred years as an uphill struggle, punctuated by race riots and lynchings, of American blacks trying to win political rights and economic opportunity from white America.

The textbook's assessment of U.S. victories in World War II is respectful but not heroic. It informs the reader that the Soviet Union bore the brunt of the fighting in Europe, that Stalingrad was a turning point in the war, and that the USSR suffered the greatest number of casualties, which are compared in a graph to the losses of the other combatants. Almost two pages are devoted to the atomic attacks on Japan, including excerpts from the contrasting statements of President Truman, who supported the use of the bomb in the expectation that it would save many American lives, and William Leahy, the Chairman of the Joint Chiefs of Staff of the Army, who wrote that, with its use of the bomb, America had "adopted an ethical standard common to the barbarians of the Dark Ages."

In its examination of domestic conditions during World War II, *The American Vision* devotes considerable space to the problem of racism against African Americans and Mexican Americans. Significant attention is also devoted to the unjust internment of Japanese Americans. The textbook notes that no Japanese American was ever tried for espionage or subversion; that the all-Japanese 100th Battalion was the most highly decorated American unit in World War II; and that the United States officially apologized in 1988 to Japanese Americans for the internment policy of World War II.

In contrast to more traditional textbooks like *The American Nation*, *The American Vision* does not describe the collapse of the Soviet Union in triumphalist language. Instead, the book views the unipolar world dominated by the United States as fraught with new challenges that Washington was often unable to resolve. Discussing the invasion of Iraq in 2003, the authors observe that the war provoked widespread international criticism, that no weapons of mass destruction were found, and that America's standing in the world was further diminished by revelations that prisoners were abused at the Abu Ghraib prison.

The book's examination of American society after World War II and up to the present is carefully balanced, documenting both perceived advances and shortcomings. Sections are devoted to the dramatic expansion of the middle class as well as to scientific achievements and the emergence of popular mass culture. At the same time, the persistence of significant poverty is investigated, as is the rise of juvenile delinquency. Similarly, the textbook weighs the strengths and weaknesses of President Lyndon Johnson's Great Society program of the 1960s. Johnson's use of the federal government to provide important benefits to those most in need is described in sympathetic terms. However, the authors quote an observer who concludes that it was impossible to "wipe out the heritage of generations of social, economic, and educational deprivation by the stroke of a Presidential pen."

The multicultural focus and efforts to give agency to the poor and dispossessed in America are now relatively common in U.S. history textbooks across the spectrum of intellectual quality and ideological orientation. Although *The American Vision* offers a clear-eyed evaluation of the failures of the American experience, it still concludes that progress has been made by disadvantaged groups over the course of American history.

A more critical approach to American history is adopted by textbooks used by high school students who enroll in the Advanced Placement (AP) course in American history. Many of these students, who earn college credit for the course, will eventually enter the ranks of America's elites. The textbooks marketed to this audience are often deeply ambivalent about American foreign policy and critical of the perceived distance between American values and reality.

Alan Brinkley's *The Unfinished Nation* is a good example of a careful narrative that explores at length the themes of persistent injustice and deprivation in American history, filtered in large part through the categories race and gender. The textbook concludes that in the face of "increasing inequality of wealth and incomes," America at the beginning of the 21st century faced serious "division and resentments" that "threatened the unity of the nation and led some Americans to believe that the country was dividing into several fundamentally different cultures." Brinkley also states that American foreign policy after the tragedy of September 11, 2001 "not only divided the American peo-

ple” but also reinforced a “deep [international] animus toward the United States that had been building slowly for decades.” However, the author also observes that these problems are offset by the nation’s wealth, power, and resilience, and by America’s basic commitment to justice and freedom.

Other popular AP textbooks adopt a more ambivalent stance. In *America: Past and Present* (Robert Divine, et al., 2010) the tragedy of slavery is closely examined, as is the terror of white supremacy that engulfed the South after Reconstruction. A graphic photo of a black man about to be lynched is placed alongside text that describes the harsh conditions of segregation and the refusal of the federal government to “stem the tide of racial oppression in the South” beginning in the mid-1870s. A long section, entitled the “Crushing of the Native Americans,” documents the suffering of the Indians, who through warfare, disease, and the destruction of their traditional way of life were reduced in numbers to only 250,000 by 1900, from the more than 600,000 within the present-day borders of the United States in 1800, and the estimated 5 million in 1492, the year that Columbus arrived in the New World.

Even the *New Deal* of Franklin Roosevelt is used as an example of the frequent failure of the American system to advance social justice: “For all the appealing rhetoric about the ‘forgotten man,’ Roosevelt did little more than [President Herbert] Hoover in responding to the long-term needs of the dispossessed.” Although the book acknowledges substantial economic advances for African Americans over the past fifty years, it emphasizes that blacks still have a much lower median income and much higher rate of incarceration in prisons than whites.

As for the origins of the Cold War, the textbook says almost nothing about the repressive domestic and foreign policies of Stalin as an important cause of the confrontation, stating instead that in using the atomic bomb to vanquish Japan, “the United States virtually guaranteed a post-war arms race with the Soviet Union.” Mikhail Gorbachev is given the primary credit for ending the Cold War, and nothing is said about the triumph of the American system of values over communism.

In its conclusion, *America: Past and Present* observes that the United States began the twenty-first century torn by ideological struggles between conservatives and liberals, while different ethnic, racial, and

social groups proposed “competing models of American pluralism.” The U.S. economy had “failed to deliver on the promise of equality,” and it remained an open question whether America would be able to address this important problem.

It is sharply ironic that the wealthiest and most powerful country in history is slowly but steadily stripping itself of a nationalistic and self-congratulatory meta-narrative. What accounts for this shift in how the United States perceives itself, at least in the history classroom? Similar developments have taken place in Western Europe, but for different reasons and at a more rapid pace. World War I, and then World War II and decolonization, had a profound impact on how Europeans viewed themselves and their history, undermining the hyper-nationalism and chauvinism that infected history textbooks on the continent in the 19th and early 20th centuries. Even more dramatic and compressed cultural change took place in Russia when the collapse of the Soviet Union tore through existing cultural understandings.

By contrast, external shocks were not as important in the case of America, which emerged from World War I and World War II (and the Cold War) victorious. The primary challenges to America’s long-standing affirmative narrative came from other sources. Particularly important was the influx into American higher education after World War II of many young middle-class historians who did not share the Anglo-Saxon (and often patrician) culture of the academics who had dominated the writing of U.S. history textbooks in the 19th and much of the 20th century. Upper-class conservative historians were gradually replaced by new scholars of diverse cultural and ethnic backgrounds who were more inclined to question the prevailing American narrative – and the racial and ethnic prejudices of their older colleagues. This important demographic and intellectual change helped push American textbooks toward an increased emphasis on multiculturalism and a more critical assessment of U.S. history as a whole.

The traditional narrative of American history was also challenged in the 1960s by the civil rights movement and by the Vietnam War. The protracted struggle of African Americans exposed the survival of racism in the United States, leading many historians to question the authenticity of America’s commitment to justice and equality. The problem of ethnic

and racial discrimination now influenced many authors to recast the story of American minorities, portraying them as the victims rather than the beneficiaries of the American socio-economic and political system. Similarly, the searing experience of the Vietnam War worked to change how Americans remembered the past, as did the trauma of the Watergate scandal and the impeachment hearings of Richard Nixon.

The growing influence of post-modernism and deconstruction in American academia was another unsettling force since these intensely ideological movements maintain that intellectual debate is little more than a veiled struggle for political power. From this perspective, the school is the site – and the history textbook is the instrument – of hegemonic socialization in support of ruling, repressive groups in society; the public delegitimation of dominant social understandings (that the United States is a democracy promoting justice and opportunity for all) is necessary in the interest of oppressed groups.

Not surprisingly, the textbook writers who came of professional age in this tumultuous period often were of a different stamp than the writers of preceding generations. Moreover, unlike Russia's statist tradition, the decentralized American educational system for the most part prevented incumbent elites at the national level from intervening in this dramatic cultural change. Multiculturalism now assumed prominence in liberal intellectual discourse, prompting criticism that it was eroding America's affirmative identity by emphasizing the historical victimization of minority groups. Multiculturalism was also pilloried for minimizing the role of European ideas and institutions in the development of American democracy.

#### THE CASE OF RUSSIA:

##### HISTORY AS A DERIVATIVE OF POLITICS

If Russians often misperceive how Americans view their own past, American misperception of Russian self-assessment is also common. It is often assumed in the West that the Kremlin has avoided the painful facts of the Soviet past, particularly those of the Stalin era. Thus Anne Applebaum in her important book, *Gulag: A History*, concludes that “former communists have a clear interest in concealing the past: it tarnishes them, undermines them...even when they had nothing to do with past crimes.” (2003,

pp. 571-2) Although there is some truth in this assessment, it misses much of the complexity of Russian cultural politics.

After the Soviet collapse, which was due in large part to the opening of Leninist and Stalinist eras to intense scrutiny under Mikhail Gorbachev, the fledgling Russian Republic faced the problem of developing a meta-narrative that would define its political identity. This essential task was never accomplished in official discourse and ritual. Instead, President Boris Yeltsin pursued a half-hearted association with tsarist historical images while engaging in fundamental if episodic criticism of the Soviet past. Such efforts were never incorporated into a larger, coherent frame that might have focused the attention and energy of Russia's society on the project of crafting a civic national identity. Similarly, the new state failed to commemorate the victims of the Soviet regime in any significant way or to engage in effective acts of reconciliation.

Although Yeltsin increasingly preferred to avoid the contested past, the formal legitimation of his regime rested on an ideology of liberal democracy and anti-communism, if only haphazardly formulated, articulated, and practiced. Post-Soviet history textbooks, written in an environment of significant cultural freedom, provided the normative and empirical foundation for this fragmented ideology. Liberalism, joined to moderate or civic nationalism, formed the core perspective of these textbooks. The books of this period were "simple" narratives in their uncomplicated emplotment, recalling the flat and unproblematic discourse of Soviet-era textbooks which portrayed the Communist Party as the embodiment of historical wisdom, thereby justifying one-party rule.

Textbooks in the immediate post-Soviet period reversed the polarity of the Soviet narrative and presented the Soviet era as completely negative instead of entirely positive. The internal unity of this kind of story was maintained by the inclusion of facts and events that lent themselves to moral judgment, such as Stalinist mass crimes and other gross Soviet violations of human rights. A notable example is V.P. Ostrovsky's *History of the Fatherland*, which was published in a print-run of 3 million copies in 1992, serving as one of the foundational scripts that helped define the ideology and nascent identity of the new Russian state.

With the arrival of Vladimir Putin, simple narratives were increasingly challenged by more complex variants in Russia's textbooks, reflecting

pressures from newly installed elites but also from segments of the Russian public who were increasingly disillusioned with liberal reform and repelled by the dark, seemingly masochistic anti-Soviet narratives of the Yeltsin era. Although complex narratives address the mass repressions of the Stalin period, they are not committed to single-minded condemnation. Unlike their “simple” counterparts, complex narratives devote less attention to Soviet violations of political and civil rights. They place Soviet-era crimes within a larger frame of socio-economic, technological, and cultural developments.

A popular textbook to employ a complex narrative is *History of Fatherland. The 20th – The Early 21st Centuries*, published in 2003 by N.V. Zagladin, S.I. Kozlenko, S.T. Minakov, and Yu.A. Petrov. The text devotes more attention than other complex narratives of the period to historical facts and events that are explicitly described as Soviet achievements. Contributions in science, sports, the arts, and literature are noted but emphasis is placed on socio-economic modernization. Evaluating the Soviet model of development, the text reminds the reader that Russia emerged from the economic destruction and horrendous human losses of two world wars to rebuild its economy and emerge as one of two superpowers on the world stage. In many sectors of scientific and technological development the Soviet Union “outstripped its rivals,” including the United States.

Although this account seeks to stimulate nationalist pride, it does not pass over the crimes of the Stalin era. Yet the very structure of the textbook – informed by the concept of modernization – significantly limits any examination of the moral boundaries of state behavior and the intrinsic value of democracy. Unifying but also constraining the text, the concept of modernization places the Russian state at the center of the narrative, not the issue of mass crimes or the problematic of democratization.

In early 2007 the Kremlin actively intervened in the textbook market to further reshape the evaluation of the Stalin era. The perceived utility – and urgency – of defending Stalinism within a sharply anti-Western and particularly anti-American narrative was due in great part to the accumulated pressures of American unilateralism, NATO expansion, and particularly the spread of regional democratization.

This volatile mix was ignited by the politicized and increasingly vocal condemnation of the Soviet empire by former Soviet republics and several former Soviet satellites in Eastern Europe. Shaped by the Kremlin's perceived vulnerabilities to external forces but also buoyed by America's growing difficulties in the Middle East and by higher global energy prices, the "besieged fortress" narrative of the new textbooks provided the historical framework for an emergent statist ideology that justified the Kremlin's concentration of political and economic power. The new manuals for teachers and textbooks for students were entitled *History of Russia, 1945-2006: a Teacher's Manual* (Filippov, 2008); *History of Russia, 1900-1945: a Teacher's Manual* (Danilov, Filippov, 2009); *History of Russia: 1945-2008*; *History of Russia, 1900-1945* (Danilov, Filippov, 2009); *History of Russia, 1945-2007* (Danilov, Utkin, Filippov, 2008).

Although the textbooks promoted by the Kremlin provide a significant amount of information on the human toll of Stalinism, they essentially excuse the repressions as an unavoidable consequence of Russia's efforts to defend against the threatening international environment. No extended moral judgment is offered; instead, the books embrace moral relativism, offer *tu quoque* arguments, and admonish the reader to avoid what it views as "presentism," or the supposedly inappropriate application of contemporary moral principles to the past.

In their examination of the Stalinist repressions of the 1930s, the textbooks suggest that the end – preparing for war with Nazi Germany – justified the means – the use of mass terror against Soviet elites and society. In comparing the emergence of the militarized, repressive Stalinist system to other countries, Filippov's teacher's manual argues that "in similar conditions of serious threat ... an evolution occurs ... in the direction of restricting individual rights in favor of strengthening the state, as happened in the United States after the events of September 11, 2001." It also compares Stalin to Otto von Bismarck, observing that just as the German leader forged a unitary state with "blood and iron" in the 19th century, "so too did Stalin ruthlessly strengthen the Soviet state." The books develop the theme of tragic inevitability and foregone developmental opportunities with the assertion, especially in *History of Russia: 1945-2008*, that Soviet democratization had been possible in the

immediate post-war period, but was thwarted by new threats from the West in the form of the Cold War.

Despite its extensive political investment in this controversial narrative, the Kremlin began to change course in 2009. Domestic factors help to explain this shift away from the nationalist ideology of “sovereign democracy” with its fortress mentality. Filippov’s manual was subjected to withering criticism in public and academic meetings and in liberal media outlets, demonstrating that Russian civil society, although severely weakened under Putin, was still active. Senior clerics of the Russian Orthodox Church, although usually cautious in their public statements about the Soviet past, also condemned Stalinist repressions. Archbishop Hilarion, the head of the Moscow Patriarchate’s Department for External Church Relations, stated in an interview in June 2009 that “...Stalin was a spiritually-deformed monster who created a horrific, inhuman system of ruling the country.”

Most important, the 2008 global economic crisis influenced the Kremlin to alter its use of history as an instrument of national policy. Russia was among the hardest hit of industrialized countries by the economic downturn, which called into question the long-term viability of Putin’s model of state-led modernization dependent on oil and gas exports. The Kremlin also concluded that Russia would be marginalized in economic competition with other powers if it did not secure substantial, long-term increases in Western investment, trade, and technical expertise. The election of Barack Obama in November 2008 further strengthened the Kremlin’s incentives to pursue historical rectification.

Determined to defuse contentious historical issues which impeded better relations with the West, the Kremlin turned to a more honest treatment of Stalin-era crimes and misdeeds to emphasize the credibility of its commitment to reform. In September 2009, Medvedev fired his first salvo against Stalinism in his article “Go Russia!” Harshly criticizing Russian corruption and backwardness, Medvedev rejected the tone and perspective of the recent Kremlin-supported textbooks. Offering a moral assessment of Russia’s pattern of state-led development, Medvedev argued that “the two greatest modernizations in our country’s history – that of Peter the Great and the Soviet one – unleashed ruin, humiliation, and resulted in the deaths of millions of our countrymen.”

Putin also condemned Stalin's "mass crimes," arguing that it was both "unacceptable" and "impossible" to achieve economic development through repressions. Both Medvedev and Putin now described the Soviet system as "totalitarian," an adjective and term that was criticized in the Kremlin's textbooks as an ideological weapon used by the West during the Cold War to denigrate the Soviet Union and, by implication, Russia. The repeated use of "totalitarianism" is significant, since it aligned Russia's official discourse with the anti-communist liberalism of the Yeltsin decade, when the term enjoyed political legitimacy, and with the dominant political language of Russia's critics in countries formerly part of the Soviet Union or the Soviet sphere in Eastern Europe.

The Kremlin encouraged not only further openness about Stalinism, but also the reconceptualization of its meaning and significance. During his trip to Katyn, where thousands of Polish civil and military elites were executed in 1940 by Stalin's secret police, with his Polish counterpart in April 2010, Putin emphasized that both Polish and Soviet citizens lay in the mass graves of the forest, suggesting that all nations – including Russia – had suffered under the Stalinist regime. This emerging narrative of shared suffering seeks to recast the political identity of Russia from that of perpetrator to that of victim.

The theme of common suffering – and its potential to defuse historical controversies – was further developed in a July 2010 article by Sergei Karaganov, an influential political analyst, who called for monuments to Stalin's victims – similar to those at Katyn – to be erected throughout Russia. Seeming to respond to Karaganov's call for Russians to "overcome the cursed legacy of the 20th century," Medvedev in late 2010 appointed Mikhail Fedotov, a well-known liberal, to head the Presidential Council on Civil Society and Human Rights. Fedotov soon announced that he would propose a comprehensive government program that would provide an official assessment of Stalinism and also propose measures to eliminate its vestiges, particularly through the commemoration of its victims. If initiated, this important program would inject contemporary relevance into the current debates over the past by placing the Stalinist political and socio-economic system at the center of analysis, not the dictator himself.

## HISTORY RECTIFICATION GOING ON

Both Russia and the United States have struggled with coming to terms with painful pasts. Nietzsche wrote that “every past is worth condemning,” arguing that a reverential treatment of precedent and the maintenance of mythic accounts produces a dysfunctional society by blocking assessment – both moral and pragmatic. This dilemma – whether to ignore or confront the contentious past – is particularly relevant to contemporary Russia. Many American history textbooks now explore injustice in American history, particularly the horrors of slavery, the repression of American Indians, and the witch-hunts of the McCarthy era. These books also recognize that American reality still falls considerably short of America’s professed ideals, particularly in terms of increasing socio-economic inequality. Although Russian textbooks do not ignore Stalin’s crimes, they still avoid a sustained, forthright assessment of the Soviet era.

It is difficult to say whether a more open debate over the Soviet past in Russia will survive or suffer reversal. Throughout 2011 and into 2012, Fedotov’s proposals encountered significant political resistance. Given the Kremlin’s weak hold on democratic legitimation, the political imperative to accumulate symbolic capital provides a powerful motive for incumbent elites to pursue a sanitized, patriotic interpretation of the past. Yet, as we have seen, this inclination must compete with other preferences. If Moscow continues to view better economic ties with the West as important to modernization, it is likely to support a more open discussion of the past in an effort to reduce normative barriers with its neighbors. The Kremlin is also likely to pursue this course if it continues to perceive that potential external challenges to the regime are in decline, including regional democratization, NATO expansion, and the projection of American power.

The Kremlin’s choices will also be influenced by the fact that it does not have the capacity or reach of its Soviet predecessor to impose extensive cultural controls over society. Equally important, the regime has thus far failed to develop a coherent statist ideology woven into a dramatic historical account. Notwithstanding their often stridently nationalist rhetoric, Russia’s dominant elites are bound primarily by self-interested pragmatism, not unifying norms and values expressed in compelling historical images. The Kremlin-sponsored textbooks were an

important effort to construct such a narrative on the basis of fortress nationalism. This effort stumbled badly, but may still be revived, particularly as an attempt to inoculate Russian society against supporting the growth of anti-regime civic protests.

The threat of strident nationalism and chauvinism is also fuelled by the long-standing failure of Russian schoolbooks to humanize Russia's ethnic minorities or devote any significant attention to multiculturalism of the kind found in American textbooks. At the same time, the official statements of Putin and Medvedev about the repressive character of the Soviet period make it difficult to construct a hegemonic narrative that ignores the extent of Soviet political subjugation.

The Kremlin is likely to remain ambivalent about precisely how much of the Soviet legacy is in its self-interest to defend. The ruling elite have an abiding interest in blunting criticism of Stalinism insofar as it damages the core myth of the Great Patriotic War. And it must make some defense of Soviet history as a whole since Russia is the legal successor of the Soviet Union, which is itself the source of considerable pride and nostalgia for many Russians.

Nevertheless, the Kremlin must also perform a delicate balancing act, demonstrating that the current Russian state and regime are legitimate expressions of popular will and that Soviet ideology and institutions cannot and should not be resurrected. Thus, the Kremlin-sponsored textbooks portray the decline of the Soviet system as primarily due to systemic pathologies, and are careful not to identify external forces as the central reason for the Soviet collapse. It is also noteworthy that despite their anti-Western tenor, the Kremlin-sponsored textbooks are guided by defensive nationalism, not by revanchism or neo-imperialism.

Pressures for a critical assessment of the Soviet Union and particularly the sensitive Stalin era are also likely to come from societal forces and from segments of the elites because authentic modernization, based on humanistic values, will require an extended examination of the oppressive statist identities formed in Soviet times. Yet, unlike the Gorbachev and early Yeltsin periods, when the liberal intelligentsia played a crucial role in shaping elite and public discourse about the Soviet past often in alliance with the Kremlin, today the political influence and numerical size of this group is greatly reduced.

In this fluid political environment, the official treatment of the Soviet past will depend on pragmatic considerations. The Kremlin may promote nationalism more strongly if civic opposition grows and if the economic pressures that earlier motivated the leadership to criticize Stalinism appear to recede, making the need for modernization based on the greater empowerment of Russian society and on Western investment seem less compelling. Although the current political and economic disarray of the West has clearly weakened its attractiveness to Russia as a partner, Russia's own socio-economic problems remain deep-seated and difficult to address without interaction with the EU and the United States.

The character of the American narrative is also in a state of flux. For many critics, the celebration of ethnic and racial difference (and the condemnation of minority repression) in American textbooks will eventually lead to the political balkanization of the United States. Thoughtful observers respond that on balance the decline in traditional socialization is offset by the enhanced and necessary ability of Americans to test the claims of American democracy against reality.

Some popular AP textbooks do seem to question the legitimacy of American institutions. In its assessment of social and economic conditions in the United States since the 1970s, *Out of Many* (John Faragher, et al., 2011) emphasizes that the percentage of Americans living in poverty and the gap between rich and poor have accelerated significantly over the past three decades. Although such textbooks fail to provide a compelling story of American progress, they impart the important lesson that democracy must continually be renewed by responsible elites and by the participation of an enlightened citizenry. As for Russia, it will have a greater chance to move toward democratic rule if the lessons of its own history are allowed to provide guidance.

# The Strategic Triangle

普京宣布竞选总统 俄罗斯2012大选梅普欲演“二人转”



中国金融网 首席漫画家 张砚钧 绘

A Chinese cartoon of the Russian tandem

“ In the foreign policy domain, the Chinese military calls for a transfer from the passive policy of deterring the U.S. to an active course and closest cooperation with Moscow. Russia's foreign policy is regarded as a positive example of defending national interests and independent opinion. ”

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# A Relationship Poised for a New Start

## Promoting the Solid Development of China-U.S.-Russia Relations

*Xiong Guangkai*

The world has been beset recently by political turmoil, constant violence and unrest, and a strategic landscape subject to continuous and intricate changes. It is against this background that trilateral relations between China, the United States and Russia have continued to demonstrate steady development, with the three countries engaging each other to augment interaction on vital international issues. This cooperation has given rise to several novel trends in the development of relations. In the future, China-U.S.-Russia relations will definitely face new opportunities and challenges that will require an active response from all those involved.

### NEW TRENDS

China, the U.S., and Russia have expanded reciprocal contacts and cooperation, thus setting the stage for the stable development of trilateral relations.

China-U.S. relations have demonstrated steady growth in the past few years. Despite negative factors influencing relations between the two countries, such as U.S. arms sales to Taiwan, this bilateral relationship is continuing to develop. Chinese President Hu Jintao paid a successful state visit to the U.S. in 2011, which was followed by an equally successful exchange of visits by U.S. Vice President Joe Biden to China and Chinese Vice President Xi Jinping to the U.S.

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Since early 2011, China and the U.S. have met twice to discuss Asia-Pacific affairs, and have held the first strategic and security dialogue between the two countries. These meetings have helped to further expand the groundwork for mutual dialogue and exchange. Trade between China and the U.S. has reached a new high and is expected to exceed \$500 billion this year. Tellingly, this achievement took place amid the global economic slump. Moreover, the two countries have established and promoted a cooperative partnership highlighting mutual respect and mutual benefit.

The expanded cooperation in all spheres between Russia and China has been beneficial. Chinese President Hu Jintao visited Russia in June 2011 where it was agreed that the two countries would remain committed to a comprehensive strategic and coordinative partnership. During a trip by then Russian Prime Minister Vladimir Putin to China in October 2011, the two countries signed a cooperative memorandum on economic modernization. Trade between the two countries has hit a record \$83.5 billion, with an annual growth of 40 percent. For two consecutive years, China has been Russia's largest trade partner.

The China-Russia partnership, exemplified by the joint promotion of equality and trust, mutual support, common prosperity, and friendship, has set a course towards developing relations between the two countries for the next decade.

U.S.-Russia ties have continued to improve since the two countries "reset" their relations. Despite serious differences between the U.S. and Russia over plans by NATO to set up a missile defense system in Europe, the new START treaty signed by the U.S. and Russia officially came into force early last year. The leaders of the two countries have signed a battery of joint statements on cooperation in fighting terrorism and promoting regional security. Through the mediation of the U.S., Russia and Georgia eventually signed a bilateral agreement, thus clearing the last hurdle to Russia's accession to the World Trade Organization (WTO). One cannot underestimate the significance of Russia's membership in the WTO for the country's increased involvement in the global economy.

The U.S. and Russia have increased their strategic interests in the Asia-Pacific region, thereby merging the interests of China, the U.S., and Russia in this region in a far-reaching way. Over the past year, the U.S.

has increased its strategic involvement in that part of the world. U.S. leaders regard the Asia-Pacific region as a strategic priority and want to uphold the country's vital interests there. The U.S. is doing so by consolidating ties with its allies in the region, strengthening relations with new partners, getting involved in multilateral mechanisms, promoting trade and investment, building up its military presence in the region, and guiding the agenda of regional economic and security cooperation.

For its part, Russia has redoubled its involvement in Asia-Pacific affairs. Russia's top political leaders have stressed on many occasions that the Asia-Pacific region is one of the top priorities for its foreign policy. Furthermore, Russia has unveiled its action plan for enhancing its position in the region. In the diplomatic domain, Russia has promoted bilateral relations with China, India, Vietnam, and Mongolia, and has taken active part in multilateral mechanisms in the region. Moreover, Russia is expanding trade with China, Japan, and South Korea, and deepening cooperation in the energy sector with countries in the region. The accession of the U.S. and Russia to the East-Asia Summit is an important sign of the two countries' stepped-up involvement in Asia-Pacific affairs. China welcomes these efforts to play a constructive role in the region and maintains that all the parties involved should commit themselves to ensuring peace and stability in the region, to making this region more prosperous, and to promoting mutual beneficial cooperation among the major powers. A prosperous and stable Asia-Pacific region is in the fundamental interests of all parties involved.

Although mutually beneficial cooperation between China, the U.S., and Russia is growing progressively, there is still an imbalance in trilateral relations. Three sets of bilateral relations shape interaction between the countries. Strategic cooperation in each of the three sets has continued to increase recently and the level of mutually beneficial cooperation has grown. However, we cannot help but notice that the three bilateral relations have developed unevenly. A lack of strategic mutual trust between the U.S. and Russia has been major hurdle hindering the advancement of bilateral relations. Immediate interests underpinning U.S.-Russia relations can hardly serve as solid foundation for cooperation. Bilateral trade and the level of reciprocal investment do not conform to the two countries' economic potentials. Trade between the U.S.

and Russia last year was just under 1/10 the level of trade between China and Russia. The insufficient level of economic cooperation between the U.S. and Russia accounts for the lack of a sound economic foundation for political dialogue between the two countries.

China and the U.S. also need to improve their strategic mutual trust. Overall, the economic interdependence between China and the U.S. increases every day; however, due to U.S. suspicion and jealousy of China's rapid rise, there is still an inadequate level of strategic trust between the two countries. This often gets in the way of the normal development of bilateral political, economic, and military ties.

China and Russia enjoy mutually beneficial cooperation, but their economic ties are still lagging in relative terms. Political interaction between China and Russia has been good as the two countries share the same or similar standpoints on major international strategic issues. China-Russia economic and trade relations have likewise been on the rise, but nonetheless, the overall level of their economic/trade cooperation does not match the capacities of the two big neighboring powers. Annual trade between China and Russia is currently less than one-fourth of China-U.S. trade, and even less than one-fifth of trade between China and the European Union.

China and the U.S., as well as Russia and the U.S., still need to resolve a number of persisting problems plaguing bilateral relations. A "zero-sum" mentality, ideological differences, and geopolitical stereotypes that were typical of the Cold War era are the main problems in China-U.S.-Russia relations. Unfortunately, these factors will not vanish anytime soon and will continue to affect, albeit in different ways, the advancement of mutual relations between the three countries. With regard to the Middle East, the U.S. stance is quite different from that of China and Russia on Libya, Syria, and the Iranian nuclear program. In particular, sharp differences unmistakably flare up between the U.S. on the one side, and China and Russia on the other in the UN Security Council over Syria. Moreover, the U.S. and Russia are diametrically opposed on the issue of the missile defense system in Europe. Even the Russian presidential and parliamentary elections were not spared from friction involving the two countries. China and the U.S. are involved in intermittent disputes over such issues as human rights, the economy and trade, and U.S. arms sales to Taiwan.

## OPPORTUNITIES AND CHALLENGES

With the evolution of international strategic configuration, the stable development of China-U.S.-Russia relations will play a more prominent role in safeguarding world peace and stability. In the next few years, China-U.S.-Russia relations will see both new opportunities for development and various new challenges.

China, the U.S., and Russia have the power to influence the transformation of the global strategic structure. The U.S. stands out as the largest developed country with a global influence, while China and Russia are the major representatives of emerging nations with increasing clout in international affairs, and, therefore, have an enormous potential for developing mutually beneficial cooperation among the three countries. China, the U.S., and Russia have enormous potential for promoting global strategic stability, especially if they take each other's strategic concerns into consideration. Moreover, these countries should use mechanisms of mutual trust to resolve military issues, above all problems of nuclear disarmament and deployment of anti-missile systems, as well as security issues, such as forestalling the militarization of outer space and safeguarding cyber security.

Regarding regional security issues, China, the U.S. and Russia have considerable influence in regions with a high number of security-related conflicts, such as Northeast Asia, South Asia, Central Asia, and the Middle East. In addition, the trio has privileges in major international organizations like the UN. In the face of escalating turmoil in hotspots around the world, there is an increasingly urgent need for cooperation between China, the U.S., and Russia in ensuring regional security.

In economy and trade, China, the U.S. and Russia have a tremendous untapped potential to enhance ties, especially since their economies complement each other in many ways. Hopefully, Russia's accession to the WTO will usher in a new period of more favorable and faster growth in economic and trade relations among these three powers.

The development of China-U.S.-Russia relations is constantly being challenged by various intricate factors and is bound to run into numerous obstacles in the future. In addition to ingrained contradictions in their mutual relations, internal political factors in the U.S. and Russia will have a significant impact on trilateral relations. This year relations

may be further affected by a negative impact from the U.S. presidential election, a factor that will require special attention. In the run-up to the general election, the political struggle tends to heat up between the two major political parties in the U.S. Certain conservative forces are likely to step up their attacks against current U.S. policies, with some political forces possibly making a fuss about U.S. policies towards Russia and China. Debates over trade protectionism in the U.S. have been increasing lately, and the U.S. has decidedly turned up the heat on China over the economy and trade. Also, talk about playing hardball with Russia is rising in the U.S., which poses a new challenge to U.S.-Russia relations. The efforts by Russia's new government and President Vladimir Putin to reform the country's domestic and foreign policies will also affect the development of trilateral relations. When a new government takes over, a country's domestic and foreign policies are often adjusted; and, for that matter, just how Russia will reevaluate its foreign policy, in particular its policy towards the U.S., is of special significance. If the U.S. and Russia take a course towards decisive interaction in the near future, not only will there be an immediate positive impact on bilateral relations, but also on relations in the trilateral format.

The 18th National Congress of the Chinese Communist Party will take place this year, a landmark event in China's development. It can be safely said that China will remain committed to establishing fundamental domestic and foreign policies, to developing external contacts in a comprehensive, multi-level and extensive way, to stepping up strategic dialogue with all major powers, to enhancing strategic mutual trust, to expanding the spheres of cooperation, and to promoting long-lasting, stable, and healthy mutual relations. China needs a peaceful and stable external environment for development and reform, therefore it will take every effort to maintain a sound and stable China-U.S.-Russia trilateral relationship. Recently, Putin wrote in an article that China's development is an opportunity, not a threat, for Russia. U.S. President Barack Obama and Secretary of State Hillary Clinton have echoed this view publicly on many occasions. China's proactive endeavor to promote strategic cooperation with the U.S. and Russia will play a vital catalytic role in facilitating the healthy development of trilateral relations.

## ADVANCING TRILATERAL RELATIONS

The sound and stable development of China-U.S.-Russia trilateral relations is crucial for promoting world peace and stability. With this purpose in mind, and using the extensive experience of cooperative relationships, the three countries should further build strategic mutual trust, deepen reciprocal cooperation, handle differences properly, and make concerted efforts to move further away from the “triangular relationship” typical of the Cold War. They should push their relations forward towards a long-lasting, stable, and strong trilateral relationship in following ways:

***Furthering constructive and strategic cooperation, and enhancing strategic mutual trust progressively.*** If China-U.S.-Russia relations maintain stable development, this will not only have an immediate impact on the stability of the international strategic situation, but also on world peace and development. For this reason, China, the U.S., and Russia should keep the international strategic setup stable, further step up their top-level interaction, dialogue, and consultations, constantly deepen strategic mutual trust, and make efforts to increase communication and coordination over major international affairs. The countries should handle differences prudently and properly, eliminate negative elements, and promote cooperative relations based on equality and mutual trust by seeking common ground while putting their differences aside.

***Expanding the space of cooperation and consolidating the foundation for the development of trilateral relations.*** With the current economic globalization, new opportunities and challenges are arising for the development of China-U.S.-Russia trilateral relations, offering fresh incentives for cooperation among the three nations. China, the U.S., and Russia must keep pace with the times, sparing no effort to promote cooperation in numerous new fields. The countries should increase exchange and cooperation in such important spheres as counter-terrorism, cyber crime, outer space security, piracy, and energy and ecological security so as to enrich the content and consolidate the foundation of trilateral cooperation.

***Stepping up cooperation in the Asia-Pacific region and jointly upholding the prosperity and stability of the region.*** China, the U.S., and Russia are all major countries in the Asia-Pacific region, and, for that matter, ensuring peace, development, and prosperity in the region is in the fun-

damental interests of all the three powers. Therefore, China, the U.S., and Russia must continue to enhance policy coordination and dialogue on Asia-Pacific issues, bringing into full play the role of various mechanisms for dialogue and consultation among the three countries. Moreover, the countries need to promote sound interaction and mutually beneficial cooperation in the region.

It is especially important for the three nations to engage in more constructive cooperation in safeguarding peace and stability in Northeast Asia, fighting terrorism, and creating a favorable environment for mutually beneficial economic cooperation in the Asia-Pacific region.

***Promoting the benign development of trilateral relations and creating a strategically beneficial situation for all three nations.*** Today, cooperation among major powers sets the trend for the development of the entire world. The three countries must face this responsibility and do the best they can to ensure the sound development of each set of their bilateral relations in order to lay a solid foundation for a constructive and stable trilateral relationship in the future.

The three should seize all opportunities for cooperation, increase strategic mutual trust, and jointly seek new paths to peaceful coexistence and cooperation that is beneficial for all. Additionally, China-U.S.-Russia trilateral relations should eventually develop into a new type of relationship among the major powers.

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The 21st century will be one of cooperation and will be advantageous for all. A person with good sense makes changes according to the times, and a wise man adjusts to different circumstances. Today, the China-U.S.-Russia relationship is poised for a new start. Let us grasp this opportunity, press forward together, intensify mutually beneficial and cooperative relations among China, the U.S. and Russia, and contribute more to world peace, stability, and prosperity.

# Fragile Solidity

## China's Strengths and Weaknesses in the Focus of Relations with Russia and America

*Roderick MacFarquhar*

*"Hello everyone! This is the Russian Embassy in China! We have just opened a microblog today. All are welcome to follow us!"*

This announcement occurred on December 1, 2011, to inaugurate the Embassy's account on the Chinese Sina Weibo website. Russian diplomats surely did not anticipate the kind of response that periodically overwhelms the websites of the Japanese and American embassies. But over the next few days, a BBC analysis states, there was an outpouring of thousands of hostile messages. From the nature of the attacks, it seemed that the netizens included the predictable nationalists of the Chinese blogosphere perhaps permeated with liberal reformers. Russia was taken to task for the imperialist sins of the Tsars and the Soviets and for exporting communism to China. A few quotations will give the flavor.

*"Remember, Russia occupies 1.5 m. sq. km. of our land. They split Outer Mongolia from China, tried three times to annex Xinjiang, massacred residents in the Sixty-Four Villages East of the River, killed over a million Chinese in 100 years and looted Northeast China. They have never apologized for this."*

*"It was you who spread the Communist plague over the globe! It was you who installed dictatorships everywhere! You are aggressive by nature! You are the origin of evil in human society!"*

Another blogger also focused on a wide compass: "The Katyn Forest Massacre, the Prague Spring, the Baltic States, the Chernobyl nuclear disaster... What are these?" A woman blogger defended unity with Rus-

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sia in order to resist the U.S. and Japan who were trying to encircle China, but she got short shrift: “When was there friendship between China and Russia? Of all countries, Russia hurt China the most during modern times and the harmful consequences are still with us today.” The British would hope that this opinion was widely held!

Another blogger underlined that the current harmful consequences were, “the yellow Russians inside China,” i.e. the Chinese Communist Party. There was one blog that reminded me of a conversation I had with a party cadre at Leningrad University in the summer of 1959. The blogger demanded that Russia should return Vladivostok, or Haishenwai as he called it, to China. Most of the anti-Russian blogs were quickly erased, but to this one the embassy replied: “There is no such geographical name as Haishenwai. We cannot return to you something that does not exist.” My interlocutor in 1959 indicated disapproval of a *New York Times* article on Russia’s vast Eastern territories with indications of what had been Chinese. This was at a time when there was no open hostility between Moscow and Beijing.

After the Sino-Soviet polemics broke out, it may be recalled that Khrushchev taunted the CCP for failing to recover Hong Kong despite its vigorous anti-imperialist rhetoric, and the Chinese replied with a warning that they had not forgotten Tsarist deprivations on Chinese soil. The only surprise about these blogs this month is that nobody so far has mentioned the Karakhan declaration of 1919 which promised to return those Tsarist confiscations.

#### THE PRESENT HAUNTED BY IMAGES OF THE PAST

What these tweets reveal is that national images are slow to change. A PhD thesis written at Harvard in the 1980s revealed how difficult it had been for the CCP authorities in the 1950s to replace the U.S. with the USSR in the popular mind as the friend of China. Ten years later, the image was changed again as Mao denounced the CPSU as “social imperialists” and warned against a Pearl Harbor type attack on China. After Mao died, Deng Xiaoping was prepared to patch up the quarrel, but though he invited Gorbachev to visit China, he was increasingly alarmed at Gorbachev’s domestic reform policies. When Gorbachev came to Beijing, it was only the short-lived student democracy movement which applauded *glasnost* and *perestroika*.

Needless to say, the collapse of the Soviet Union was a terrible blow to Deng and the older generation of Chinese leaders. As young men, they had been inspired by the Bolsheviks to create the CCP. Now the socialist motherland was no more and they studied its demise and the successor regime intensively in case it had lessons for themselves. Under Yeltsin, Russia replaced India as a prime negative example of what happens to a country when it is not run by a competent single party regime like the CCP's. Nevertheless, "third" generation Chinese leaders like Jiang Zemin seem to have had fond memories of their years training in the Soviet Union and Eastern Europe. Jiang himself was apparently proud to have been told that if he had been Russian, his voice would have won him a place in the Red Army choir! Despite his focus on improving relations with the U.S., he helped inaugurate the Shanghai 5 in 1996 in which the PRC and Russia were the key players, and its transition into the Shanghai Cooperation Organization in 2001. And with the emergence of Putin as Russia's leader, the conditions were ripe for a Sino-Russian relationship designed to balance the power of the U.S.

To an outsider, there seem to be three main ingredients of that relationship. The balancing of U.S. power has taken place mainly in the UN, through votes or threats of vetoes, often on issues of interference in the internal affairs of other nations. This seems likely to continue as an important ingredient of Moscow-Beijing ties. The other two ingredients, energy and arms sales, seem less stable.

China has been an eager customer for Russian energy for some years, but that dependence may be diminishing. Although China's industrial juggernaut continues to need secure supplies of energy, the Chinese leadership has been diversifying its sources around the globe. Moreover, Beijing seems to believe that new methods of extracting natural gas from shale mean that China could become self-sufficient in the energy field. Consider this article published a few weeks ago in the semi-official *China Daily* after the visit to Beijing of Prime Minister Putin, when the two countries failed to sign a gas-cooperation agreement. The headline — "China Is Right to Walk Away from Gas Deal" — tells the story, but the article is worth reading. The first justification for the headline was the Russian price: it was too high. While acknowledging that Russia charged Germany \$400 per thousand cubic meters, the author claimed that even

at a \$250 rate, buying LNG from Russia “makes no sense.” There would be huge costs in transporting the LNG to the industrial hubs, Shanghai and Guangdong; paying the high price would anger Turkmenistan and other central Asian countries who charged less. But the key argument was that energy prices would remain low because of the new emphasis on the extraction of shale gas, of which China, according to the article, had 100 trillion cubic meters in reserves, in addition to vast alternative sources of natural gas. These figures are presumably official since the author is chief information officer of an energy-related information network, though the *China Daily* carefully stated that his opinions did not necessarily reflect those of the paper.

One reason for the paper keeping the author, Han Xiaoping, at arms length may have been a slightly anti-Russian tone in his article. He wrote that the last thing Russia would want to hear was that oil and gas prices would stay relative low because of the financial crisis. He added: “Another thing that would hardly be music to Russia’s ears is the prospect of China becoming energy independent.”

Mr. Han’s analysis obtains additional credence from the recent SIPRI Policy Paper, “China’s Energy and Security Relations with Russia,” authored primarily by Linda Jakobson and Paul Holtom. They say that “energy cooperation between China and Russia is modest... Chinese experts highlight a number of challenges for future cooperation on oil, such as Russia’s declining production in Siberia, barriers to foreign upstream investment in Russia and pricing disputes... Meanwhile, China is diversifying energy imports and the government has drafted an ambitious plan to explore shale gas reserves.” Nuclear cooperation continues, “but China’s determination to develop its own technology and competition from France and the USA makes Russian technology less attractive.”

On arms sales, the SIPRI authors estimate that between 1991 and 2010, 90 percent of China’s imported conventional weapons were bought from Russia, but add that China had not placed a significant order since 2005 and list six factors that affect Russia’s ability to satisfy China’s needs: Russian technology levels; competition from other suppliers; quality of Russian arms exports; Russian arms transfers to India; concerns about Chinese copying; Chinese competition with Russia on

the international arms market. The authors believe that the four joint military exercises conducted under the Shanghai Cooperation umbrella since 2005 have been successful and “could become a more important aspect of this relationship.” The outside world may be impressed by Chinese efforts to refurbish a Russian carrier, but the authors conclude that “the two cornerstones of the partnership over the past two decades – military and energy cooperation” – are crumbling. As a result, Russia’s significance to China will continue to diminish.”

What is equally interesting about the SIPRI paper is the analysis of attitudes as a factor in the relationship. Jakobson, a long-time resident of Beijing, has evidently talked widely to Chinese policy cadres, both academic and official, and there seem to have been similar discussions with relevant Russians. The paper goes beyond commercial issues to stress the “long-standing mutual mistrust between the two countries,” adding that “China’s extraordinary rise has changed its status vis-à-vis its neighbor, from a junior partner during the Soviet era to one of economic dominance today... In both countries, strategic planners warn that the present competition could escalate to a more pointed rivalry, entirely undermining the notion of strategic partnership.”

None of the above may be new to Russians, but it does suggest that Russia would be well advised to reinvigorate its relationship with another long-time Asian interlocutor, India. The U.S. has developed a new relationship with India since the younger Bush administration and a breakthrough occurred with the agreement hammered out on nuclear matters. But while the Obama administration has paid obeisance to the need for a strong relationship with the world’s largest democracy, some Indian opinion makers feel that overall the U.S. neglects India in favor of stabilizing its relationship with China. Of course, as indicated above, a strengthened Russian relationship with India could affect its ties to China, but this would probably be an avenue worth exploring.

#### OVERCOMING CONTENTIONS

By their nature, Sino-American relations should be more contentious than Sino-Russian ones. But the systemic political differences were almost forgotten during most of the 1980s amidst the acclaim for Deng Xiaoping’s policy of reform and opening out. U.S. companies rushed to

sell to and invest in China. But systemic differences were underlined as a major problem between Washington and Beijing after the events of June 4, 1989. Even though successive American administrations have felt it necessary to engage China despite that episode and subsequent human rights issues, politicians in the House of Representatives particularly have kept these issues alive. On most anniversaries of the Tiananmen events, some TV channel will run a video of the Chinese in a white shirt and carrying a shopping bag defying a column of tanks by standing in their way as they attempted to proceed down Chang An Avenue.

In economic relations, the Chinese exchange rate has been a running sore between the two countries for years, along with Chinese industrial espionage and failure to observe property rights of U.S. companies trading or investing in China. On the other hand, the U.S. has benefited considerably by the Chinese purchase of its treasury bonds, while the Chinese have benefited from access to what is arguably the most open major market in the world. The two countries have been locked in a mutually beneficial economic relationship.

Even more important ultimately are the strategic issues, and the two countries now regularly meet at a senior level to discuss economic and military concerns. Significant numbers of politicians along with Pentagon planners regard China's gradual military build-up as in principle threatening, and probably part of, a long-term plan to force the U.S. out of East and South-East Asia (Asia-Pacific). The U.S. has recently responded by assuring friends and allies in the region of its long-term commitment to stay, and by implication to back its friends in negotiations with China of thorny issues like the ownership of the islets in the South China Sea which have the potential of being major assets for energy exploration.

China in return remembers (what most Americans have either forgotten or never knew) that John Foster Dulles once said that he anticipated the "peaceful evolution" (*heping yanbian*) of the Chinese communist system. Particularly after the events in Eastern Europe in 1989 and the Soviet Union in 1991, this still looms as a threat in the minds of Chinese leaders; *heping yanbian* is mentioned regularly in Chinese articles. More concretely, they regard the reassertion of the American presence in the Asia-Pacific region and its backing for SE Asian nations vis-à-vis

China as being a renewed attempt to contain or to surround China. If the government ignored this they would soon be reminded by the nationalist and even xenophobic netizens of the Chinese blogosphere who recently assaulted the Russian embassy, not to mention the saber-rattling of retired generals who enjoy airing their belligerent views on Chinese TV. Public opinion has now become a force which the Chinese authorities have to bear in mind and perhaps respond to.

But of course the Chinese leaders would not be worried about the half-century-old vision of a long-dead American Secretary of State unless they had domestic reasons for believing there was justification for that vision. And despite China's extraordinary development over the past three decades, the Chinese polity is fragile in the opinion of this author. Let me briefly outline why.

#### HIDDEN FAULTS

The CCP of the 1950s was perhaps the best led, best organized and best disciplined party in the Communist bloc. Even the terrible famine of the early 1960s, and the dismissal of a revolutionary hero who challenged Mao on the Great Leap Forward, did not shake its basic solidarity, even if its relationship with the peasantry was undermined. The Cultural Revolution of 1966-76 changed this. The party's high command at the center and in the provinces was decimated as Mao encouraged Red Guards to assault and throw out the once inviolable leaders of the CCP. Under Deng, most purged leaders were rehabilitated, in some cases posthumously, but the Cultural Revolution had revealed to the Chinese people that the high and the mighty could be maltreated too. The party's prestige and legitimacy have never recovered. In addition, the massive corruption which infects all layers of officialdom — much worse than under Chiang Kai-shek, according to older cadres with long memories — has robbed the party of any lingering respect. All that is left is fear of the retribution that a party member can bring down on an ordinary citizen.

A second bulwark of the 1950s CCP was ideology. During the Cultural Revolution, Mao's thought was hyped above even Marxism-Leninism as the solution to all problems, big or small. That could not be tolerated under the reform program, and though Deng appeased conservatives by saying that Marxism-Leninism-Mao Zedong Thought was one

of four pillars of the party which could not be questioned, in practice the doctrine has remained a dead letter ever since. For most of the 80 million CCP members joining the party was a smart career move rather than as an expression of ideological belief. And yet, Marxism-Leninism was the glue that the CCP brought with it when it created the People's Republic in 1949 to bind the citizenry to the state as Confucianism had done in the past. Like Confucianism it was a totalist doctrine combining the basic principles of governance with directives on the behaviors of citizens, a meshing of state and society. Today, there is an ideological vacuum in China, with an extraordinary proliferation of official and unofficial Christian churches embracing tens of millions of believers, as well as emerging indigenous cults like the Falungong.

Finally, China is long past the age of charismatic revolutionary leadership. One would not expect Jiang Zemin or Hu Jintao to have the authority of a Mao or a Deng, but Hu especially seems to be little more than a first among equals, certainly unable or unwilling to overawe or woo the populace (unlike “grandfather” Wen Jiabao, the Prime Minister, who regularly turns up, tearfully, at disaster areas). It may be that the succession of a “princeling” next year, Xi Jinping, will alter the profile of the General Secretary. But Xi's problem is that he has no legitimate mandate. Deng did many things to reform the top ranks of the leadership, introducing term and age limits, but he followed Mao in believing that the best succession system was for him to choose. Hu Jintao was his last choice, which means that Xi has emerged as a result of a back room deal, which may not be a sufficient mandate to carry him through the inevitable crises that afflict all political leaderships. Another princeling, Bo Xilai, initiated a different style of leadership in his bailiwick, the mega-city Chongqing: a populist combination of a crack-down on crime without regard for the law and a revival of Maoist era “red” songs and revolutionary ethos. But for the sensational events of the past few months resulting in his disgrace, Bo might have emerged as a rival to Xi Jinping within the next Politburo Standing Committee.

What can happen if the leadership is divided was demonstrated during the Tiananmen events. The five-man Politburo split three ways: two in favor of the introduction of martial law, two against, one abstention. An apparent effort to summon the National People's Congress Standing

Committee to take over the leadership was stillborn. As a result, eight supposedly retired octogenarians, led by Deng, took over the leadership, imposed martial law and ended the student occupation of Tiananmen Square by lethal force. What was essentially a political problem had to be solved by military means.

The question arises, in similar circumstances, would a Jiang or a Hu or a Xi have the authority with the military to order it to kill Chinese citizens and expect to be obeyed? The issue is important, because, as is well known, according to official figures, there are tens of thousands of riots against the authorities all over China every year, over a hundred thousand last year, and at least one really serious riot every five days, according to a Chinese professor. The necessity for the leadership is of course to prevent a local disturbance escalating to the national level, which is why it was shaken by the SARS crisis and the melamine milk scandal, and was lucky that the Sichuan earthquake only affected one province.

The leadership's problems are accentuated by its inability to control the Internet, which in addition to its nationalist bloggers, is home also to ordinary citizens calling attention to yet another official abuse of authority. Polls suggest the central leadership is respected while local leaders who prey on their charges are hated, but the center seems to have lost its ability to control CCP members at the grass roots. If a local party official is uninterested in rising up the political ladder to the central committee, and only interested in using corrupt means to gain a better living standard, it is not clear how he can be disciplined. Since grass roots corruption is widespread, the only remedy would be to clean out the Augean stables with another Cultural Revolution! No Chinese leader is likely to go down that disastrous route.

Like China, India is beset by much corruption, "galloping normlessness" as one expert has called it. Many members of provincial legislatures are under indictment for some crime, often a serious one. Businessmen bribe their way to getting official concessions. The central government can move only slowly on its reform program because beset by rival interest groups. Most recently it appears to have backed down on its policy of allowing foreign retailers to invest in India. But unlike China, India at least has a safety valve: it tolerates massive

demonstrations, even in the capital, and it has a political system which enables citizens to “turn the rascals out,” as they often do. So far, that ability has kept the system viable.

The emergence of China and India as budding global super powers is likely to be the dominant geopolitical development of the 21st century. Both are proud nations in which patriotism easily gives way to nationalism and even xenophobia, and neither will play second fiddle to either Russia or America. So both Russia and America will have to make their dispositions accordingly. What this paper has sought to show is that both nations, but particularly China, have severe domestic problems which could derail what at present looks like an unimpeded sprint to the top.

# Emerging from the Shadow

## China in Search of a New Foreign Policy

*Vassily Kashin*

China actively expanded its sphere of national interests in the first decade of the 21st century as the country transformed itself from a moderate regional state into the world's second biggest economic powerhouse. Moreover, Chinese industrial and military complexes underwent similar changes. China made a marked technological breakthrough in both areas, which enabled it to compete with other countries, enter new markets, and acquire new military and political tools of influence.

However, the doctrinal principles of Chinese foreign policy have not changed much since the collapse of the Soviet Union. The political concept developed by Chinese leaders in the 1990s-2000s, such as peaceful development, which was proposed by Chinese President Hu Jintao at a forum in Boao, remained within the strategic vein outlined by Deng Xiaoping. In the early 1990s, Deng Xiaoping guided China's foreign and security policy apparatus that, collectively, has come to be known as the "24 character" strategy, which stated the following: "observe calmly; secure our position; cope with affairs calmly; hide our capacities, and bide our time; maintain a low profile; and never take the lead, but aim to do something big."

In line with this concept China was to pursue a tough line on national sovereignty, security, and territorial integrity ("secure our position"). It also implied China's outright rejection of any possible confrontation and claims to leadership in settling international problems. It was assumed that it would be best for China not to show its influence or draw

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much attention to itself in the international arena. The country should pursue a multi-vector policy, mostly aimed at settling economic tasks and leaving acute political problems for subsequent generations to solve.

In implementing this concept, Beijing – hailed the world over as an emerging superpower – in actual fact remained a secondary player in the international arena; or, to be more precise, China depended heavily on interaction with Moscow. In discussing world affairs, Russia still remained the mouthpiece for the interests of the non-Western world, even when it was at its weakest in the 1990s. China moved on a majority of pressing problems after consultations with Moscow, and, as a rule, its actions tended to support Russian initiatives.

It was Russia that was at the forefront of the campaign to lift sanctions against Saddam Hussein's regime in the 1990s and the early 2000s; and it was Russia that opposed the operation to bring down the Hussein regime, even though China had more interests in Iraq. Russia played and continues to play the primary role in discussing the Iranian nuclear program, despite the fact that, for China, Iran is far more important as a supplier of fuel and is a promising market. In addition to buying oil, the Chinese are implementing a range of infrastructure projects (extending the Tehran subway, for example), and are delivering industrial equipment and technologies.

Russia, together with China, vetoed the UN Security Council's draft resolution against the regime of Zimbabwe dictator Robert Mugabe in 2008 and repeatedly rebuffed attempts to impose sanctions on the Sudanese government. Unlike China, Russia had no particular interest in either issue. In 2011-2012, Moscow took the lead in discussing the situation in "revolutionary" countries in the Arab world. In actual fact, there was a consolidated Russian-Chinese position concerning countries where Chinese economic interests far outweighed those of Russia.

Moscow's voice is the loudest in discussions on the U.S. strategic missile defense system, despite the fact that this system is far more dangerous to China's weak and technically backward strategic nuclear forces than it is to Russia's huge and high-tech nuclear potential. China has around 40 DF-5 and DF-31A intercontinental ballistic missiles (ICBMs), each carrying a single warhead capable of reaching the continental U.S. Russia still has hundreds of various strategic nuclear weapon

delivery vehicles at its disposal, and it supplied 30 land- and sea-launched ICBMs to its army and navy in 2011 alone. So it is fairly clear whose deterrence potential would be neutralized first, and who would have to invest billions of dollars in building up its nuclear arsenal.

Local international issues that were of no interest to Russia or those that directly related to China's national security (i.e. the Korean situation) were an exception to the rule "to maintain a low profile." Such a policy was supposed to create favorable external conditions, as well as time for the country's economic growth and subsequent strengthening of its military and political potential. These objectives have been achieved, though perhaps at a price.

Russia's "foreign policy services" to China are certainly a weighty factor in the never-ending Russian-Chinese agreement over economic and military cooperation issues. Undoubtedly, Moscow values China's demonstrative rejection of political rivalry with it in the former Soviet Union, although some post-Soviet leaders – Belarusian President Alexander Lukashenko, for example – would like to have Beijing involved in such policies.

However, recent years have shown that the old foreign policy concept has obvious deficiencies. Beijing has become a far too significant factor in the international arena to keep hiding in someone's shadow.

#### A NEW REALITY

A decade ago China was merely a large exporter of industrial products to the European Union and the U.S, and a major importer of components and equipment from the neighboring developed economies of East Asia. China's economic presence in the Middle East was mostly reduced to oil imports and very modest arms sales. In Latin America and Africa, the Chinese factor was insignificant. Chinese direct investment abroad had been negligible until the late 1990s.

At present, China is the key trading partner of African countries (trade exceeded \$160 billion in 2011), Brazil, Saudi Arabia, the United Arab Emirates, and Iran. China is Argentina's second largest trade partner, and the third largest trading partner of Latin America overall. Also, China ranks third in trade with Turkey and second in trade with Russia (after the EU).

According to China's State Administration of Foreign Exchange, China's investment abroad has increased from \$33.2 billion in 2003 to \$345 billion. The main recipients of direct investment are countries in Asia, Africa, and Latin America. Chinese companies are large contractors in global infrastructure projects: projects totaling \$103.42 billion (80 percent in Asia and Africa) were completed in 2011, according to the Ministry of Commerce.

A considerable portion of investment is earmarked for strategically important oil extraction projects (in Kazakhstan, Venezuela, Sudan, Nigeria, Angola, etc.), but the Chinese have been increasingly active in the industrial development of the poorest nations, both by investing in infrastructure projects and by setting up assembly factories. Chinese car, truck, and bus assembly lines currently operate in Angola, Cameroon, and Kenya, and the Chery Automobile Company announced plans in 2011 to build a large car assembly plant in Benin.

The Chinese factor has an influence not only on the economy, but also on the domestic policies of many developing countries. For example, the theme of Chinese economic expansion and investors' business practices was exploited during the presidential election campaign in Zambia in 2011. Criticism of Beijing's "neo-colonialism" was a crucial tactic in the campaign of Michael Sata, who eventually won the election. However, after his victory, Sata predictably softened his stance.

The presence of Chinese companies and thousands of Chinese citizens in unstable and developing countries is already creating security problems for Beijing. In January 2012, insurgents in the Sudanese state of South Kordofan kidnapped 29 Chinese employees of the Sinohydro company. Some time later, Bedouins in Egypt took 25 workers of a Chinese cement factory hostage and used them to pressure the authorities during negotiations. The scope of Chinese interests in the economies of unstable countries in Asia, Africa, and Latin America is such that it has become impossible for Beijing to protect them while staying within the limits of the old foreign policy concept "of never taking the lead," non-interference in the affairs of other countries, and rejection of military and political unions.

The lack of prospects for China's current foreign policy became particularly evident during the Libyan crisis. In February 2011, when

riots broke out in Libya, Chinese companies were implementing projects worth \$18.8 billion, and there were 35,000 Chinese citizens living in the country. At the beginning of the Libyan crisis, it seemed that Moscow and Beijing would use their standard model to jointly protect a friendly regime from U.S. pressure, with a subsequent giveaway of prizes. However, these expectations proved futile when Russia opted not to block UN Security Council Resolution 1973, which was Russian President Dmitry Medvedev's personal, and surprising, decision. Finding itself in isolation, Beijing had to abstain. As Gaddafi's regime was deposed and chaos gripped Libya, Chinese construction companies incurred \$16.6 billion in losses, according to the Chinese Ministry of Commerce. Taking into account the interests of Chinese investors and equipment exporters, China's losses reached more than \$20 billion. Beijing had to hastily evacuate 35,000 Chinese workers from Libya, who lost well-paid jobs there.

The new Libyan authorities promised to honor earlier contracts and even compensate China for its war-related losses, but it is unlikely they will be able to keep their word. The country's economy is in ruins and Tripoli has no real control over the national territory. Thus, China's reliance on political interaction with Russia and its inability to act on its own has cost it several dozen billion dollars in direct losses and thousands of jobs. The information available today shows that Libyan insurgents were on the brink of defeat on the eve of the UN Security Council vote on Resolution 1973, and a delay of one or two weeks in passing the document would have undoubtedly brought about their defeat.

The Libyan events show that economic power cannot compensate for a lack of military and political instruments in asserting influence. Military might is not very significant if there is no political will to use it.

#### IN SEARCH OF A NEW POLICY

The last two years have seen renewed discussions in the Chinese media and the academic community about the future of the country's foreign policy. The idea of replacing the old model is becoming increasingly popular. Deng Xiaoping's guidelines implied that the strategy was initially conceived as a temporary one ("biding our time"). In time, China would save its strength and emerge from the shadow.

Yet amid China's economic success and favorable foreign conditions in the 2000s there was a temptation to postpone that day when China would take its place on the world stage. U.S. pressure began to increase rapidly at the turn of the 21st century, and at the start of George W. Bush's first presidential term many people believed that relations with Beijing would take center stage in U.S. foreign policy. A serious diplomatic crisis between the two countries occurred in April 2001 when an American EP-3 reconnaissance plane collided with a Chinese fighter jet over the South China Sea.

The September 11, 2001 terrorist attacks, the war against terror, and the Iraqi military campaign pushed all other problems aside. For a decade, Washington had other things on its mind than China, while the latter was busy buying up raw material assets and establishing relations with the governments of developing nations across the world. By the time the Americans began to pull out of the Iraqi mess, China had become a global business empire. China was doing so well that it saw no need to change anything in its policies. Furthermore, giving up the concept offered by the patriarch of Chinese politics and the architect of China's present-day welfare, which has been successfully used in the past twenty years, is fraught with political risks for any leader.

As the Chinese leadership approaches another generational change (the 18th Congress of the Chinese Communist Party will take place in November 2012), the battle is heating up for posts in the new nine-member Politburo Standing Committee, the de-facto highest institute of power. The recent political attack against Bo Xilai, a communist functionary and the party chief of the Chongqing megalopolis, who was regarded as a key candidate for a seat in the Politburo, shows just how complex and fragile the domestic political situation is in China. Arrests of Bo Xilai's associates, officials and businesspeople connected to him continue unabated. It was reported in early April 2012 that 41-year-old billionaire Xu Ming, chairman of the board of the Dalian Shide corporation, was arrested.

In this situation, the outgoing generation of leaders, together with President Hu Jintao and Premier of the State Council Wen Jiabao, will not make any radical moves. The Chinese leadership is primarily concerned with keeping the political heritage and promoting their younger

successors to the upper echelons of power. But next year will likely see lively debates about major adjustments to Chinese foreign policy. The ongoing discussion in China concerns laying an ideological and theoretical groundwork for these novelties.

The military, too, has openly called for changes. Recently, the Chinese army has promoted many influential and talented polemicists and analysts, mostly teachers from the PLA National Defense University and personnel of the Academy of Military Sciences. Among them, Air Force Colonel Dai Xu, Rear Admiral Yin Zhuo, Major-General Luo Yuan, and Major-General Jin Yinan have made the most radical comments. In addition to defense problems, the military actively discusses foreign policy, ideology, and socio-economic policy. They have criticized China's current course for its lack of a clear ideology, for focusing on abstract macroeconomic targets, for its passive stance in the face of potential threats and expansion from the West, and for the inability to stop the moral decay of society and state officials.

Dai Hu mocked the term GDP as “a dog's fart,” using the Chinese consonance (GDP – gou de pi) to point out that a country cannot take a worthy place in the world by exporting toys and lingerie. Jin Yinan raised the issues of government corruption and moral decay; moreover, a video of his private lecture was purposefully leaked to the Internet last year. He listed hitherto unknown facts about highly-placed Chinese officials who are working for foreign secret services, which he said was a consequence of the stratification and moral decay of society.

In foreign policy, the military has called for moving from the passive policy of deterring the U.S. to an active course and close cooperation with Moscow. The Chinese military and others regard Russian foreign policy as a positive example of defending national interests and promoting independent opinion. In September 2011, Luo Yuan said in an interview with the *Renmin Wang* Internet site that China's response to hostile actions by the U.S. should be as tough as Russia's. China should not only remonstrate against such moves by the U.S. as arms sales to Taiwan, but also put its words into action. Luo Yuan cited such effective moves by Russia as plans to deploy Iskander missiles in the Kaliningrad region in response to the construction of U.S. missile defense facilities in Poland, and the ostentatious implementation of a program to develop

new strategic armaments with the capability to penetrate the U.S. missile defense system.

In January 2012, Dai Xu even called for forging a military and political union with Moscow, aimed at deterring the U.S. and supporting friendly regimes. The very fact that such sentiments are growing in China is an important sign, yet it is even more significant that Dai Xu's article was carried by the CPC's main newspaper *Renmin Ribao*. Furthermore, military leaders are demanding that China toughen its line in territorial disputes in case its rivals try to enlist the support of the U.S. For example, Luo Yuan published a bellicose article on the website of the *Huanqiu Shibao* newspaper, stating that the Philippines has had its "last chance" to peacefully settle the territorial dispute with Beijing over islands in the South China Sea.

The academic community has been adjusting its stance too. Yan Xuetong, Director of the Institute of International Studies of Tsinghua University and a leading Chinese political scientist, wrote in his book *Ancient Chinese Philosophy, Modern Chinese Power* (2010) that China should build a system of alliances. Leaning on the philosophical heritage of Ancient China, he attempted to develop an ideological foundation for China's future leadership-oriented foreign policy. In subsequent public statements, Yan Xuetong called openly for establishing alliances envisioning mutual military commitments.

Large Chinese state-run oil companies, which have invested billions of dollars in projects in unstable developing countries and which are under pressure from the U.S. and its allies, are supportive of the idea to make China's foreign policy more assertive. The director of the Institute of Overseas Investment Climate Evaluation, Xu Xiaojie, said in an interview with *Diyi Caijing Ribao* after the fall of the Gaddafi regime: "The chaos that broke out in the Middle East not only affects China's vital interests in the Arab world, but also implies a greater Chinese influence on Middle East affairs, and gives us a chance to strengthen our influence as a great power." In Xu Xiaojie's opinion, after the revolutions a new struggle is unfolding in the region – the struggle for oil, which will put Chinese diplomacy to the test.

Of course, supporters of the old strategy still prevail in the Chinese Foreign Ministry. Yet they have been forced into a defensive posture and

cannot offer any significant arguments except to refer to the country's successful development in the past decades and reiterate old political maxims. In 2011, China's State Council published another *White Paper* on China's peaceful development, which the world media largely ignored since it did not contain anything new, even from the viewpoint of rhetorical methods. When asked about the purpose of this publication, a Foreign Ministry official, who presented the new book, said a discussion of the country's foreign policy had started in Chinese society and that it was necessary to remind society and the world that Chinese foreign policy "remains as written in the paper."

Over the past few decades China has created a technical and organizational basis for changing its foreign policy. The army has been steadily building up its capability to project force in remote areas of the world. For example, China is building a Type 071 dock landing ship (Russia recently ordered several French Mistral assault ships). The first Chinese aircraft carrier is being tested, and batch production has been launched for surface-to-air missile destroyers capable of protecting naval groups operating far from the coast.

Work is in full swing on the Y-20 strategic military transport plane, which could make its maiden flight before the end of this year. Meanwhile, the Chinese Air Force is expanding the use of in-flight refueling (recently, a J-10 fighter performed an experimental flight with ten in-flight refueling sessions). China is also developing new air-transportable armaments for airborne troops, and has launched batch production of the H-6K long-range strategic missile-carrying bomber equipped with DongHai-10 cruise missiles that have a range of 2,500 kilometers.

Of course, it will take China years before the capability of its army to project force globally catches up to the West. However, it is obvious that China has already invested considerable funds in this. Chinese troops are gaining experience in overseas operations: they are participating in an international anti-piracy mission near Somalia (China keeps two to three warships in the region), and are taking part in international peace-keeping missions. According to the Chinese Defense Ministry, there were 1,620 Chinese peacekeepers in Africa as of December 2010.

China has also been building up its soft power. Its central television company broadcasts in six foreign languages, including Arabic and Rus-

sian. China is launching new English-language newspapers and is generously investing in agencies that broadcast in foreign languages, such as China Radio International. A network of Confucius Institutes, launched in 2004 as centers for the study of the Chinese language and culture, now operate in 94 countries.

The world beyond East Asia, above all developing countries, is increasingly ready to regard China not only as an economic partner, but also as a serious military power. During a visit by Chinese Defense Minister Liang Guanglie to the Seychelles Islands in December 2011, Seychelles Foreign Minister Jean Paul Adam invited China to build a naval base on the islands. The Seychelles, which is not very far from Somali pirates' zone of operation, has no significant armed forces of its own and believes that the Chinese Navy could strengthen its security. Two weeks later, the Chinese Ministry of Defense declined the offer, saying it did not wish to damage the unique nature of the islands. However, there is no doubt similar proposals will continue to be extended to Beijing in the future, and over time China may accept them.

# Deng's and Gorbachev's Reform Strategies Compared

*Allen C. Lynch*

*"My father thinks Gorbachev is an idiot."  
Deng Zhifang, Deng Xiaoping's son, 1990*

Since 1970, the economic standing of the People's Republic of China (PRC) relative to that of Russia (and before 1992 the Soviet Union) has changed dramatically. Most starkly, while in 1970, Soviet GDP was more than four times larger than Chinese, by the early 1990s China's GDP had surpassed that of post-Soviet Russia's and in 2010 Chinese GDP was four times as large as Russia's. Just as astounding, even Chinese per capita GDP (with a population of 1.3 billion) had made substantial strides towards Russian levels (with a population of 140 million): while in 1990, Chinese GDP per capita stood at just 10 percent of Russia's, by 2009 it had reached 43 percent of the Russian level. From 1978-2010, China increased its share of world GDP more than sevenfold (from <1 to 7.4 percent), while the USSR/Russia's share has dropped from approx. 3 to <2 percent.

These data underscore that China's remarkable pattern of economic growth coincides with the series of reforms introduced by Deng Xiaoping in the late 1970s, while the Soviet and then Russian economy virtually collapsed following the introduction of *perestroika* by Mikhail Gorbachev. The Chinese experience shows that reform of communism is possible.

There is great irony in this outcome, since, beginning in the late 1950s, Soviet economists had begun to elaborate fairly sophisticated

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models of a more complex, decentralized system of economic decision-making, with provision for adequate material incentives for plant managers and workers. These ideas extended even into the agricultural sphere. Many Soviet economists implicitly embraced the views of John Maynard Keynes, seeing his endorsement of significant government regulation of the market as validating a “convergence” between capitalism and communism that might justify a more humane as well as more efficient Soviet system. Such views, while often contested, were nevertheless mainstream within the Soviet economics profession.

By contrast, Mao's political terror between 1957-1976 scarred a generation of Chinese intellectuals, technical as well as cultural, and led to a generalized suppression of reformist thinking that, after a brief hiatus, was resumed in the late 1960s, when the universities themselves were shut down. In consequence, Chinese economists devoted little public attention to elaborating alternative models to Maoist “economics” while the Great Helmsman was alive. Chinese leaders thus seemed less well armed conceptually for undertaking major economic reform than did their Soviet counterparts.

It is our thesis that elements that seemed to place China at a major, even extreme disadvantage in terms of prospective modernization as compared to the Soviet Union/Russia, actually served – when exploited by Deng's artful political leadership – to propel China's economic growth by unleashing hitherto untapped or underutilized resources. In particular, Deng's reforms allowed China's major comparative advantages over the Soviet Union to come to the fore, especially (a) household-based farming energies in the absence of a significant social safety net in the countryside, and (b) capital-rich and patriotic Chinese diasporas abroad willing and able to invest in a very low-cost labor environment within China. We shall thus analyze a series of factors, both domestic and international, that framed the choices that Soviet and Chinese leaders, above all Deng and Gorbachev, made. These include the implications of the Stalinist and Maoist political legacies, respectively; consequences of fundamental differences in social structure, as well as in economic structure, between the two communist giants; the role of international factors in the reform process, including traditional diplomacy, direct investment, cultural orientation of elites, and diasporas;

and finally, differences in strategies of reform undertaken and the idiosyncratic role of political leadership.

### STALINIST VERSUS MAOIST POLITICAL LEGACIES

It has been commonly and correctly observed that a crucial difference between Deng's reform strategy and that of Gorbachev, and a key explanation for the different outcomes in each case, is that Deng pursued economic reform while strictly limiting political reform whereas Gorbachev wound up pursuing both at the same time. Yet was this simply Gorbachev's mistake? In practice, Deng had the paradoxical advantage that the economic and societal chaos wrought by Mao's Cultural Revolution served broadly to discredit Mao's extremism and those associated with it. To give just one example: When Deng left in 1974 with a small delegation to make an historic address at the United Nations announcing a new Chinese openness towards the outside world, the government could scrape together just U.S. \$34,000 from the national treasury for the trip. Mao closed the country's universities for a decade, wreaking immeasurable damage on China's infrastructure of human capital. By the late 1970s, the top Chinese leadership was receiving regular reports of widespread malnutrition and near starvation throughout the countryside. Such circumstances afforded Deng the opportunity, which he ably exploited, to craft a winning political coalition for Mao's eventual succession and only then to embark upon the economic reforms that stamped his tenure as China's ruler.

By contrast, when Gorbachev came to power in March 1985, he was faced with a party and government administration that was still dominated by officials who were propelled into national affairs by Stalin in the late 1930s. Early attempts by the Brezhnev-Kosygin administration at structural economic reform were ended in the aftermath of the Soviet invasion of Czechoslovakia in August 1968. In the political system, Brezhnev's policy of "trust in cadres" meant that Soviet officialdom could in many cases literally die in office. In effect, the Soviet leadership foreclosed consideration of serious economic reform for nearly twenty years. This was itself a major handicap to Gorbachev's eventual reform efforts; but the very tenacity of the

“Stalin generation” in power meant that Gorbachev – a virtual outsider to Kremlin politics – would have his hands full in establishing his political authority once in power.

These leaders and their networks, while bereft of ideas for the future, still dominated Soviet bureaucracy in the early Gorbachev years. Like Deng, Gorbachev would have to consolidate his political authority before being able to move decisively on economic reform. But unlike Deng, Gorbachev was unable to do so quickly and never did so decisively. Eventually, the old guard would seek to overthrow Gorbachev in the failed coup of August 1991, after Gorbachev had concluded that political reform and economic reform had to proceed hand in hand.

#### DIFFERENCES IN SOCIO-ECONOMIC STRUCTURE

It is well known that Deng Xiaoping began his economic reform program by focusing on the farming sector. On the eve of his reforms, the leadership was receiving regular reports on alarming deficiencies in the food sector. It was clear to Deng and his political network that the system of collectivized agriculture in place since the 1950s was simply not up to the task. Still, effectively eliminating the collective farm infrastructure was a major political challenge for Deng and he moved only after having shored up his political base between the Third and Fifth Plenums of the 11th Party Congress (December 1978-February 1980).

The results were quickly in and they were astounding. Without advancing a comprehensive program of reform, Deng preserved the socialist form of Chinese farming while gutting it of its content. Public ownership of the land was maintained and local officials still assigned a fixed quota of production to each household. Yet once households had fulfilled their quotas, which they were free to meet in any way that they deemed fit, they could market the surplus at market prices or consume it for their own benefit. In 1982 the village commune was abolished and by the end of that year, nearly all rural households operated on the basis of individual contracts with the local production unit. Between 1978 and 1982, average peasant income nearly doubled, grain production was up 33 percent in 1984 versus 1977, and major peasant gains were registered in the consumption of beef, pork, poul-

try and eggs. These results, welcome in themselves as they were, also proved to be a major political boost for Deng and his reform strategy, helping him to intensify and broaden the reform program.

Gorbachev, in contrast, began his economic reforms by focusing on the industrial sector. His industrial policy sought – without removing state ownership – to make existing industrial units more efficient by allowing plants greater freedom to plan their output but without changing the pricing structure or the quasi-monopoly distribution of Soviet industrial production. As a result, most Soviet factories simply stopped making low margin consumer items and massive shortages of everyday items quickly set in (e.g., salt, sugar, matches, cooking oil, washing powder, baby clothes, etc.). By mid-1989, coal miners in Donbass had no soap to wash with after a long day in the mines, a development that triggered massive strikes and a coalition of workers and intellectuals against the Soviet system and Gorbachev himself. Moreover, Gorbachev had begun his tenure as General Secretary of the Soviet Communist Party by introducing a widely publicized anti-alcohol campaign; whatever its merits in principle, it had the effect of rendering Gorbachev broadly unpopular among both masses and elites right from the outset of his administration. In this respect, Gorbachev proved quite the opposite of Deng, who carefully marshaled political capital at every step of the reform process. Gorbachev’s economic policies, termed “*perestroika*” (for “restructuring”), soon became popularly known as “*katastroika*” (meaning “catastrophic restructuring” – Ed.).

Yet was Gorbachev’s decision to focus on the industrial sector (whatever the merits of the specific policy chosen), as opposed to agriculture, simply a mistake? Consider that, whereas the Chinese economy was 80 percent agricultural in the late 1970s, the Soviet economy was nearly 80 percent urban-industrial. Moreover, Soviet party and government interference in the agricultural (and more broadly rural) sector was both much broader and deeper than in the case of China. This meant that rural political interests would be much more affected by a decision to de-collectivize agriculture in the Soviet Union than in China, as sensitive as it was there. Illustratively, while Gorbachev proposed moving to a lease-holding in farming in August 1987, this was strongly opposed from the start by Yegor Ligachev and the still powerful Soviet old guard. By March

1989, Gorbachev had been outmaneuvered: the Central Committee of the Soviet Communist Party formally affirmed that the collective farm would remain the foundation of Soviet agriculture.

Relatedly, an extensive Soviet welfare state providing security of job and income (largely independent of effort), medical care, subsidized housing, pensions and a range of social services encompassed the countryside, very much unlike China, which simply could not afford it. Exit from Soviet collective and state agriculture would thus mean exit from an impressive social safety net and a leap into market farming unknown on a significant scale for more than half a century. Taken together with the very different rural demographic profile in each country – disproportionately young, old and female (and sick) in the Soviet case versus a balanced population in terms of sex and age in China – it is far from clear that Gorbachev could have achieved significant early gains in the agricultural sphere. This judgment is reinforced by a consideration of general Soviet attitudes towards economic reform. A careful poll taken in December 1989 showed that 50 percent approved of leaving collective and state farms as they were and just 10 percent approved even leasing (as distinct from selling) farms to private individuals. In effect, most Chinese farmers could be expected to exploit the removal of state controls in ways that were not true of most Soviet farm workers in the 1980s: they had to, or they would face utter ruin and even starvation. The fact that rural officials were vastly underrepresented at the national political level also facilitated Deng's decision. In this respect, the Chinese situation in the early 1980s was comparable to the Soviet decision to remove the state from the farming sector under the New Economic Policy (NEP) in the 1920s, when Soviet Russia had a socio-economic profile comparable to that of China in the late 1970s (i.e., 75-80 percent rural-agricultural) and no social safety net in the countryside. This was decidedly not the situation that Gorbachev faced in the Soviet Union in 1985.

### STRATEGIES OF REFORM

Deng pursued a strategy of incremental reforms in a pragmatic manner, building on economic success that he converted into political capital and gradually enlarging the reform process from farming to associated enterprises in the countryside, special economic zones along the southern

coast and larger and larger regions of the country and sectors of the economy. He moved with energy and vision but was always careful to secure a dominant political coalition before proceeding further. In this he was no doubt helped by the enormous prestige that he wielded among China's political class; even Chen Yun, who was much more conservative than Deng and frequently took issue with many of his policies, conceded that Deng was immeasurably more qualified for the leading position than was he. Deng was Mao's right-hand man in government administration in the 1950s and early 1960s, had survived several of Mao's purges with dignity, had taken the lead in the PRC's confrontation with the Soviet Union in the early 1960s, and had a well deserved reputation for carefully thought-through policies and courage, political as well as personal.

In his reform policies, Deng proved himself to be a pragmatist with vision, as it were. He was driven by a burning commitment to modernize China but was not wed to any preconceived ideological notion of how to accomplish that objective. A philosophy of "try what works" informed his approach. Compared to Gorbachev's views on Stalin, Deng held firm to the conviction that China could not afford an open-ended debate on Mao and Maoism; he preferred to keep the public focus on the future. Also contrary to Gorbachev, Deng would not risk experiments with the political monopoly of the Chinese Communist Party, although he proved much defter in establishing his leadership over it than did Gorbachev over the Soviet counterpart. And when Deng saw that discussion of Western democracy implied a challenge to Communist Party rule, he drew a bright red line; again, this was very much unlike Gorbachev, who ended his tenure torn between a Soviet Communist Party that he could not abandon and democratic forces that he would not embrace.

Above all, Deng deeply believed that China required authoritarian government, backed by force if absolutely necessary, if it were to make the transition from a still traditional society to a truly modern one. In this, he was joined by virtually all Chinese party and government officials, as well as by a permissive majority of China's intellectuals, who rallied to the patriotic cause of China's rise. Here too, Deng's China differed greatly from Gorbachev's Soviet Union, for once Gorbachev's

policy of glasnost took root, it became apparent that a major part of the Russian intelligentsia was culturally Western by orientation and gave powerful expression to these views in the new mass media that spread under Gorbachev. Relatedly, insofar as Gorbachev took his primary task to be expunging the spirit of Stalinism from Soviet life, this meant eliminating, if at all possible, the use of force in practice or even as a threat. He was true to his word.

Deng thus pursued economic reform but not political reform, even as he tightened the grip of his network through the Chinese Communist Party and government. During the “Democracy Wall” movement in 1978 and again in Tiananmen Square in 1989, Deng proved unwilling to countenance direct or even implicit challenges to the communist political monopoly. The enormous reservoir of political capital that Deng had built up as a result of his undeniable economic successes, his foreign policy breakthroughs with the United States, Japan and even the Soviet Union, as well as his continued cultivation of close ties with the country’s military leadership allowed Deng to isolate dissent and maintain the country on the path of economic but not political reform.

Gorbachev pursued almost the exact opposite strategy. By January 1987, Gorbachev concluded that the entrenched nature of the still neo-Stalinist bureaucracy meant that economic reform could not be pushed through without far-reaching political reform. Having failed to obtain either greater efficiencies or new sources of growth through the initial policy of “acceleration” (in 1985-86), Gorbachev introduced the prospect of structural economic reforms (*perestroika*, 1987) and then “democratization” (1988), which meant that he was now pursuing economic and political reform simultaneously, a breathtaking political challenge. By early 1989, multi-candidate elections were introduced as a check on the old guard but before they could be effectively swept aside entirely new political forces were being generated. Between 1989 and 1990, strong nationalist movements had emerged along the western periphery of the Soviet Union and they embraced the new elections in order to clothe themselves with a democratic legitimacy that Gorbachev himself – having refused to put himself up for popular election – lacked. There is, in addition, the question of simple political competence. It is impossible to imagine Deng doing what Gorbachev did in late 1990: he

appointed to leading government posts a series of party conservatives (Gennady Yanaev, Boris Pugo, Valentin Pavlov et al.), who then proceeded to organize a coup d'état against Gorbachev himself. Gorbachev's sheer remove from reality was broadcast on Soviet television upon his return to Moscow after the coup from his Crimean captivity: he looked forward, Gorbachev declared, to working with the Party as "the leading force of *perestroika*." At that moment, Gorbachev revealed a breathtaking unrealism and lost all further control of the country.

### INTERNATIONAL FACTORS

Both Deng and Gorbachev understood just how far their countries had to go in order to catch up economically with the advanced capitalist democracies. Each leader also concluded from the beginning that their country required a comprehensive and systematic improvement in relations with the outside world, irrespective of ideological coloration. For Deng, this was in part designed to avoid encirclement by the Soviet Union during the Sino-Soviet cold war; close ties with the Americans served to counter Moscow's influence in Mongolia, Vietnam, and Afghanistan, as well as the formidable Soviet military machine along the Chinese frontier. Yet Deng's opening had much broader purposes: to expose the Chinese to the most modern techniques in science and technology and in the workings of modern society more generally, in the process serving to accelerate the development of the Chinese economy. From the very outset – and here Deng differed dramatically from Gorbachev – he encouraged tens of thousands of Chinese students, scholars and scientists to study abroad, whether they came home or not.

Deng's calculation here proved right and the difference with the Soviet experience highlights a major cultural divide between the two countries that shaped their elites' attitudes towards the West. For the Russians, their historical proximity to Europe allowed them to adapt more effectively to the challenge of modern Europe than could the Chinese. But it also led to the pervasive Europeanization of Russia's intelligentsia, both cultural and scientific, which tended to express an alienated disaffection from a Russian state that historically excluded them from any political voice. As became clear during the Gorbachev period, when

the Russian intelligentsia was allowed relatively free expression, Russia's intellectuals tended to be cosmopolitan rather than nationalist and saw Russia not simply as behind the West economically and technologically but inferior culturally and even morally. Soviet fear of the defection of its intelligentsia, which was well founded, served to pose extreme limits on the exposure of Soviet students to the West. By contrast, Deng, while aware that China was far behind the West economically, reflected the Chinese tradition – shared by most Chinese intellectuals – that Chinese culture and morals could not and should not be measured by Western standards. The ancient Chinese tradition of including the most brilliant intellectuals into the governmental bureaucracy through the examination system reinforced this tendency by making the intellectuals' personal interests and those of the Chinese state one. Consequently, China's intellectuals never developed into an "intelligentsia" in the Russian sense of that term, as a class apart, putatively expressing the conscience of the nation *against* the government.

Each country also had a fundamentally different experience with its own diaspora. As with China's native intelligentsia, most Chinese abroad – citizens of Southeast Asian countries, Canada, the United States, Hong Kong, Macao and Taiwan, more than 50 million strong – remained patriotic Chinese, whatever their sympathies for the Communists. Most retained a sincere desire to help the country of their ancestors and Deng's opening provided the opportunity. Approximately two-thirds of all foreign direct investment in China between 1978 and 1995 came from or through Hong Kong; by the early 1990s, FDI was averaging \$35 billion per year and sustaining annual economic growth rates of 9-10 percent. Moreover, as a result of the Cold War, Deng's China benefited from special access to the enormous U.S. domestic market. In 1979, the United States granted China Most Favored Nation (MFN) status. Chinese exports to the United States increased from \$9.7 billion in 1978 to \$52.5 billion in 1989, establishing a pattern that would continue in the following two decades.

By contrast, the Soviet diaspora worked almost entirely against the country's integration into the West. Soviet diasporas after 1945 tended to come from non-Russian ethnic groups who bore especially heavy historical grudges against the Russians (or Soviets): Jews,

Ukrainians (mainly from the Russophobic western Ukraine), Lithuanians, Latvians and Estonians, not to mention the important lobby of East European ethnic groups (Poles, Hungarians, Czechs and Slovaks) who identified Soviet power with Russian imperialism. In part as a result, the Soviet Union was never able to obtain MFN trading status with the United States.

One last point, about oil: in the mid-1970s, orthodox Chinese economic planners led by Hua Guo-feng were counting on developing vast new oil fields to fund the purchase (through export receipts) of foreign technologies needed to jumpstart modernization. Had these panned out, they would have been a powerful argument against the kind of bold structural changes that Deng was trying to advance. Certainly, they would have reinforced the influential Chen Yun's innate skepticism about Deng's path. By 1978, China's economic administrators had to admit that their projections on future oil production had failed. This gave Deng a key opening, as it left his opponents without a viable alternative plan of action. A resource-based economic program would have reinforced the status quo, or at least made it much harder to change. The impetus would instead have to come from new sources of capital investment, driven from abroad.

In contrast, following the discovery of vast new fields of oil and natural gas in western Siberia in the mid-1960s, the Soviet Union had become the world's largest producer of such fuels in the 1970s and early 1980s. Throughout the 1970s, high oil prices tended to reinforce the institutional status quo in Moscow, all the while rendering the Soviet economy (and system as a whole) increasingly vulnerable to any significant decline in world oil prices: it was, after all, easier to buy short-run political and social peace by paying off clients with oil revenues than by the much riskier path of structural economic reform. By the Gorbachev period, another decade had been lost in redressing the obvious deficiencies in the Soviet economy, further increasing the burden that Gorbachev had to bear. Moreover, in 1986, the Saudis pumped up production by two million barrels per day and the price of oil plummeted to \$10 per barrel. Gorbachev was thus forced to undertake the precarious (and as we have seen ill-thought out) program of structural reform with a radically reduced resource base; the Soviet economy had lost its shock absorber.

## POLITICAL LEADERSHIP

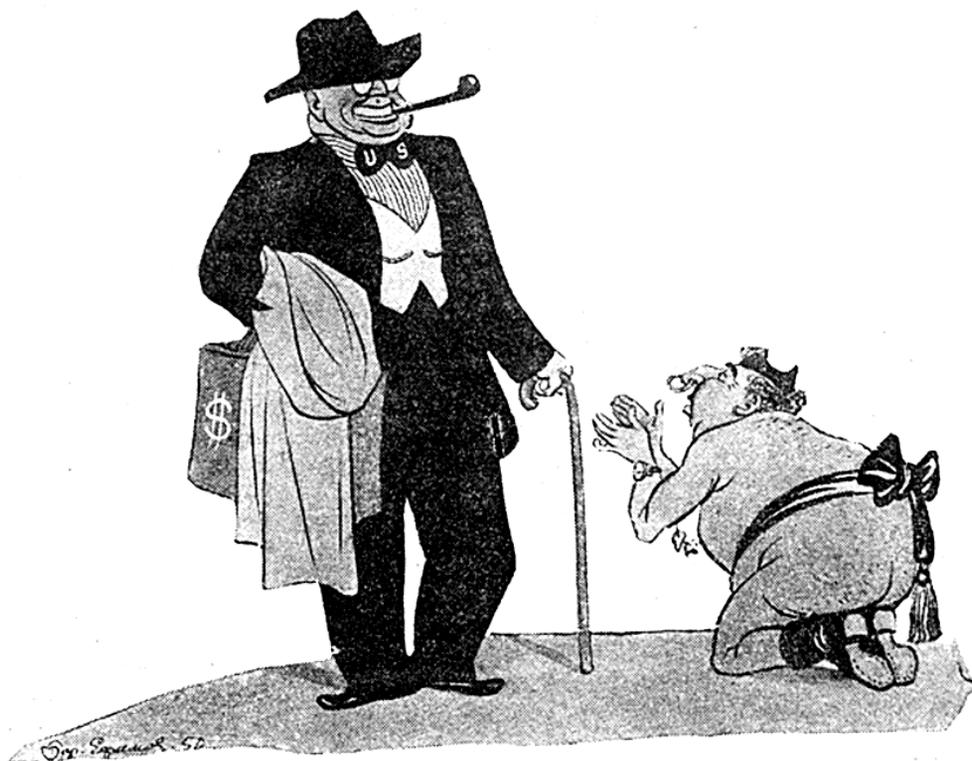
While it was probably always going to be a more complicated task to reform the much more heavily institutionalized Soviet system, it is clear that Deng also understood China much better than Gorbachev did the Soviet Union. Moreover, Deng was incomparably better positioned to manage the risky process of structural reform – even along just one (economic) dimension – than was Gorbachev. Where Deng spoke with a lapidary authority, Gorbachev lectured and hectored, suggesting that he was not in firm control. Where Deng defended the Chinese Communist Party, the only organization that integrated the country as a whole, Gorbachev undermined the Soviet Communist Party without having in place an alternative and legitimate system of authority. While Deng had many disagreements with colleagues like Chun Yun over the scope and pace of reform, he managed to maintain unity of command; Gorbachev failed in this crucial respect, as the coup and the rise of the nationalities against him demonstrate. Deng kept the loyalty of the military, and kept them close; Gorbachev simply alienated them and the top command joined the coup. Deng took care to build public support by identifying himself with policies that had clearly succeeded (especially de-collectivization), while Gorbachev identified himself with manifestly unpopular policies ahead of time (the anti-alcoholism campaign and “*katastroika*” in the economy more generally). Deng took care to base his decisions on multiple sources of information, while Gorbachev over time became increasingly dependent on a (hostile) KGB for his intelligence. Once Deng had made up his mind, he was bold; Gorbachev, in contrast, was often reckless but seldom bold: in the end, he could not make up his mind whether to back the Communist Party or the new social and political forces that his own policies had set in motion. Whereas Deng proceeded incrementally, and built on success both politically and economically, Gorbachev required grandiose programmatic statements before proceeding; aside from their inherent unrealism, such statements allowed opponents to marshal their forces for sabotage and defeat. In sum, Deng acted so that when he acted, it seemed as if the entire Chinese system was acting. This skill proved beyond Gorbachev.

How much of the difference in the Soviet and Chinese reform stories is due to circumstances and how much to the choices that Deng and

Gorbachev made? As we have seen, Gorbachev faced an arguably narrower range of choice on coming to power than did Deng. At the same time, virtually all China specialists, Chinese and foreign alike, agree that there was no other leader at the time save Deng who could have moved China so decisively. So just how decisive can such leaders be in shaping the course of events?

Consider, as a counterfactual thought experiment, what might have happened had Yuri Andropov lived as long as Deng (who died at 93 in 1997). There can be little doubt that the Soviet Union, in response to the exhaustion of its model of extensive economic development, would have introduced significant economic reforms. Andropov was well aware of the structural impasse of the Soviet economy. And judging from Andropov's programmatic statements in 1982-83, as well as his long record at the summit of Soviet politics, there can be little doubt that he would not have countenanced anything remotely resembling Gorbachev's political reforms or that he would have hesitated to use force to stop public challenges to communist rule. Moreover, Andropov's networks in the Party, KGB, government and military were incomparably stronger than Gorbachev's and he might well have leveraged a viable coalition for piecemeal reform of the Soviet economy. While the long-term success of Andropov's economic vision may be questioned, it is entirely plausible that the Soviet Union – like Communist China – might still be with us. Likewise, if Deng had lived only as long as Andropov, he would have died before having the chance to introduce his reforms and China would have embarked on a much more conservative path of economic reforms. If these considerations are sound, they would tend to sustain the thesis that Deng and Gorbachev each were decisive agents within the range of choice that structural factors presented them: Deng in acting so as to maintain and expand his political capital with each major move, Gorbachev by wasting it. By such criteria are political leaders, and political leadership, fairly judged.

# America Bound to Change?



“ The short-term American interests are in conflict with the long-term ones. At the moment, only a small part of the U.S. elites understands the increasing tension with the rest of the world that this conflict creates, undermining future American leadership. ”

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# America Caught by Inertia

## The Future of American Global Leadership

*Andrei Bezrukov*

The world, struggling through crises, unrest and uncertainty is craving for visionary leadership. The uncontested U.S. leadership role from the WWII until the turn of the century rested on its ability to create and manage the system of global institutions and drive economic growth. But when American politicians declare again that they want to lead the world, we should ask: Are they really ready to do so?

What is global leadership? A position of global leadership could be claimed by a country that is able to mobilize the global community to solve fundamental problems of the whole world, the one that creates the environment for its sustainable development. This leadership is about understanding the interests of the world as the success of the global ecosystem.

In his remarks on October 14, 2011 in Normandy, upon receipt of the de Tocqueville Prize, Dr. Zbigniew Brzezinski, probably one of the finest contemporary American strategists, openly questions the ability of the American political class to take interest in the world's future in a broader, unselfish way. Quoting the Nobel Prize winning economist Joseph Stiglitz, Brzezinski asserts that early American prosperity and leadership, according to Alexis de Tocqueville, was based on the “self-interest properly understood” – that “common welfare is in fact the precondition for one's own ultimate well-being”.

According to Brzezinski, in the world that is painfully trying to adjust to new realities – growing interdependence, rebalancing of the economic power and political awakening of the masses – future American capacity to lead will depend on the country's ability to “properly” understand its

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own self-interest in the success of the world. The world is craving for natural resources, suffers from sharp inequalities and chaotic migration, and first of all, is asking for stability and security, without which development cannot happen. Sustainable global prosperity requires a predictable, peaceful, rule-based environment that benefits all nations.

Will America be able to lead in the interest of all? How adequate are American solutions to the world's fundamental problems? Is today's America able to fulfill the leadership function? Is it possible for the United States to become a factor of stability rather than instability?

#### THE AMERICAN ALTERNATIVES

In 2004, Zbigniew Brzezinski in his book, *The Choice. Global Domination or Global Leadership* has set the alternatives for the United States: to become a global leader or to attempt global domination. Ten years hence, it is time to check which path America has embraced and to estimate in which direction it will continue. Today, both America and the world are quite different from the ones ten years ago. If the role of the “defender of the free world” is no longer needed, and the global domination that Brzezinski has described is neither affordable nor acceptable, what would America do?

American leadership cannot be an entitlement for which the rest of the world has to pay into the U.S. Treasury. It has to be deserved. The United States has to be willing to work for it. It is for America itself to choose whether it wants to put the future of the whole global ecosystem ahead of its own narrowly understood interests.

To “properly understand” its interests, America first of all needs the desire to understand. The world has changed – but what about the American perception of the world and its own role? The new model of global leadership – if only America wants to have one – will require a new consensus of the U.S. elites, and possibly, a new national consensus.

The first proposal for the new policy consensus has been already made by Captain Porter and Colonel Mykleby under the pseudonym of Mr. Y. Their *National Strategic Narrative* offers an optimistic perspective on the relations of the United States with the rest of the world.

Mr. Y proposes to take a generational, longer-term view on American security and prosperity, that is built upon the premise that “we must sustain our enduring national interests – prosperity and security – with-

in a 'strategic ecosystem,' at home and abroad, ... through the application of credible influence and strength, the pursuit of fair competition, acknowledgement of interdependencies and converging interests, and adaptation to complex, dynamic systems."

Mr. Y sees the foundations of the future American foreign policy in the success of the renewed investment in the internal, especially economic, prosperity of the country. "We cannot isolate our own prosperity and security from the global system," writes Mr. Y. "It is in our interest to see the rest of the world prosper."

It is not surprising that the call for a change comes from the military men. The new generation of the American military intelligentsia to which the authors belong represents the country's best and brightest.

Just as in the eighties, when Soviet Security and Intelligence services were the parts of the establishment the most aware of the true appeal and capabilities of the USSR, thirty years later, the highly "globalized" U.S. officer corps is genuinely concerned about how America can fit in the changing world.

While Mr. Y proposes a new vision for the country's global role, what is the chance for this vision to become a reality? Such views currently appeal only to a small minority in the American decision making circles. Worldly President Obama may be closer to Mr. Y's position, but the American political mass is on the other side. To an outside observer, America is not following the path Mr. Y proposes. Powerful systemic inertia and vested interests drive the policy in the direction that is undermining global sustainability, thus increasing the probability of the future conflict with the rest of the world.

The problem is that the renewal of the American engagement with the world, just as its internal revival, require a consorted national effort, a new national consensus, and, possibly, a new global consciousness. Continuing with current policies of preserving the state of the world America has gotten accustomed to, does not require any special effort. This "default option" is the behavior that the American foreign policy bureaucracy is "wired" for. It is built on self-perpetuating beliefs that grew from the experience of ruling the world for the last half a century.

While America approaches its midlife crisis as a dominant superpower, like an aging Hollywood star, it is not yet ready to recognize that

it cannot play the same roles forever. Facing multiple internal and external challenges, the country is still in the state of denial, sedated by its enormous wealth and influence.

#### AMERICA AMIDST CHANGE

America's current crisis of conscience has both economic and societal roots. The country faces new competitive challenges at the end of a long economic cycle. The drivers of industrial growth that helped American corporations dominate the world, such as automobiles, pharmaceuticals or even information technologies, are mature. Technologies of the next cycle are not yet ready to provide the replacement as principal producers of the national wealth. Meanwhile, as the center of global economic activity shifts eastwards, American corporations find their competitive positions threatened by both traditional and emerging rivals.

No longer able to afford its lifestyle and deeply in debt, the United States is monetizing its unique position as the provider of the world's reserve currency to cover the shortfall. More and more, it has to compete for investments with the rest of the world.

Meanwhile, demographically the United States is becoming a different country. Conservative Patrick J. Buchanan in his new book "Suicide of a Superpower: Will America Survive to 2025?" decries a host of changes that alter what, according to him and many of his "Atlantic" generation, America used to be.

As the Americans of European descent are losing the majority in the country, as American poor become more numerous and desperate, as the "melting pot" of nations in pursuit of happiness becomes a collection of ethnicities demanding recognition, the future according to Buchanan does not look optimistic. The popularity of the book is a symptom of fear and uncertainty of the aging white ruling elites in front of the invasion of traditional America by the outside world.

Seeing the American political class confronted by tectonic changes, it is important to understand how it may respond. The works of Ronald Heifetz, a professor at Harvard's Kennedy School of Government, and probably one of the most daring authorities on leadership today, might offer some answers. Heifetz distinguishes two types of leadership — "technical" and "adaptive."

The leadership style that addresses a problem for which there is a known solution could be called “technical.” The response of G.W. Bush to the events of 9/11 is a classic example of a leader consolidating the nation and imposing the course of actions that is required to deal with the “clear and present danger”.

But what if an organization or a country is facing a challenge whose nature is not yet understood and for which there is no ready solution? “Adaptive” leadership is about a search for a new paradigm. Those situations almost always mean that a country itself is incapable of seeing, let alone solving a problem, and has to undergo painful internal crisis. Germany after the WWII can make a good example of an adaptive challenge. To be back again on its feet, a country may have to rethink its past and present, develop new value references and political language, and reexamine who its true friends are. The role of an “adaptive” leader is to provoke and maintain a strategic dialogue to explain to the broad population its real strategic interests. The “adaptive” leadership style requires inclusiveness, ability to listen and, above all, patience and tolerance.

Countries that are going through sole-searching are not happy places. Leaders who drive internal reset and renewal usually face angry and determined opposition appealing to the old values and history. According to Heifetz, organizations, especially very successful previously, stubbornly resist uncomfortable internal changes. They tend to deny that changes are needed at all, try to “shake off” leaders that raise painful issues, and crave for “saviors” who offer quick and easy ways out. That is exactly what happened with Weimar Germans that fell for a charismatic Adolf Hitler.

The fear of systemic resistance frequently makes leaders try a “technical,” existing solution when an “adaptive” response is required. In the contemporary United States we see the majority of its political class in denial, holding on to the old political language and searching for a more decisive president. Instead of reexamining how America relates to the world, its elites point to outside threats that should be eliminated.

#### A NATIONAL STRATEGIC DIALOGUE?

The national strategic dialogue that would produce appropriate “adaptive” solutions requires three necessary conditions: stakeholders, motivation and leaders.

Mr. Y believes that to win in a new global environment America needs “most importantly a well-informed and supportive citizenry.” American elites and the active part of the middle class would be the principal stakeholders in the dialogue about the future of the country.

From the end of the WWII, the American middle class saw the outside world as a place of business as well as an affordable and exciting playground. It considered American engagement abroad modernizing and democratizing. The underlining fact was that America made money from this engagement – U.S. businesses conquered the world. For the middle class it was a positive experience, confirming their flattering image of their own homeland.

Since the 2000s critical changes have occurred. First, the U.S. middle class lost its ground. Many top American corporations shed their national anchorage, got bruised by global competition and weakened by 2008 crisis. The American middle class instinctively sees the outside world as an unfair competitor which their country needs to defend against at its own expense. It has lost its interest in the outside world and American politicians took notice.

Starting a strategic dialogue about future policies is the function of the elites. However, American elites are split about what to do with the world. One can distinguish several groups of elites in the United States: business elite, “bureaucratic” or administrative elite, military and security elite, academic elite, and media elite.

The financial interests of the American business elite pool it into the opposite directions regarding the outside world. There are two parts of the business elite – industrial and financial.

The markets of the American financial elite are truly global. They jet between the Hamptons, Hong Kong, Paris and Saint Bart. The financial elite were the driving force behind the American-led globalization, but up until the turn of the century American industrial corporations were profiting from the global expansion as well.

However, at the turn of the century, according to the article of James Kurtz “The Foreign Policy of Plutocracies” in *The American Interest*, buoyant Wall Street banks have made a choice to invest in the expansion of mature technologies overseas and in real estate, rather than in the riskier ventures of a next American industrial cycle. Weakened by the “hollowing” of the American manufacturing base, the industrial elite

suffer from “unfair” competition, demanding government support and protection from the challengers overseas.

Kurtz makes an interesting argument. Looking at American relations with the world from 1890s, the time the U.S. global expansion begun, he asserts that as it comes to foreign policy and world role “it makes a big difference if (the plutocracy’s) wealth is based upon industrial sectors, or upon a financial one.”

“Financial plutocracy,” writes Kurtz, “is ill-suited for effective leadership in the global competition between great powers. Its disdain for a healthy domestic industrial structure is one factor. Their attachment to a global reserve currency is another. Its preference for small wars and imperial policing rather than preparing the nation for deterring great powers and large wars is a third.”

The U.S. military and security elite, backed by the industrial elite, increasingly see the future in terms of competition with an emerging great power – China. The U.S. population, with the help of the media elite, is coming closer to accepting this narrative.

The financial elite take a different view. They believe that China will be able to integrate into the global system without a major conflict. Its goal is to secure the “global arc of instability” that hinders profitable investments into fast-growing emerging markets. It shares this view with the majority of the academic elite, which itself has global background and aspirations. As to the bureaucratic elite, it is split between the two.

While the American industrial elite are fairly heterogenic and dispersed, the financial elite are a tightly knit community, highly concentrated around the centers of administrative power. From their friendship at Ivy League universities, through their careers at Goldman Sachs or at Baker & McKenzie, to the memberships in the Council on Foreign Relations, their grip on decision makers is undeniable.

The sympathy of the broader American population may not be with the Wall Street, but the forces of the middle class that are ready to support the industrial elites which are too dispersed and disorganized to force the financial elites from their positions of influence just yet. It is unlikely that the groups currently in power would risk undermining their financial support structures, especially during the election cycle.

The disunity of U.S. elites impedes the strategic dialogue. George

Friedman, the CEO of Stratfor, is not optimistic about their readiness to adapt to a new paradigm. According to him, they are not “aware of the political pressures on other elites,... completely misunderstand the alienation of the public,” and “think this can be handled by the elites among themselves. We have a crisis of the elites.”

With the middle class preoccupied with its own future and the elites fighting for influence, what about the national motivation to rethink the U.S. role in the world?

Regardless whom one might hear – President Obama or his Republican challengers – the U.S. is not ready for any other place in the global system except the first. The culture and language of exceptionalism and “divine mission” permeate the policy discourse.

The current political class – the winners over communism – simply cannot accept the world it does not control. In its view, it is not America, but the world that has to change. Even in Davos and Bilderberg there is a growing gap in perceptions and vocabulary between the American and the global political elites.

The optimistic nature of the American historic experiences, relative geographic isolation of the country, and stagnating, but still high standards of living insure that the U.S.-centric views persist even in the age of global internet communities.

Zbigniew Brzezinski draws attention to another phenomenon that hinders “America’s ability to respond to this volatile world.” Brzezinski quotes de Tocqueville’s writings about the influence of the majority: “I know of no country where there is generally less independence of thought and real freedom of debate than in America.” “Today, such ‘despotism’ is manifested in the public’s ignorance of the world around it and in that public’s reluctance to demand and accept short-term and fairly distributed social sacrifice in exchange for long-term renewal,” decries Brzezinski.

“Political correctness,” virtual taboos on some political topics in the media, and what Mr. Y calls “binning” – ideological labeling of political opponents – make questioning of entrenched assumptions of the majority difficult. The atmosphere of political gridlock, hyper-partisanship and populist politicking is not conducive to a serious policy debate.

But what about the third prerequisite for the future policy debate – the leadership of thought?

Unfortunately, the main decision-making body — the Congress — is currently ill positioned to take the lead. Deeply divided along party lines and focused on domestic agenda, it is befriended by the worst enemy of strategic thought — short-termism. For a congressman running for reelection every two years, long-term global sustainability does not make it to the top of his list.

Meanwhile the academic community does not offer a new vision either. The assumptions on which the foreign policy concepts are built are from another era. They rest on two pillars. The one is the belief in the unique nature of the American democratic system that has a global mission of defending the good against evil. The other is the notion of the national interests of the United States. While the first represents a romantic, modernizing, almost spiritual calling in relations with the world, the second one stands for hard, rational needs.

Nowadays, in the absence of a grand ideological enemy, the democratizing appeal can be leveraged towards American goals only in places where basic human rights and freedoms are sorely lacking. As for the rest of the world, American messages of freedom and democracy simply became a part of a universally accepted, civilized practice. Meanwhile, its human rights credentials have been tarnished during the “war on terror.” At the same time, the image of the United States as the most modern place in the world does not ring true for a traveler familiar with capitals of Europe and Asia.

But what about the second pillar? The list of “hard” U.S. interests is drawn every few years by a group of scholars, diplomats and politicians. The names of its authors read like the “Who is who” of the American foreign policy community. Wise and brilliant as they might be, their experiences and assumptions come from the time of ideological confrontation. From the list of the national interests it is clear what the United States wants to get from the world. It is not clear what it is ready to sacrifice in the name of the world.

AMERICAN FOREIGN POLICY ON AUTOPILOT  
Countries are very complex systems, held together by a web of human, organizational and physical interdependencies, with their inertia of habits, logic of their functional designs and practical conveniences. Government policies create human and physical assets; but such assets, in their turn, create or alter policies.

Built up capabilities – institutions, systems, hardware, and a lot of smart, skilled and motivated people – start living their own lives, finding roles to fulfill and goals to achieve, becoming independent actors. It is not a secret that President Obama’s views are not widely shared in the security community, whose rank and file majority votes Republican. People, while being a part of a system, act according to their interests and convictions, driven by their own vision of what is right for the country.

With the Congress paralyzed, the U.S. government agencies have a free hand to assert national interests as they see them fit their own agenda. Without political leadership, bureaucracy rules. While the public blames the rest of the world for the country’s problems, the American foreign policy is flying on “autopilot.”

The American national security system, despite some recent attempts to make it more compatible with the changes that occurred in the world, runs almost exactly as it was set by the National Security Act of 1947. By its design, this system is “wired” for confrontation and aggressive enforcement of the American will.

U.S. agencies dealing with the outside world – the Departments of Defense, State, Justice, Treasury, Commerce, as well as the Department of Homeland Security and others, such as the CIA and the AID – are built as independent and often competing players. Left to navigate the changing world without a new national doctrine, they operate according to their old mandate, with all the inertia of their past pushing them into the once set direction. Each of the agencies is doing all it can to justify its own role as a defender of American interests abroad, at the same time increasing its power and budget.

Without a longer-term strategic vision, the American bureaucracy can’t figure out how to work with the international system it does not control. It is not excited about the multi-polar world that has been forming during the last ten years. The world of confrontation worked better for the U.S. as the dominant global power. Since then, American competitive position vis-à-vis the European Union and China have deteriorated, while the competition for resources has increased. Continuing the same way without a change in domestic strategy would only weaken American positions further. The American foreign policy bureaucracy

has no power over the domestic strategy. To help its country compete, it has to reshape the global environment in favor of the United States.

Instead of focusing on the “sustainability” of the future “strategic ecosystem,” the instinctive, “default” reaction of the U.S. government agencies is to make the world more suitable for existing U.S. capabilities and competitive advantages. They are pursuing American strategic self-interest in the narrow sense — as the bureaucracy understands it. On the ground, it translates into the imposition of the extraterritoriality of the American justice system, the readiness to use force without regard to the sovereignty of other countries, and the claims on global resources and infrastructure.

The U.S. is reacting to the changes in the world as a rational, self-preserving system. It is protecting its competitive advantages. However, by behaving selfishly and shortsightedly, American bureaucracy creates strategic problems for itself.

It gave a free hand to its businesses to invest in China, making this country its principal strategic competitor much faster than America itself, China’s Asian neighbors and even China could handle. As a result, American leadership now has to choose between throwing all its remaining might to confront China or to make its main creditor the de-facto heir in the global system.

Despite its long-term need to have Russia as a complementary economy, a partner in stabilizing the most troublesome parts of the world, and a future ally in balancing power in Asia, the United States keeps undermining its internal stability and external security.

The same shortsighted opportunism led the U.S. first to help radical Islamic extremists become a regional military force, then to confront them, inflaming the Islamic world, and then to help militant Islamists to come to power across the Middle East and South Asia.

Many in the U.S. government, including President Obama himself, see the contradictions from which American foreign policy suffers. Their declarations show that they understand the need for new, cooperative approaches. However, because of the nature of American decision making, without a congressional mandate their words cannot be translated into policies.

Unwilling to change, the American bureaucracy wants to change the world to make it conform to the American rules of the game. These poli-

cies are not the result of a conscious choice of the American people, but a visceral reaction of the bureaucracy that doesn't want to question its habits. Unfortunately, these are the policies that are the easiest to pass through the Congress – they create an impression that America is still “in charge”.

The policies of the American bureaucracy run contrary to the imperatives for global prosperity – they prevent the adaptation of the “Atlantic” global order to the increasingly “non-Atlantic” world.

But how sustainable is the American global role when the country's resources are bound to shrink in size relative to the resources of the rest of the world, and when its influence is in relative decline compared to the ascending BRICS and other emerging powers?

The short-term American interests are in conflict with the long-term ones. At the moment, only a small part of the U.S. elites understands the increasing tension with the rest of the world that this conflict creates, undermining future American leadership.

What will happen if the American policies continue in the same direction? At the moment, the vision of Captain Porter and Colonel Mykleby is not winning in the corridors of power in Washington, DC. A new national consensus will inevitably come, but it won't be tomorrow.

When Francis Fukuyama declared “the end of history,” his message reflected the feelings of the vindicated American elites. They thought that the natural order of things has been achieved. While the world kept moving on and ahead, American elites enjoyed an unstoppable rise of the stock markets, a flow of cheaper goods from China and a jump in the values of their houses. However, more than from hard work, this prosperity came from the privileged economic and political position the United States acquired. Since then, unwilling to sacrifice its good life, America tried to leverage this position to the fullest, spending the money it has borrowed from the world and throwing its weight around to scare potential challengers.

Eventually the world will find its way, with American leadership of without. In the latter case, what Brzezinski feared would come true. The fall of the American influence will finally provoke the reassessment of the U.S. position in the world by the American public. America that understands its true self-interest, with its entrepreneurial spirit, with a renewed confidence in its economy, will not need to throw its weight around to succeed.

# Vital Interdependence

## U.S.-Russian Space Cooperation as an Example for Cooperating on Missile Defense

*Kevin Ryan and Simon Saradzhyan*

Russian spacecraft are currently the only means of transportation for U.S. astronauts traveling to and from the International Space Station. Russian engines power U.S. rockets that the American government relies upon to launch military cargos into orbit. Russia has also become the sole supplier of plutonium fuel used in batteries that power critical instruments on board of U.S. interplanetary probes. In short, Houston would have a problem without Moscow these days. Similarly, Russia's rocket makers would not be able to grow their business if it were not for hundreds of millions of dollars that they have earned from launching American astronauts and cargo into space.

This deep interdependence between the United States and Russia in space exploration is taken almost for granted today, but there was a time not so long ago when the two nations viewed space solely as an area of strategic competition.

In 1960, U.S. presidential candidate John F. Kennedy ran on a platform that promised American superiority over the Soviet Union in space exploration and missile defense. Shocked in 1961 by the success of the Soviets in putting a man in space first, President Kennedy committed the country to put a man on the moon before the decade was out.

Manned space flight became the poster child of U.S.-Russian competition, and we sacrificed lives and treasure to beat each other in that

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race. Space flight involved the most advanced technologies and sensitive secrets of that time. Cooperation between the United States and Russia was unthinkable. Imagine if in 1966 on the eve of the first Apollo test launch, President Johnson offered to Russia to join forces to explore space. Yet, by summer 1976 the two countries had launched the joint mission, Apollo-Soyuz. Today the two space programs are not only cooperative; they are dependent on each other.

Today the U.S. and Russia find themselves once more facing the prospect of a serious and expensive competition over missiles – defensive missiles. These defensive missiles also involve some of the most advanced technologies and sensitive secrets of our time. On the issue of missile defense, however, the two countries have not yet managed to transition to cooperation. Moreover, today we find ourselves once more facing the prospect of a serious (and expensive) competition over missiles.

But the way in which the U.S. and Russia changed their space competition into cooperation can serve as a model for changing the relationship over missile defense.

The realities of today preclude a truly joint missile defense system, but even separate systems can be combined at some level to provide a better overall defense against threats that have either materialized or will become real in the near future.

There are five concrete steps that the United States and Russia can take to build such better defense, taking our cue from the mutually beneficial experience gained in space, provided that they manage to resolve their current differences over whether Washington should provide guarantees of non-targeting to Moscow.

## FIVE STEPS TO MEANINGFUL COOPERATION ON MISSILE DEFENSE

### ***1. Set Mutually Agreed Goals***

The United States and post-Communist Russia could not have achieved great strides in their cooperation in manned space exploration, if they didn't agree about their common goal – the International Space Station (ISS). If Moscow and Washington had not agreed to eventually drop their separate space station programs (America's planned Freedom and Russia's ageing Mir) in favor of co-leading a 15-nation effort to build an interna-

tional station, Americans would not be hitching rides to space on Russian rockets and Russians would not be supplying fuel for American inter-planetary probes. Nor would the two nations be currently discussing implementation of their next common space goal – manned voyage to Mars.

Following the example set in space, Russia, the United States and its NATO allies should begin by attempting to focus their missile defense cooperation on agreeing on a common goal, which we believe should be building systems capable of deterring and defending against current and future ballistic missile threats.

This is a difficult task. The governments of Russia, U.S. and its NATO allies have ordered joint assessments of the potential ballistic missile threats, but apparently cannot agree on the number one candidate – Iran. Russian leadership maintains Iran’s evolving missile program doesn’t yet pose a real threat to either Europe or the United States or itself. Russian generals suspect that the actual purpose of America’s planned web of radars and interceptors in Europe is to eventually undermine capabilities of Russia’s strategic nuclear deterrent. In comparison, the United States and its allies in Europe maintain that Iran’s missile threat is imminent and requires a multi-layered multi-phase response, including deployment of interceptors capable of shooting down ICBMs.

U.S. and Russian planners should avoid getting tangled up trying to determine which countries will pose the biggest ballistic missile threat in the future. The proliferation of ballistic missile technology is a fact recognized by all sides. North Korea, Pakistan, and Iran are just some of the countries with active programs. Agreeing on a list of specific countries against which to build cooperative missile defenses should not be the absolute prerequisite in defining a common goal for such defenses. The goal should be to defend cooperating nations from all missile threats regardless of their origin. Whether the threat comes from Iran or some other source, we must begin developing the cooperative defenses now. To wait until after the threat is deployed is to lose much of the deterrent value of the defenses.

Even in the much debated case of Iran, independent U.S. and Russian experts already agree on potential of Iran’s missile program. Authors of EastWest Institute’s 2009 paper “Iran’s Nuclear and Missile Potential: A Joint Threat Assessment by U.S. and Russian Technical Experts,” note:

“On the basis of the technology currently available to it, Iran could hypothetically build IRBMs and ICBMs.” Russian strategists should keep in mind that Iran, once it acquires long-range ballistic missiles, will become more assertive in challenging not only the West, but also Russia, given its historical interest in influencing affairs in the Caspian region, South Caucasus and Central Asia. The risk from ballistic missiles will, of course, grow exponentially if Iran and other countries developing them obtain nuclear weapons. According to ex-secretary of Russia’s Security Council Andrei Kokoshin, Iran’s existing missile program makes “military-strategic sense” only if the missiles are to be outfitted with warheads carrying weapons of mass destruction, primarily nuclear weapons.

## ***2. Synchronize Bureaucracies for Cooperation and Joint Decision-Making***

As noted above, examples of successful U.S.-Russian space cooperation date back to the Apollo–Soyuz docking in 1975 when the two nations were still locked in Cold War rivalry.

Back then, NASA had no counterpart in Russia with which to work. The Soviet Ministry of Defense and Ministry of General Machine-Building, which together ran the nation’s space effort, sought to hide their roles in the program. Moscow designated the completely separate Soviet Academy of Sciences’ Institute of Space Studies as the public proxy to represent the Soviet side in the dialogue with the United States on the Apollo–Soyuz project. This added layer of bureaucracy slowed and complicated interaction between the two countries’ space programs. Today, cooperation in missile defense suffers from similar institutional problems. The Ministry of Defense determines Russia’s policy response to U.S. missile defense deployments, but the Ministry of Foreign Affairs represents the country and serves as the interlocutor with the United States. Likewise, in the U.S. missile defense policy is a compromise of several constituents including the White House, Department of Defense, Department of State, House of Representatives, Senate and the defense industry: each sometimes representing themselves separately from the others. This mix of stake holders is made even more problematic by the fact that very few people actually understand all the aspects of the missile defense issue together – technical, tactical, political, and strategic.

A major advance in post Cold War space cooperation between Washington and Moscow was establishment of the Russian Space Agency (RSA). In April 1992, President Boris Yeltsin founded the RSA, providing NASA a direct single counterpart for the first time, greatly facilitating cooperation. Russia and the U.S. must synchronize their bureaucracies once again. On the U.S. side, the organization with the most direct impact on Missile Defense policy is the Missile Defense Agency (MDA). MDA researches the technology, acquires the systems, shepherds the capability from the lab to the battle field, and advises defense department leaders in development of policy. Russia should consider designating a counterpart to MDA as it did in the case of space exploration. The Kremlin could, for example, empower Russia's newest branch of service, the Aerospace Defense Forces, to act as direct counterpart in the dialogue with MDA on missile defense cooperation projects. Designating a military entity to represent Russia to MDA and the civilian leadership of the defense department is important, given the decisive voice that the Russian General Staff has in Russia's policy on missile defense. The United States should concentrate primary responsibility for missile defense cooperation in the military where the true expertise in integrating systems lies. The United States and Russia should also establish a joint consultative mechanism for industry to explore mutually beneficial business development opportunities in the realm of missile defense.

### ***3. Establish Comprehensive Legal Framework for Successful Cooperation***

Wide-ranging U.S.-Russian cooperation in space would not have been possible if the two countries hadn't created a comprehensive legal framework for such cooperation. In June 1992, Russia and the U.S. signed the U.S.-Russian Space Cooperation Agreement, which not only provided for concrete cooperative activities (such as the first launch of a U.S.-made satellite on a Russian rocket and the docking of U.S. Space shuttles with Russia's Mir station), but also called for "detailed technical studies of the possible use of [Russian] space technology" for U.S. missions, including a new space station. That agreement was followed by another accord in September of the same year which called for possible construction of a joint space station with participation of other countries. The September 1992 agreement became possible after Russia agreed in principle to abide

by the Missile Technology Control Regime and not transfer rocket engine technology to third countries. In Fall 1993, NASA and the Russian Space Agency formally agreed on a plan to bring Russia into what was then a U.S.-led international project to build a new space station. And in January 1998 meeting in Washington, DC, government officials from the United States, Russia and 13 other countries signed the International Space Station Intergovernmental Agreement and a number of other agreements to establish the framework for cooperation on construction and operation of the International Space Station. Zarya, the first segment of the ISS, which was built by Russia and financed by the United States, was launched on top of a Russian rocket, less than 10 months later.

An analogous comprehensive package of agreements on missile defense is absent today for several reasons primarily because discussion between the two sides revolves around limitations on the system and not on ways in which the two sides could share the burden of creating missile defenses.

Any missile defense agreement should provide for the same kinds of concrete activities that the earlier space agreements created. These activities could include: continuous sharing of data, exchanges of liaison officers, joint exercises in detecting and intercepting missiles and, designing cooperative missile defenses. The United States and NATO have already committed to many of these ideas, but incorporating them into a legal agreement would go at least part way to meeting Russia's demand for more reliability than non-binding "political statements" provide.

An agreement on missile defense cooperation, which did not limit U.S. defenses, but did guarantee Russia some of the transparency it desires (and the United States has promised) could be a compromise that begins to establish a way forward on missile defense. The agreement could also reaffirm that "NATO missile defense is not directed against Russia and will not undermine Russia's strategic deterrence capabilities" as stated in the alliance's Chicago Summit Declaration of May 2012. The United States and Russia could conclude this agreement bilaterally or, they could work through a NATO-Russia framework.

#### ***4. Ease Restrictions to Technology Sharing***

When President Ronald Reagan first announced the effort to build a missile defense shield in 1983, he famously offered to share the technology for the

system with the Soviet Union because he understood the instability that missile defenses created in the strategic balance. Every president since has offered to “cooperate” with Russia on missile defenses but, for many reasons that cooperation has stopped short of genuine technological cooperation — certainly nothing on the scale of our cooperation in space technology. The American instinct to protect national and industrial secrets is understandable but, what has America missed by not taking advantage of the knowledge and expertise of Russians scientists and technicians?

In the case of space cooperation there have been a number of instances of successful transfers of technology between Russia and the United States. The best known example is the ongoing delivery of RD-180 engines by Russia’s NPO Energomash to Lockheed Martin for integration into Atlas 5 rockets. The Atlas 5 is one of two launch vehicles the U.S. government uses for putting key military satellites into orbit. Russian technologies are also incorporated into commercial space efforts by private American companies like Orbital Sciences, which uses the Russian made NK-33 rocket engine in its Taurus II launch vehicle. America’s Mars Science Laboratory, launched this year to search for life on the red planet, relies on Russian-produced Plutonium-238 to power its batteries: the same with NASA’s New Horizons spacecraft, currently en route to Pluto.

To facilitate technology sharing in missile defense cooperation, the United States and Russia should sign the Ballistic Missile Defense Cooperation Agreement, which the two sides had discussed in 2009-2010, but have yet to ink. The agreement would support exchanges of data on missile defense technologies, including information on interceptor propulsion systems. The agreement would encourage Russian industry to be involved: not just in piecemeal work but in substantive development and manufacturing. Such technological cooperation would provide greater transparency into the true capabilities of U.S. missile defenses against Russian ICBM’s and help assuage Russia’s concerns. More importantly to American businesses, it would leverage the creative input of Russian scientists, known through the years of joint space cooperation for their technological creativeness.

A 2009 study headed by former National Security Advisor, General Brent Scowcroft, titled “Beyond Fortress America” concluded that America’s current system of export controls developed during the Cold War to

prevent the transfer of technology to our enemies, now harms U.S. national security. According to the study, the current system restricts the flow of information, technology, and scientists, negatively impacting U.S. competitiveness and security. The U.S. and Russia could benefit significantly from technology sharing in missile defense, if both governments would open the door for industry to pursue cooperation in this sphere.

### ***5. Explore Synergies to Cut Costs***

One of the factors that drove the U.S. and Russia to cooperate in space was money – or rather a lack of it. NASA, unable to afford its own launch costs, needed Russian rockets to get U.S. satellites and people into space. Russia had the excess launch capacity the U.S. needed and was eager for outside income for its space industry. Russia also possessed unique know-how from its decade-long operation of a space station which NASA and its other partners needed for construction of ISS. In short, both sides found it profitable to coordinate their programs and share costs.

NASA estimated that Russia's involvement in design and construction of ISS would reduce funding requirements by \$2 billion through the completion of space station assembly and accelerate completion of the station, improving aspects such as crew strength, crew time, electrical power, and pressurized volume. NASA has estimated it would have cost more than \$2 billion a year to continue flying Shuttles beyond 2010 at an annual rate of three flights until a new U.S. orbiter becomes operational.

The benefits from Russian cooperation with NASA are not just financial. In a 2008 Space News opinion article, NASA Administrator Michael Griffin claimed that using Russian space craft instead of prolonging the life of the Shuttle program would probably save lives. Prior to discontinuation of the Shuttle flights there was a 1 in about 80 chance of losing the crew on any single shuttle launch, according to Griffin. If NASA had continued to fly Shuttles instead of sending astronauts to ISS in Russian-made Soyuz-TMAs, then the chances of losing astronauts would have increased to be 1 in 8, according to the official.

The Russian side also benefits from cooperation between space programs. When Russia's economic woes made it impossible to adequately fund the nation's space budgets, it was U.S. money that helped the Russian space agency maintain its Mir space station and later in the 1990s build

modules for Mir's successor, the ISS. Russia has been making an average of \$500 million per year from launches of U.S. and other Western satellites. RSA already earned some \$2.5 billion from NASA and partner agencies for 42 seats on ISS-bound Soyuz craft in 2007-2010. In March 2011, NASA signed a new two-year, \$753 million agreement with Russia to send American astronauts to the International Space Station through June 2016 – almost \$63 million per trip. During these joint ventures Russia has shown itself responsible in living up to counter proliferation regimes and protecting U.S. technologies from illegal transfer to third countries.

Today, at a time when deep U.S. defense budget cuts are underway, supporters of continued U.S. missile defense development should consider the potential for cutting costs that cooperation with Russia could offer. The same profit-based benefits, we have outlined in the space domain, await U.S. and Russian missile defense enterprises if they are freed by their governments to explore common business interests. If, as recommended by Brent Scowcroft, the U.S. can loosen its export control regimes and, if Russia's entrance into the World Trade Organization can solidify its financial transparency and reliability, then businesses will be able to find areas for cooperation while still protecting trade and industrial secrets. Examples could be: rocket engine production and propulsion development, sensor production and emplacement (in space, air, land and sea), command and control systems, repair and maintenance, and training. This is a job that industry can lead with government permission.

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The success of U.S.-Russia cooperation in space can and should be repeated in missile defense. Such cooperation would not be easy and would require compromise from all sides. But missile defense cooperation between the U.S. and Russia would not only make the two nations and allies safer at lower costs, but also help build the trust in one another that they seem to lack. Such trust is necessary to move beyond the Cold War deterrence system of mutual assured destruction – an outdated security relationship based on extinct threats – to one based on mutual assured stability – a security partnership against real and urgent common threats: ballistic missiles, nuclear proliferation, international terrorism and others.

# Regional Politics



“ The confrontation going on in Syria now is not between political platforms or programs, but between clans, between personal and group ambitions. This is why one should not be hasty in choosing long-term partners, as there is a risk of making a wrong move. ”

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# Post-Soviet Integration Breakthrough

Why the Customs Union Has More Chances  
Than Its Predecessors

*Yevgeny Vinokurov & Alexander Libman*

The former Soviet republics have signed a great number of agreements, treaties and initiatives within a span of two decades since the breakup of the USSR. However, none of the “post-Soviet integration” bids proved capable of ensuring real cooperation among the states in the region. The fact was fairly obvious to everyone, above all to the states directly involved in the integration projects. Against this background, a fundamental change in the situation that occurred in the past three years came unexpected to analysts. The Customs Union of Russia, Belarus and Kazakhstan, launched in 2010, has become the first integration alliance where the partners meet their commitments notwithstanding the high costs it involves. The intention to set up a Eurasian Economic Union by 2015, announced last November, looks far more realistic than a majority of similar past resolutions. What changes have taken place in the post-Soviet space to make such projects realistic? Can we expect these initiatives to feature a steady growth? Are the objectives ambitious enough to meet the challenges facing the post-Soviet countries? And will their implementation help these countries take advantage of the opening economic development opportunities? Indeed, missing them would be inexcusable.

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## ON THE WAY TO REAL INTEGRATION

Let us first look back at the history of the emergence of the new generation of integration bodies in the post-Soviet space. The early 2000s saw the first calls for taking a more pragmatic approach to integration and abandoning idealistic rhetoric. Nevertheless, until quite recently the post-Soviet states have cooperated in but a few areas to handle issues of the common infrastructure created in Soviet times, specifically railways and electric power generation facilities. Attempts to breathe new life into existing organizations only worsened the contradictions. The two organizations set up in 2006 – the Eurasian Development Bank (EDB) and the CIS Interstate Humanitarian Cooperation Fund – can be viewed as the first portents of change. Unlike the previous initiatives, the objective of the new organizations was to support specific projects (banks handling the development of infrastructures and the economy, or foundations providing for culture and education projects), not general norms or policy coordination. The focus on specific cooperation objectives kept these two bodies from turning into new paper-pushing bodies.

But the genuine breakthrough was paradoxically brought about by the world economic crisis of 2007–2008. Instead of taking ever tougher protectionist measures (as often happens during global upheavals), post-Soviet states opted for establishing more effective cooperation. The establishment of the EurAsEc Anti-Crisis Fund in 2009 with a capital of 8.513 billion dollars was a landmark decision directly associated with the crisis. The fund has a dual function: first, it extends stabilization loans, performing the function of “a regional IMF.” It also compensates for balance of payment and budget deficits and supports the national currency. Second, it strengthens regional cooperation as a creditor of large investment projects. As of now, the Fund has extended loans to Tajikistan and Belarus. Post-Soviet integration has become financially attractive, at least for several countries.

The Customs Union was launched in 2010. It is the most impressive achievement of post-Soviet integration at present. Its key features are common duties with respect to third countries and a common Customs Code to regulate a majority of trade issues of the member-states. The Customs Union uses a proportional voting system, but all its decisions have been consensual up to date. The Customs Union members had to

introduce major changes to foreign trade regulation. For example, Kazakhstan hiked 45 percent and cut 10 percent of customs duties. Aside from relations with third countries, the Customs Union has provided more opportunities for interaction between the member-states, and not just in trade; in border areas, a number of Russian companies consider moving to Kazakhstan's jurisdiction because of lower taxes there.

A still greater effect from the liberalization of investment flows is expected from a package of agreements on the Common Economic Space (CES), which came into effect on January 1, 2012. The CES already has 17 agreements and another 55 are in the works. The agreements spell out the freedom of movement of capital and labor, a common policy of competition (including natural monopolies, procurements and subsidies), coordination of macroeconomic policy, trade in services, technical standards, and access to gas and oil pipelines, energy transmission lines and railways. In February 2012, the Eurasian Economic Commission (EEC), a supranational body with broad powers, was set up to coordinate the CES. Interestingly, its "lower chamber" – the Board – is structured along the lines of the European Commission and comprises officials responsible for specific functional integration areas, so they are not merely representatives of their countries. Subsequent measures towards establishing a Eurasian Economic Union include a single railway cargo tariff starting from 2013, and national regimen of state procurements for all companies of the three member-states starting from 2014.

#### “INTEGRATION FROM BELOW” AND THE GLOBAL CRISIS

The success of the Customs Union and the CES looks all the more unexpected as it seemingly contradicts the logic of the development of the post-Soviet space. Two decades ago, the former Soviet republics had far closer economic ties, but their integration (including within the ruble zone) was a complete failure. The achievements of post-Soviet integration of the past few years may be explained by two circumstances: the growth of real integration “from below” in the 2000s and the global economic crisis.

*First*, it would be incorrect to describe the two decades after the breakup of the USSR solely as a period of growing fragmentation.

Indeed, many Soviet-era ties were severed, but starting from the early 2000s they began to be replaced by new forms of interdependence. The economic growth of Russia and Kazakhstan from 1999-2000 whetted the appetites of the emerging transnational corporations of these countries, which began vigorously developing the post-Soviet space. Russian companies already dominate the mobile phone markets in a majority of CIS states and play an important role in many other sectors of CIS economies, while Kazakhstan had been leader in investments in the CIS banking sector until 2008. Labor migration is another form of new interdependence. Whereas in the 1990s CIS migration flows were largely the immigration of ethnic Russians from newly independent states, the past decade has seen an exponential growth of temporary migration based on economic factors. As a result, some CIS states have posted economic growth on the back of labor migrants' remittances. In Russia, labor migrants account for about 6 percent of the country's GDP, according to expert estimates.

Expecting a continuous growth of interdependence between the post-Soviet states would be a big oversimplification, though. Regionalization manifests itself in various fields of interaction (for example, it is far less expensive in mutual trade) and affects countries unevenly. According the EDB Eurasian Development Integration System review, which shows indicators of economic interdependence of post-Soviet states in the past decade, Russia, Belarus and Kazakhstan formed the core of integration back in 2004-2005, and integration "from below" has been running at a fast rate since then. The establishment of the Customs Union was presumably a logical follow-up of the expanding mutual ties within the scope of this core.

**Second**, that the Customs Union and the CES emerged in the wake of the global crisis hitting the post-Soviet states is more than a coincidence. The logic of regionalism here differs in principle from the "classical" pattern. As a rule, the starting floor for integration is the existence of several economically separated countries for which integration implies considerable costs, at least in the short term. Regional integration requires changes in legislation and adaptation to new standards, and is accompanied by increased competition. Unsurprisingly, politicians tend to support regional integration during economically safe periods

when the costs are less tangible, and are reluctant to launch integration projects during crises (the period of stagnation in European integration in the 1970s is a graphic example).

The situation in the post-Soviet space is the exact reverse. The countries have retained interdependence inherited from the Soviet era. Therefore, the choice of a disintegration course – which requires the development of new branches of industry and a search for new ways of integrating in the global system of division of labor – is often more costly. So, in the period of crises regional integration appears to be a more preferable option, while in affluent years countries can experiment with various options of autarchy or seek new partners. In other words, the shock caused by global instability (which dealt a painful blow to Kazakhstan back in 2007, and then to Belarus which had to implement a large-scale devaluation of its national currency two years later, and then to Russia) brought post-Soviet countries closer together.

#### PROBLEMS AND CONTRADICTIONS

The real situation is certainly not at all cloudless. The Common Economic Space and the Customs Union encounter serious problems whose solution will be crucial for their future. In the short term, the main difficulties will be technical. The Customs Code norms often contradict national legislations, though not critically, and there is no clearly set procedure for enforcing these norms. The CES is yet to create mechanisms to implement its basic agreements. Such problems are inevitable in implementing large projects, but they may prove fatal if handled by inefficient bureaucracy, making integration unattractive for business. In view of this, the Customs Union commission has taken a range of important measures to rectify the situation in this field.

The difficulties largely stem from the imbalance of advantages and costs in the CES member-states. For Kazakhstan and Belarus, the Customs Union implies a considerable increase in import duties and, consequently, price hikes and a distorted pattern of trade ties. For Russia, it remains unclear, for example, how national phytosanitary standards of the three countries will be implemented and monitored within the Customs Union. According to the available studies (major assessments of the Customs Union and CES perspectives have been published by the World

Bank and the EDB Integration Studies Center), these integration bodies can contribute to the growth of their members' economies due to a larger capacity of their domestic markets and intensive competition. However, this will be possible under certain conditions, above all if non-tariff barriers are eliminated. Thus far, the introduction of common technical and phytosanitary norms in the Customs Union area has been slow.

In the medium term, the CES will face the dilemma of either "enlargement" or "intensification," which is well known to Europeans. One of the main reasons behind the Customs Union's success is that, unlike previous regional integration projects with unrealistic ambitious programs, the Customs Union has focused on a clear and rather narrow objective. Its membership is far more homogenous than in many other regional agreements in the former Soviet Union, and the signatories are well-chosen (unlike in other projects). Will the "troika" union be able to go beyond its initial agenda? The package of the CES agreements that has come into force shows that it can. However, another question arises: Does this rapid process (the transfer within just two years from the Customs Union format to the CES notwithstanding unresolved technical problems) pose a considerable risk to prospects for more intensive integration?

Failures may undermine the trust of society and business in the CES, and the governments may find themselves unable to keep with the present development rate. However, the peculiarity of the post-Soviet space (in contrast to Europe) is that interrelations between countries concerning the movement of production factors (capital that is relevant for interaction of the Customs Union members, and labor force for interaction between other CIS countries and Customs Union states) develop at a faster rate than those in trade. From this point of view, it would be expedient to go beyond the Customs Union format, as it only marginally affects interaction in fields where "integration from below" is proceeding vigorously. Paradoxically, ***only a fairly intensive form of integration can score a real success in the post-Soviet world*** (and, perhaps, in other unions of developing countries).

The possibility of the Customs Union's ***enlargement*** is currently being discussed with Ukraine and Kyrgyzstan. Ukraine's membership in the CES is problematic, despite the "troika's" best efforts (and Russia's efforts in particular) and close economic ties. Experts estimate that

Ukraine's joining the CES, with subsequent technological rapprochement, will secure a 6-percent increase of its GDP in the long term (according to the findings of the EDB's joint study with the Institute of Economic Forecasting under the Russian Academy of Sciences and the Economic Policy Institute, NANU). But political factors interfering with integration are too strong. Even Ukraine's becoming an EDB shareholder – a neutral issue which does not involve crucial decisions – has been stalled despite obvious advantages for Kiev.

As for Kyrgyzstan, its ascension to the CES and the Customs Union is quite possible, considering the country's vulnerable economic position. In the recent years, the Kyrgyz economy has been growing mainly due to its role as a transshipment point for re-export of Chinese consumer goods to CIS and Central Asian countries, made possible by a very liberal foreign-trade regime. Having found itself outside of the boundaries of the Customs Union, Bishkek can no longer play this role because of stronger customs barriers on the border with Kazakhstan. By joining the Customs Union, Kyrgyzstan will have to toughen its foreign trade regime, which will partially close "the window" for trade with China. Analyses by the EDB Integration Studies center and Kyrgyzstan's National Institute of Strategic Studies show that the pros of joining the Customs Union outweigh the cons. Kyrgyzstan's WTO membership is another problem: the country will have to hike tariffs if it joins the Customs Union, in some cases to a level that would contradict WTO rules, which will require negotiations within the WTO framework. Of course, the expected WTO membership of Russia and Kazakhstan will make the solution of the problem easier.

In the long term, the development of integration in the post-Soviet space may be held back by factors which the Eurasian Economic Union will have to face sooner or later. This is, first of all, the prevalence of the resource sector in the economies of two of the three CES states, which diminishes the integration effect. Moreover, the key oil and gas sectors of Russia and Kazakhstan are oriented towards foreign markets. Deeper integration requires diversifying the economy and reducing its dependence on raw materials, a task whose successful solution can hardly be found in international practice. Second, the progress of post-Soviet integration also depends on successful modernization of institutions and societies in the post-Soviet countries, which is yet another difficult task.

FROM POST-SOVIET  
TO EURASIAN INTEGRATION

There are problems not only in interaction among post-Soviet countries but also in their relations with the rest of the world. For many of them, including Russia, the EU is a more important trade partner than their immediate neighbors. The recent years have seen a growing role of China as a source of investments and loans in Central Asia, as well as in Belarus and Ukraine. International actors and analysts alike seem to share the view that the post-Soviet and European integration vectors are incompatible in principle, and that Post-Soviet countries of Eastern Europe, in particular Ukraine, Belarus and Moldova, should decide once and for all where their loyalties lie. This is hardly a true-to-fact view, yet it prevails at present and has a very negative influence on integration dynamics in northern Eurasia. Therefore, it is important to underscore once again that integration projects can fully realize their potential in the post-Soviet space if implemented as part of a **broader, transcontinental integration** involving external players.

In the first place, it concerns infrastructure networks. The geographic position of post-Soviet states between Europe and Asia enables the CIS states to derive considerable benefit from their transport potential – but only if it is linked with cross-border transport projects implemented in other parts of Eurasia, for example, by the European Union or the Asian Development Bank.

In the electric power sphere, the common market of the former Soviet Union, mostly inherited from the USSR unified energy systems, would be more effective if it were linked to the energy markets of other countries, such as the EU, Turkey, Iran, Pakistan, Afghanistan and China. In the same manner, there are advantages of open borders with external players in trade and investments where such “open regionalism” helps avoid conflicts between integration projects. In general, new integration projects do not have to be confined to the borders of the former USSR; on the contrary, it is quite natural to look for new partners outside of these borders, especially in Europe and East Asia.

Ways to organize interaction with external players differ in the east and the west of the post-Soviet space. In the west, priority may be given to structuring the Eurasian Economic Union in such a way that partici-

pation in it would be combined with cooperation with the EU. It may involve, for example, harmonization of the parties' standards and technical and phytosanitary norms. Of course, it cannot be accomplished by a single-step decision, as harmonization requires considerable costs, yet the best option would be to look for solutions compatible with European ones. In trade, cooperation suggests the establishment of a Deep and Comprehensive Free Trade Area (DCFTA) between the Customs Union and the EU, which would provide for the solution of issues of trade proper, as well as of uniform standards, protection of investments, migration and the visa regime. Such a scenario can and should be discussed, even if it seems hard to implement at present. In the conditions of the EU unification crisis, the EU may become more autarkic, and it will take time to resolve its fiscal integration problems.

In Asia, the situation seems somewhat simpler: the integration is more flexible there and it involves a limited range of issues. Consequently, there is no competition between integration initiatives, while interaction with the post-Soviet integration group involves fewer institutional difficulties. Yet there exist quite a few problems there as well.

First, it is important to avoid post-Soviet agreements turning into huge structures comprising too many incompatible players. It would be useful to analyze the negative experience of APEC falling victim to its own success: consistent use of the open regionalism principle increased the organization's membership and heterogeneity, and eventually reduced its capability. Secondly, the deficit of trust is present in Asia, too: China, for example, causes serious apprehensions in the elites and populations of post-Soviet countries (although these fears are caused by myths rather than real risks). Ideally, interaction between the Eurasian Economic Union and Asian countries could lean on a range of complex bilateral free trade areas (preferably backed by additional agreements on visa-free movement and labor migration), as well as on "functional" projects to effectively pool transport, energy and telecommunication infrastructures.

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Within a span of several years, post-Soviet integration has evolved from a largely paper project and rhetoric construct – which certain countries

exploited to suit their domestic policies – into an important factor influencing economic development. However, its further prospects are unclear. On the one hand, it is the current format of a small group of countries with a clear objective (trade and economic rapprochement) that made the Customs Union a success. On the other hand, a truly big success can only be achieved by crossing the present-day borders – both geographic (for example, by stepping up interaction with China and the European Union) and functional – by handling the movement of production factors, ensuring uniform rules of the game (technical regulation, and access to monopolies' services) and guaranteeing the coordination of macroeconomic policy. Finally, post-Soviet regionalism is by no means an alternative to global integration, for example within the framework of the World Trade Organization (as is sometimes claimed). The advantages of WTO membership for the CES states are considerable, so the regional project should be viewed as a process parallel to global economic integration.

# A Caucasian Home as Designed by Tbilisi

## The Objectives of Georgia's Policy in the North Caucasus

*Ivlian Khaindrava*

Until 2008, it was hard to say that Georgia had been conducting a prudent and coherent state policy towards the North Caucasus. The first president of Georgia, Zviad Gamsakhurdia, once proposed an idea of a “common Caucasian home,” but it was never materialized. Gamsakhurdia did not stay long in power to implement his plans, which were rather contradictory and often dangerous for the Georgian statehood. In addition, no one really understood on what foundation this “common Caucasian home” should be built and what it may look like. On top of that, Moscow countered this extravagant idea with the establishment in 1989 of a Confederation of Mountain Peoples of the Caucasus, headquartered in Sukhumi (later it was named the Confederation of the Peoples of the Caucasus).

The architect of the “Caucasian Home” assigned the leading role in it to Georgia, while the CMPC was in fact an anti-Georgian project (even though Gamsakhurdia sent his representatives to its congresses). The Confederation left only one mark in history, namely, its active participation in a Georgian-Abkhazian conflict of 1992-1993 on the Abkhazian side. Aside from the fact that after his overthrow Gamsakhurdia found refuge in Chechnya's capital Grozny, one can say that the early 1990s, marked by conflicts in Abkhazia and South Ossetia, was a period of a sharp deterioration in relations between Georgians and North Caucasians (although this concerns different ethnic groups of the region to varying degrees).

The second president of Georgia, Eduard Shevardnadze, turned his eyes to the North Caucasus only when he simply could not ignore it, that

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is, when developments there had a direct impact on Georgia. The main problem was the situation over the Pankisi Gorge in Georgia, which was a real headache for Tbilisi. Chechens fled the “establishment of Constitutional order” by Russian troops in Chechnya and settled in the gorge. It was impossible for Tbilisi to seal the Georgian border for them from a moral point of view, and it would have been short-sighted politically. In addition, Georgia lacked forces to erect barriers on the border and filter out militants from the Chechen refugees. Due to the Pankisi Gorge, Georgia was under constant pressure from Russia, which even permitted itself to bomb the territory of the neighboring state, citing the need for pre-emptive strikes against the militants’ bases.

In the long run, Shevardnadze sorted out the situation – but not without help from Americans: the U.S.-sponsored Train and Equip program helped to create prerequisites for solving the problem of Chechen militants in the Pankisi Gorge without damage to the bulk of the refugees. Georgia saved face both towards the West and North Caucasians, Chechens in particular, but then things stalled again. Tbilisi did not win Moscow’s trust, either, because the latter would not change its attitude towards Georgia anyway.

Georgian political analysts did not pay due attention to North Caucasian problems either. There were only isolated attempts to rethink the North Caucasus factor in general and in the context of Georgian-Russian relations. In particular, the author of this article wrote in 1999 that the North Caucasus was turning into a “zone of stable instability” that required that Georgia work out an adequate concept with regard to it. However, it never did.

The third Georgian president, Mikheil Saakashvili, began his foreign-policy activity with a visit to Moscow (February 11, 2004). However, the thaw in relations between the two countries, ushered in by the Georgian leader, did not last long. It gave way to an open personal confrontation between Putin and Saakashvili, who accused each other of every sin possible. The confrontation climaxed in the August 2008 war and a final freezing of bilateral relations during the Dmitry Medvedev presidency. Whereas before the war the North Caucasus had remained virtually out of sight of Georgia’s policy, after August 2008 the situation changed.

## AFTER THE WAR: ATTACK BY “SOFT POWER”

In the postwar period, the Georgian leadership took some steps that signaled a desire to pursue an active policy towards the North Caucasus. These mutually complementary measures can be grouped into three main categories.

1. Organizational measures intended to create an institutional framework for the North Caucasus policy:

a) The establishment by the Georgian parliament of a group of friendship with parliaments in the North Caucasus in December 2009. Moves like that look constructive, as a rule. Resolution 1773 (2010) of the Parliamentary Assembly of the Council of Europe (PACE), for example, invites national parliaments to “encourage the establishment of parliamentary friendship and similar groups among national parliaments, in order to promote the exchange of good practice, in particular in the parliamentary and political field.” In Georgia’s case, however, there is an obvious asymmetry, as the parliament of this sovereign state, which is a UN member, has declared its intention to establish friendly ties not with the legislative body of another (neighboring) state that is a UN member but with parliaments of administrative entities of a federal state. This asymmetry is not consistent with international practices. Perhaps, it would not be that evident, if Georgia and Russia had good-neighborly relations and if this move had been agreed by the two parties. However, Georgia broke off diplomatic relations with the Russian Federation after the August 2008 war, so the demonstrative invitation for some administrative units of Russia to establish official friendly ties raises questions.

Of course, Russia went to much more length than Georgia did and crossed the line when it recognized the independence of Abkhazia and South Ossetia and when it established diplomatic relations with them and opened embassies in Sukhumi and Tskhinvali. But those decisions have not been supported by an overwhelming majority of countries and have been denounced by many of them and by international organizations. It turns out that in its search for an adequate response to Russia’s unlawful actions against Georgia (as they were described in the Tagliavini Commission’s report) Tbilisi itself departed from international practices and found itself in an ambiguous position. However, there was no official response from the parliaments of Northern Caucasian republics, as their loyalty to Moscow is a must for receiving vital financial subsidies.

The other two steps by the Georgian leadership were of the same kind.

b) The transformation in December 2010 of the parliamentary Committee on Relations with Compatriots Residing Abroad into the Committee on Diaspora and Caucasus Issues; and

c) The adoption in February 2011 of a decision to establish a special commission on Caucasus affairs at the Office of the State Minister for Diaspora Affairs. It seems that both bodies are intended to highlight the following two things:

- The introduction of the notion of “Georgian Diaspora” for general use (the post of State Minister for Diaspora Affairs was established in February 2008). Formerly, this notion had not been widely used in the Georgian discourse;

- The emphasizing of special importance of the Caucasus (both South and North) for Georgian politics.

The latter circumstance raises no doubt, but there has been no trace whatsoever of any activity by the aforementioned Special Commission (which was tasked to study political and social processes in North Caucasian republics) ever since it was established – except, perhaps, the announcement of a contest to build a memorial to the victims of the genocide against the Circassian (Adyghe) people, in line with the Georgian parliament’s resolution of July 1, 2011. However, this move hardly required the establishment of a special commission. By the way, the contest was won by a sculptor from Kabardino-Balkaria in December 2011.

2. Ideological and advocacy measures intended to lay grounds for the North Caucasus policy and to influence people’s minds. These measures included:

a) Mikheil Saakashvili’s speech at the UN General Assembly on September 23, 2010, where he presented his vision of a “free, stable and united Caucasus.” The president referred to a common history and interests of the peoples of the Caucasus and called for the establishment of direct people-to-people contacts and the development of projects in energy, education and culture. He also spoke of political and economic interaction, the creation of a common market, and self-sufficiency of the region, which does not need outside help. “There is no North and South Caucasus; there is one Caucasus, that belongs to Europe,” Saakashvili said. He pointed out that the Caucasus is not just part of

European civilization but also one of its cradles. Speaking of a united Caucasus, Saakashvili said: “Our unity would not be directed against anyone and we will not aspire to change any borders. [...] It is time to stop struggling against and weakening each other. Our strength is in our unity. Without unity, we will not be really free.”

However, his initiative has never been followed up. Receiving visiting Armenian President Serzh Sargsyan in Tbilisi in November 2011, Saakashvili reiterated the main points of his speech of a year before. Therefore, many people regard his proposal only as a rehash of Gamsakhurdia’s well-forgotten concept of a “common Caucasian home” – equally vague and illusive.

The bottom line is that one can see pretensions to leadership in the Caucasian region (although there is no speaking of the region in a political sense), which hardly meets with understanding and approval of the neighbors (the press in Azerbaijan, for example, scathingly commented on Saakashvili’s talk of “Caucasian unity” during the negotiations with his Armenian counterpart). In addition, such ambitions hardly measure up to the capabilities of the country burdened with numerous internal and external problems.

b) The launching by Georgia of the Russian-speaking First Caucasian TV Channel in January 2010 to provide information support for a concrete political project. The Russian authorities strongly reacted to the move. Russia’s Deputy Interior Minister (2004–2010) Arkady Yedelev said that “this creation of the Georgian propaganda machine” required the closest attention, as it would “propagate anti-Russian and anti-state sentiments and the ideology of extremism.” It is not surprising that the owners of the satellite provider that provided coverage over a vast territory soon had problems, and the broadcasts were terminated (“for technical reasons,” naturally). Later, however, new opportunities opened up, and the channel came back on the air again, this time under the name the First Caucasian News Channel (PIK-TV).

Its formal task is to neutralize anti-Georgian propaganda in Russian media outlets and give the audience objective information about developments in Georgia and the Caucasian region. However, the propagandistic, rather than counter-propagandistic, essence of the channel is no secret, because actually every socio-political program is intended not

only to portray Georgia in the most favorable light but also to put Russia in the most unfavorable light. The propaganda is targeted at audiences in other countries (TV companies inside Georgia already broadcast excessive pro-government content), above all in the North Caucasus, although North Caucasian issues proper do not take up much of the broadcasting time. It is hard to tell whether PIK-TV has reached its target in the North Caucasus and elsewhere, but it seems that Moscow is no longer anxious about it. Moreover, PIK-TV was among three interviewers of Russian President Dmitry Medvedev on August 5, 2011 (along with the Russia Today TV channel and the Echo of Moscow radio station). Thus, the Russian leader contributed to the legalization of this TV channel in his country, and your author has to admit that he is unable to comprehend the depth of this political game.

c) The holding of two international conferences in March and November 2010 in Tbilisi under the name of “*Hidden Nations, Enduring Crimes: The Circassians and the People of the North Caucasus Between Past and Future.*” The conferences were organized by the Tbilisi-based Ilia State University, in cooperation with the U.S. Jamestown Foundation. The latter, together with the U.S.-based Circassian Cultural Institute, held a conference on May 21, 2007 in Washington named “*The Circassians: Past, Present and Future.*” The conference raised the issue of the genocide against the Circassian people in the Russian Empire in the 19th century.

These developments suggest that the “Circassian issue” arose in the postwar repertoire of Tbilisi’s foreign-policy instruments not spontaneously but due to circumstances favorable for the initiators (although these circumstances were highly unfavorable for Georgia, because the outcome of the 2008 war can by no means be described as favorable). The first conference in Tbilisi urged the parliament of Georgia to recognize the genocide against Circassians, and the second conference called for a boycott of the Olympic Games in Sochi.

d) The opening of a Circassian Culture Center in Tbilisi in October 2011; and

e) The announcement of a competition for a memorial to victims of the genocide against the Circassian people.

The latter two events are not as momentous as the first three ones. The opening of a cultural center could only be welcomed but for a politically

loaded statement made on this occasion by a representative of the “Circassian Congress” in Georgia. His statement was in tune with Saakashvili’s speech at the UN General Assembly (which is not surprising) and came as an indirect proof of the aforementioned ambitions. The plans to build a memorial to the victims of the genocide against the Circassian people in the newly built resort of Anaklia, in close proximity to the border with Abkhazia, can also be viewed in the context of Georgia’s multi-vector propaganda.

3. Political actions proper taken by the Georgian authorities to date include the following two major moves:

a) The Georgian government’s decision to grant North Caucasians the right to visit Georgia for 90 days without a visa. The decision entered into force on October 13, 2010. President Saakashvili said this step should be viewed as part of the “united Caucasus” policy. Russian Foreign Minister Sergei Lavrov responded that “things like this taking place between civilized partners should be resolved by mutual discussion.” He described Georgia’s move as an “act of propaganda.” Regardless of the politics behind the move, one should admit that it has made things easier for those North Caucasians who have regular contacts with Georgia.

The president of the Jamestown Foundation, Glen Howard, has said that Georgians are doing much to use soft power in their interaction with the North Caucasus; for example, they have introduced visa-free travel to Georgia for people living there. He was speaking at a forum called “*Crisis in the North Caucasus: Any Way Out?*” The forum was organized by the Central Asia-Caucasus Institute of the Johns Hopkins University in February 2011. Howard said this policy contributes to the region’s economic development, while the fact that students from the North Caucasus study in Tbilisi helps the new generation of people living in the region interact with the West.

Thus, as regards travel between the two countries, Georgia appears in a much more favorable light than Russia. Citizens of the Russian Federation (not residents of the North Caucasian republics) can get a Georgian visa upon arrival at seaports and airports of Georgia, and since the second half of 2011 they can do this also at the Upper Lars checkpoint on the Georgian Military Road. Thereby, Georgia has completed the establishment of a visa-free travel regime with all its immediate neighbors (unilaterally with Russia’s North Caucasus) and even with Iran, with which Georgia has no common border.

b) The adoption by the Georgian parliament on May 20, 2011 of a resolution on recognition of the genocide against the Circassian (Adyghe) people during the Russian-Caucasian War (1763-1864 – Ed.) was undoubtedly the most high-profile event, which attracted public attention far beyond the Caucasus. The resolution said, in particular:

“The massacre of the Circassians (Adyghe) and their expulsion from their historical homeland during the Russian-Caucasian War must be recognized as an act of genocide in accordance with Hague Convention IV of October 18, 1907 “The Laws and Customs of War on Land” and with the UN Convention on the Prevention and Punishment of the Crime of Genocide of December 9, 1948.

“The Circassians who were deported during the Russian-Caucasian War and in later periods must be recognized as refugees in accordance with the UN Convention Relating to the Status of Refugees of July 28, 1951.”

#### RECOGNITION OF GENOCIDE – THE MAIN WEAPON

Georgia was the first sovereign state to recognize the genocide against the Circassians. However, the recognition did not occur all of a sudden; certain steps were made back in the 1990s by parliaments of the North Caucasian republics among which the Soviet government “shared” the Circassians who had survived the tragic events. The Supreme Council of Kabardino-Balkaria on February 7, 1992 adopted a resolution called *On the Condemnation of the Genocide Against the Adyghe (Circassians) During the Russian-Caucasian War*. The legislature called on the Supreme Council of the Russian Federation to recognize the genocide and grant dual citizenship to Circassians living abroad.

Russian President Boris Yeltsin admitted in his address to the peoples of the Caucasus on May 18, 1994 that the Caucasian War had led to great human and material losses and that “now there is a possibility of objective interpretation of the events of the Caucasian War as courageous struggle waged by the peoples of the Caucasus not only for their survival on their own land but also for the preservation of their indigenous culture and the best features of their national character.” However, this statement had no legal implications.

In April 1996, the president and the State Council of the North Caucasian Republic of Adygea sent an appeal to the State Duma of the Russian Federation, similar to the one sent by Kabardino-Balkaria. In October 2006, twenty Circassian public organizations from various countries urged the European Parliament to recognize the genocide. A month later, public associations of Adygea, Karachay-Cherkessia and Kabardino-Balkaria addressed President Vladimir Putin with the same request. Again, none of the appeals had legal consequences; it was only an appeal to Georgia in 2010 that resulted in official recognition.

There might be several motives behind this move by the Georgian leadership.

**First**, to strengthen Georgia's positions in the Caucasus as a guardian of the rights and interests of North Caucasian peoples, and to win support from the Circassian diaspora abroad. Many Circassians around the world very enthusiastically welcomed Tbilisi's decision.

**Second**, to annoy Russia by hitting its most sensitive point – the North Caucasus, where intractable problems keep piling up. One of them is restitution of the rights of the divided Circassian people. At least, Moscow tends to view Tbilisi's decision as revenge for the 2008 war and for its recognition of the independence of Abkhazia and South Ossetia.

**Third**, to sow seeds of distrust between Abkhazians and North Caucasians (the Adyghe in particular), as moral and political support for them came not from Abkhazians, who are kindred to them, but from Georgians, against whom they fought during the Georgian-Abkhazian war of 1992-1993.

The latter point deserves special comment. The parliament of Abkhazia in October 1997 adopted a resolution, whose first paragraph said: "To recognize the mass extermination and expulsion of Abkhazians (Abaza) to the Ottoman Empire in the 19th century as genocide – a grave crime against humanity." However, Sukhumi has never qualified the Circassian tragedy in the same way, although there were such expectations among the Circassians.

Abkhazian analyst Inal Khashig believes that "Tbilisi has already achieved some results by the very act of recognition of the genocide." "There is already some evidence of a cooling of relations between Abkhazians and Circassians," he wrote. "Abkhazians do not understand the

jubilation of the Adyghe over Georgians' move, because Georgia is the main enemy for Abkhazia. In turn, Circassians do not understand why fraternal Abkhazia keeps silent on the (genocide) issue and does not react in any way to Tbilisi's recognition of the genocide."

Obviously, Sukhumi does not want to incur anger from Russia, the main (and actually only) sponsor and guarantor of its secession from Georgia. So it is at a loss as to how to balance its relations with Circassians, on the one hand, and Russia, on the other.

The shift in emphasis, unfavorable for Abkhazians, among their immediate neighbors is best seen in the position of the chairman of the Khase organization, Ibragim Yaganov, an influential Circassian activist and a hero of Abkhazia. He says that it is time for Abkhazians to revise their attitude towards Georgia, because the present state of affairs "does not allow us to integrate into the European space." He argues that hopes pinned on Abkhazia as a window to the free world (it was not accidental that the Confederation of Mountain Peoples of the Caucasus chose Sukhumi as its headquarters) not only have failed, but Abkhazia "also blocks another window for us – through Georgia." The Abkhazian hero's statement caused a storm of emotions in Sukhumi, but Yaganov calmly fended off accusations that he was playing up to Georgia which is pursuing its own interests. "It is quite possible that Georgia has the definite purpose of using the Circassian issue," he said. "But that is okay. Any state has similar interests, and Circassians have interests of their own, as well."

So, Tbilisi has achieved (to varying degrees) each of the goals it set by recognizing the Circassian genocide. Another, indirect political result of the move is that it is estranging Circassians from the idea of a Caucasus Emirate (in which they have not played a leading role, anyway) and bringing to the fore other goals and tasks for them, instead. However, these will hardly meet the goals of Karachays and Balkars, with whom Circassians live side by side in two North Caucasian republics.

Finally, there is one more aspect to the recognition, which concerns the Winter Olympic Games in Sochi in 2014, the year of the 150th anniversary of the tragic date for Circassians. The Russian president's envoy to the North Caucasian Federal District, Alexander Khloponin, for example, described the recognition of the Circassian genocide by Georgia as an attempt to "play the Circassian card bearing the Olympics

in mind,” as the Olympic facilities are located in areas where Circassians were killed and from where they were deported during the Caucasian War. Characteristically, the Jamestown Foundation in June 2010 held a roundtable discussion called “Sochi in 2014: Can an Olympics Take Place at the Site of the Expulsion of the Circassians 150 Years Earlier?”.

Tbilisi would only be happy to spoil the Olympic festivities for the Kremlin, especially as Putin not only was the chief lobbyist for Sochi to host the Olympic Games, but he is also preparing to reap the laurels as president of the host country. At least a partial boycott of the Olympics would serve as a balm to Saakashvili’s injured heart and would be a fly in Putin’s ointment, although no one has yet formally declared plans to boycott the Games. Asked by the Czech CT24 TV channel in October 2011 whether Georgia would boycott the Games in Sochi, the Georgian president said: “This does not depend on me but on the Olympic Committee of Georgia. But there is more to it than that. It is an ethnically cleansed area. It is the place where the genocide of the Circassians took place. Sochi really has a complicated history. In addition, there are security problems there. The North Caucasus is a difficult region. The year 2014 is approaching fast, but the solution of these problems takes time, and I cannot say what will happen before 2014.”

The Georgian president was apparently not sincere when he said that it is not him but the national Olympic Committee that will take a political decision on a boycott. The Georgian leader also forgot that his last term in office expires in 2013, so a decision on this issue will not depend on him for this simple reason. But the main question remains open, as Circassians may not be the only ones to support a boycott of the Games. As for the security of the Olympic Games (Russia habitually points to Georgia as a threat), Saakashvili said that “it is not in our plans and not within our capabilities to create a physical threat to the 2014 Games in Sochi.”

#### RISKS FOR GEORGIA

Naturally and understandably, Georgia views the freezing of the status quo in the “new military-political reality” (that is, the one that has arisen as a result of the war), to which Russia officially appeals, as a seizure of part of its territory. Tbilisi has reacted to this process by hitting Russia’s most problem region – the North Caucasus. However,

Saakashvili is playing a dangerous game. Even before Georgia recognized the Circassian genocide, the Director of the U.S. National Intelligence, James Clapper, had said that Georgia's latest moves towards Russia's North Caucasian republics, along with the presence of Russian troops in Abkhazia and South Ossetia, added to the tensions in the region. A Brookings Institution expert, Fiona Hill, expressed the same view in testimony before the U.S. Helsinki Commission (Commission on Security & Cooperation in Europe) in December 2011, which discussed conflicts in the Caucasus.

Throwing the situation in the North Caucasus off balance is as dangerous to Georgia as it is to Russia, and it does not promise direct benefits to Tbilisi. Hopes that under the pressure of insoluble problems Russia will leave the North Caucasus (or will have to leave it; for example, Moscow is in no hurry to say goodbye to the Kuriles) look infantile. A keynote article on the nationalities policy, written by Russia's ex- and future president earlier this year, clearly indicates the firmness of the Kremlin's approach to the issue. The Georgian-Abkhazian and Georgian-Ossetian conflicts will not settle themselves, even given absolute non-interference by Russia and a withdrawal of its recognition of Abkhazia and South Ossetia (which looks unrealistic now). North Caucasian peoples will not hurry to come under economic and other patronage of Georgia, as the latter simply has no resources for that.

Moreover, in case of the "Circassian project's" success (from the recognition of the genocide – via reunification – to independence), there will be one more contender for Abkhazia in the person of the Adyghe. The inclusion of kindred Abkhazians in their project may not even be voluntarily for them, while the numerous Circassian diaspora, which has certain political influence in various countries, will serve as a major factor. Speaking at the George Washington University even before Georgia recognized the Circassian genocide (in November 2010), Sergei Markedonov said that "after Moscow recognized the independence of Abkhazia, it faced growing Circassian nationalism, because Abkhazia is believed to be part of the Circassian world in Adygea, Karachay-Cherkessia and Kabardino-Balkaria." Obviously, the recognition of the genocide against Circassians by Tbilisi only added fuel to these sentiments.

Another factor that should be taken into account is that Georgia's ability to pursue an active soft-power policy in respect of the North Caucasus largely depends on the geopolitical situation: the growing crisis over Iran and the announcement by Russia of plans to hold the largest ever military exercise, Caucasus-2012, may change the situation, as well as the outcome of the upcoming elections in Georgia and the U.S.

Finally, it is unclear how Tbilisi will react to requests from other ethnic groups living in close proximity for the recognition of genocide against them. For example, there is a similar problem of genocide against Abkhazians in the Russian Empire, although Abkhazians themselves have never asked anyone for the recognition of their genocide.

Russia has not yet reacted (in its usual saber-rattling manner) to the recognition of the genocide against Circassians and other moves by Georgia with regard to the North Caucasus. This is understandable, as almost all analysts agree that, until the end of the Winter Olympics in Sochi, Russia will not make any moves that could further destabilize the situation in the region and that could thereby jeopardize the Olympic Games and Russia's prestige. But the Games will end in mid-March 2014. Meanwhile, Georgia may also recognize genocide against Vainakhs, another Caucasian ethnic group. This issue was already raised at the March 2010 conference in Tbilisi, and Ingushians living in Europe have asked the Georgian authorities to initiate the recognition process in the European Parliament.

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Hopefully, until March 2014, the political elites of the two countries will refrain from looking for ways to spite each other (in fact, the populations of their countries) still harder. Instead, they should better depart from the principle of zero-sum game (which they did when they reached agreement on WTO accession and saved face). This principle, to which all the parties to all conflicts in the Caucasus stubbornly adhere, is counterproductive for all of them and each of them. According to some Georgian and Russian experts, a stable North Caucasus is, perhaps, the only common interest of Georgia and Russia, on which they can build a process of reconciliation "here and now." But it is well-known that it is easy to destroy but hard to build.

# Syria As a Systemic Failure of Security Mechanisms

Why the Middle East Requires Basically New Approaches

*Andrei Baklanov*

The crisis in Syria, as a consequence of the general growth of tensions in the Middle East, quickly turned into an acute problem of international dimension. The standoff, which began with an internal conflict, now affects the interests of many countries, including the great powers, and the further course of events not only in the Middle East but in the whole world largely depends on its outcome.

In recent months I have had many meetings with representatives of the warring parties in Syria and listened to their arguments. Syrian President Bashar al-Assad, his closest aides, opposition leaders, and religious and public figures – all of them say they act in the name of “the supreme interests of the people and the nation.” However, their scenarios for the country’s development are not impressive. Their views are biased, and their approaches are old-fashioned and remote from life. They are unable to set forward-looking goals. The impression is that they still live somewhere in the late 1980s. Strangely enough, even young people, who want to play the leading social and political role in their country, have as archaic views.

The confrontation going on in Syria now is not between political platforms or programs, but between clans, between personal and group ambitions. It is too early yet to say that there are forces in Syria that could offer a forward-looking development model for their country. This is why one should not be hasty in choosing long-term partners, as there is a risk of making a wrong move.

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Many people in the world accuse Moscow of supporting a “force of the past” – the Assad regime which is increasingly losing ground. In return, Russia has accused a number of countries of siding with opposition leaders, while having a very vague idea as to where these people can bring their country. The question arises: What if all the parties to the conflict are not up to the mark? How to make the right choice if there are no good options? This is not the first time that a situation like this arises. Suffice it to recall the events, sorrowful for the entire international community, which accompanied the collapse of Yugoslavia, when many large states hastened to find the “right” partner among criminal elements in the opposing forces – Serbs, Croats, and the so-called Muslims.

Syria today is a country that is gradually sinking into civil war. The government’s prestige is low. However, many people support the regime, fearing things will get even worse if it goes. There are grounds for such fears. Syria cannot boast of technological advancements or economic prosperity. But it has more mundane achievements that are important to everyone in the country. For example, prices for food and other essential items are among the lowest in the world. Will the situation remain the same if new leaders come to power? I don’t think so.

There are no prerequisites in Syria for quickly overcoming the current dangerous impasse. The national dialogue, held under the authorities’ “supervision,” is slack, and the reforms are belated, slow and ad hoc. In the meantime, the opposition remains passive about the reforms, not proposing anything that could promote them, as if things will work out by themselves after the “hated dictatorship” is overthrown.

#### DYSFUNCTION OF THE INTERNATIONAL COMMUNITY

In a situation like this, much depends on external factors. However, the developments in Arab countries, including Syria, have highlighted the sorry state of international and regional security mechanisms. Let us be frank – the efforts made by the United Nations and its Security Council with regard to the Middle East have been clumsy and unconvincing.

For example, the UN Security Council made its first decisions on the situation in the region (specifically on Libya) on the basis of not verified information on real developments, but on emotional videos and

photos and comments in the media. Most of the publications concerning the events in Libya, Syria and other countries were biased, but for a long time no one made any attempts to monitor the situation there and send international inspectors on fact-finding missions. It took a year to appoint a UN-Arab League special envoy to Syria in an attempt to resolve the Syrian conflict.

The incomprehensible and unbalanced position taken by some members of the UN and the Security Council was coupled with the actual lack of regional institutions that might effectively contribute to peace and stability in that important region. The Arab League once again demonstrated its disunity and susceptibility to external influences. Meanwhile, there were no other regional mechanisms in the Middle East. Parties to the conflict competed in pushing their own versions of what was going on through the media. The winners were those who had direct access to information channels, above all Western ones, and as a rule they were members of the opposition. The lack of a regional security mechanism, which would help monitor the situation and help the parties overcome the crisis, was felt particularly keenly in that situation.

Meanwhile, it is worth recalling that the Russian Federation made much effort in the past to create such a mechanism. Twenty years ago, in January 1992, a multilateral format of a Middle East peace process was launched in Moscow. It provided for international cooperation in regional security in the Middle East.

Your author participated in the preparation of that meeting of countries participants in the Middle East peace process, held at the level of foreign ministers, and in the meeting itself. The meeting established five multilateral working groups, including the Middle East working group on Arms Control and Regional Security (ACRS).

The Moscow meeting not only proclaimed the beginning of ACRS activities but also helped to form a constructive regime for the group's work, without undue emotional factors. The group was co-chaired by Russia and the United States. Between 1992-1996, it held six plenary sessions. Until 1994, they were held alternately in Moscow and Washington. In May 1994, the group met in Doha, and in December of the same year, in Tunisia. In 1993, expert-level meetings began to be held between the plenaries, which focused on "conceptual" and "operational" issues.

The “conceptual” issues, discussed by three sessions, included arms control, the establishment of a regional security system, and delineation of the region for arms control purposes. The group adopted a broad interpretation of the future security system, including in it such countries as Turkey and Iran. There is obviously a direct link between this interpretation and the Greater Middle East concept introduced by U.S. President George W. Bush in 2004.

Russia welcomed Jordan’s proposal to establish a regional arms control and security center. Parties agreed to establish such a center in Amman with associated centers in Tunis and Doha. These plans, if materialized, would have helped create an efficient quick-reaction system capable of countering threats to countries in the region. If such a system had been built, today there would be a ready-to-use mechanism for monitoring the situation, and a good offices mission could be promptly sent to this or that location.

However, the fruitful efforts by ACRS to create such mechanisms were suspended in 1996. The leaders of several Arab countries, especially Egypt, argued that the multilateral format gave Israel “legitimate” access to Arab countries and that therefore it was allegedly of greater value to Israelis than to Arabs. Against the backdrop of dramatic events in the Palestinian territories during that period, Arabs, on the initiative of Cairo, decided to refrain from participating in the working groups. That was a serious mistake.

Four years later, in early February 2000, Moscow hosted a meeting of the parties to multilateral talks on the Middle East at the level of foreign ministers. It was attended by representatives of the co-sponsors, Russia and the United States, as well as the foreign ministers of Egypt, Israel, Jordan, Tunisia, Norway, Switzerland, Canada and Japan. Also present at the meeting were the Chairman of the Council of the European Union, representatives of the Palestinian National Authority, Saudi Arabia, China and Switzerland, and a UN special coordinator for the Middle East Peace Process. As Deputy Director of the Middle East and North Africa Department of the Russian Foreign Ministry, I was instructed to lead the group that prepared and organized the meeting.

The meeting was the first international forum hosted by Vladimir Putin, who had just been appointed acting president of the Russian Fed-

eration. Addressing the guests, he expressed the hope that the Moscow meeting would help to restore full-format talks on the Middle East and resume international cooperation in building a collective security system in the region under international guarantees. The meeting decided to resume the peace process in its multilateral dimension. However, the momentum given by the meeting was later lost as there again emerged differences in the parties' positions and the situation in the Palestinian Territories became aggravated.

### WAYS OUT OF THE IMPASSE

What can be done now to renew the momentum in a key area for the Middle East – the creation of a system of interstate relations based on peace and security? After the Arab Spring, two sets of regional security problems have come to light in the Middle East.

The first one is the confrontation between Arab countries and Israel, rooted in the lack of regulation in Arab-Israeli relations in all areas.

The second one is conflicts, mainly internal, caused by changes of political regimes in several Arab countries.

First of all, it is necessary to determine the status of the ideas of Arab-Israeli settlement. To date, success has been achieved in those segments of the crisis that were relatively easy to settle through a delimitation strategy, including territorial delimitation (peace treaties between Egypt and Israel, and between Jordan and Israel). But this method has revealed its limitations in some very difficult cases. First of all, this refers to the key problem – the Palestinian-Israeli conflict.

It is becoming increasingly clear that a new strategy is needed to find a security formula for the Palestinian and Israeli lands. It is time to admit the limitations of attempts to separate all aspects of the functioning of government agencies on the small-scale area of the Palestinian-Israeli confrontation. The delimitation strategy should be complemented with joint efforts of the parties to find common security and peaceful reconstruction patterns, including the creation of a common security space for all Palestinian and Israeli lands. These efforts may require establishing powerful and authoritative bodies for joint monitoring of the situation and decision-making, with legislative and administrative powers, and building an effective system of coordinated practical measures, for

example, joint patrolling. This security system, bilateral or even multi-lateral (if representatives of third countries are involved), must be organically linked to the regional collective security system.

It is time to make decisions on a number of complex issues, in particular, Iran's nuclear programs which evoke serious concern in many countries. Considering Israel's concern and many other international and regional factors, the Iranian nuclear issue should be viewed in conjunction with the formation of reliable non-proliferation regimes in the Middle East.

Of course, it is hard to dispute the view that the development of even purely peaceful nuclear programs objectively leads to the creation of prerequisites (intellectual, technical and industrial) for strengthening defense capabilities. At the same time, developing countries will hardly agree that, because of a hypothetical possibility that they may develop nuclear weapons, they should restrict their research and other efforts for peaceful uses of nuclear energy. It would be more logical to take not purely restrictive measures but a set of measures aimed at assisting non-nuclear states – provided there is a rigid mechanism of control and support for their nuclear programs. A proposal for such cooperation, made by Russia, is to be complemented with relevant efficient mechanisms.

Another aspect important for a regional security system is the proactive creation of regional and international conditions under which there would be no motives for countries to transform their peaceful nuclear programs into military ones. In addition, a regional security system must be capable of meeting new challenges through a monitoring system and good offices for opposing forces in case of crisis in countries of the region.

On the whole, efforts must be stepped up to create a conceptual basis for serving the future regional security system in the Middle East. As experience shows, the creation of such a system takes at least three main components:

- a political document codifying principles of relations between states in the region, and general rules for the operation of the regional security system;
- a mechanism for practical cooperation in the sphere of security, which would include a system of commitments, and agencies that would work out common approaches to security and implement them in practice;

- a well-developed “periphery” of confidence-building measures, including measures to verify countries’ compliance with their commitments and with the rules of conduct declared by them, including with regard to their own population. In addition, new-generation confidence-building measures must be worked out to facilitate the settlement of internal political crises and conflict situations.

Creating a new system of inter-regional security in the Middle East requires, above all, resuming the multilateral Middle East peace process. Russia could undertake such an initiative. The process should be started with four consecutive steps.

***The first step*** is to resume the multilateral format of negotiations on the Middle East, and activities of a working group on security.

***The second step*** is to work out a comprehensive concept of security in the Middle East, which would provide for mutual consideration and linkage of interests and concerns of all major countries in the region. Such a concept must take into account the lessons of the Arab Spring.

***The third step*** is to hold an international public and political forum to accept the regional security concept. The forum should involve experts on the Middle East and political, public and religious figures. Upon the forum’s conclusion, the parties concerned (government agencies) will be sent packages of documents that will explain the essence of the concept.

***The fourth step*** is to convene an international conference on a comprehensive settlement in the Middle East, involving representatives of the governments of the states concerned.

Within the framework of such a forum, it will be possible to complete the creation of instruments for maintaining peace and security in the region, for example, a Center for Conflict Prevention, Monitoring and Peacekeeping. It is becoming increasingly clear that the security problems of the Middle East must be addressed comprehensively, on the basis of a program of action, which should be adopted by countries in the region and the international community as a whole in the nearest future. This measure will help overcome a new division, now emerging in the region over the events in Syria, and consequences of the present failure of security mechanisms in Middle East countries.

# A Turning Point in the Middle East Geopolitics

## The Arab Uprising and the Changing Reality

*Kayhan Barzegar*

The Arab Uprising comprises a turning point in the geopolitical developments of the Middle East. In the contemporary history of the Middle East, Iran's 1979 Islamic Revolution, the collapse of the Soviet Union and the September 11 attacks are the major turning points in the region's political-security equations. These events immediately led to geopolitical changes and ideological rivalries to fill the power vacuum in the region.

This rivalry was mainly between regional and trans-regional actors to ensure their geopolitical and ideological interests. The Iran-Iraq war (1980-1988) was a manifestation of this rivalry. Secondly, the collapse of the Soviet Union created a power vacuum in Central Asia and the Caucasus, followed by both geopolitical and ideological rivalries in the 1990s, so as to fill the power vacuum and set a model for the regional and trans-regional actors, such as; Russia, Iran, Turkey and the United States. Thirdly, following the September 11 attacks, in 2001, regional crises in Afghanistan and Iraq led to the rivalry between Iran, the United States, and Saudi Arabia to fill the power vacuum and ideological patterns including the West's "sacred war" against radical Islamism and violent groups in the region. Finally, the Arab Uprising gave rise to a new kind of rivalry in the context of power balance and regional ideological models. Meanwhile, there is a rivalry between regional actors, namely, Iran, Turkey, Saudi Arabia and Israel on the one hand and international actors and great powers including the United States, Russia, China and

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the European Union on the other, to bridge geopolitical and ideological gaps. This kind of rivalry has best manifested itself in the Syrian crisis.

The geopolitical changes brought about by the Arab Uprising showed that it is a dynamic region and that issues related to values and ideology are tied with the issues of geopolitics, power balance and states' regional roles. The Arab Uprising provided a more dynamic definition of "geopolitics" by expanding its concept beyond traditional perspectives, focusing on the importance of borders, political-security, and ethnic concerns on the issues of ideology and values. These issues become more serious in a region in which great powers hold a stake and pursue their own interests. Although it may seem that great powers such as the United States are withdrawing their troops from the region (Iraq and Afghanistan), their interests in the region will widely sustain although they will attempt to change the form of their presence and extent of their influence.

#### IDEOLOGICAL DISCREPANCY

There are two dominant ideological trends in the Middle East developments.

**First is the "West Liberalism"** which defines the Western eagerness to manage the Arab developments within the framework of its own interests and leads them towards its own dominant ideology and values such as rapid political reforms, free market economy, civil and individual freedom, etc. The dominance of Western values has a long history in the world dating back to the late 19th century. Back then, the West made an attempt to institutionalize its political philosophy and way of thinking through focusing on the middle class, the bourgeoisie and the issues of globalization and harmonizing the world. Although this issue has faced strong resistance by world nations--particularly when it comes to culture and values, it still continues to be in effect.

It seems that the Western Liberalism has generated two main influential waves in the Arab World. The first is the decolonization trend, started in the 1920s-1930s and continued on 'till the 1960s-1970s. This wave helped the formation of nation-states in the Arab World. Gradually, these states either approached the West or became dependent on it in order to acquire technology, knowledge, and wealth.

The second wave is the Arab uprising which is also known as the "Arab Spring". In the past, the United States made efforts to shape such

a development in the Arab World through raising the concept of the “Greater Middle East Initiative.” However this initiative failed due to the exacerbated regional crises in Iraq and Afghanistan and the necessity of maintaining stability in the region. It seems that the West’s policy in managing the Arab Spring is the continuation of the Greater Middle East Initiative in terms of human, social and economic development, which is perceived by the West as its basic “right” and “responsibility”.

**Second is the concept of “Islamic Ideology”** which is based on Islamic thoughts and values and encompasses several other waves. The dialogue of Islamic ideology sees itself as a suitable substitute for the dialogue of the Western Liberalism. As it is observed, public movements have inclined towards Islam after the Arab revolutions and their subsequent political developments such as holding general elections particularly in Tunisia and Egypt as well as assuming power by the Islamists. It should be taken into account that the two dialogues of the Arab Spring and “Islamic Awakening” (a term that is mostly used by the Islamic Republic of Iran) exist in the dominant regional trends and cannot rule out each other due to their strong values and mental bases. The most important point is the existence of a combination of the two discourses rather than pinpointing the winner or the loser. While these two dialogues have some commonalities, such as; “opposing despotism”, reinforcing “Islamic-national identity”, and “opposing Israel”, they differ from one another in placing trust in the West in terms of conducting reform, applying political philosophy and developing the developmental models. Establishing a link between ideological issues and geopolitical/governance concerns in the region, where they are considered as ideological discrepancies, affects the regional geopolitics through assigning new roles to regional and trans-regional actors. In other words, the future of power and politics in the region will be influenced by ideologies (values) and roles (issues of power balance).

#### REGIONAL AND INTERNATIONAL APPROACHES DIVERGE

The Arab Uprising has brought about serious geopolitical implications for the region. It has reinforced the regional approaches versus the international approaches or using Western solutions for resolving the crises in

the Middle East. The regional crises were all triggered by the adoption of Western “solutions”, including the use of force. In the case of Iraq, for instance, the United States and the West referred to international terrorism and Al Qaeda as the gravest and the most imminent threats to international security. Iraq was attacked under the pretext of the Saddam regime’s access to weapons of mass destruction and the threat of passing the weapons to terrorists and violent Islamist groups. Although it was later proved otherwise, the West waged an eight-year war with Iraq whose detrimental impacts still reverberate. In Afghanistan, the international community (the West) attempted to resolve a regional issue by means of an international solution. Thus, the Afghani war started as a result of the country’s direct role in international terrorism. The continuation of war and tensions in Afghanistan has local roots and is related to the country’s power geopolitics. Nevertheless, the West attempts in vain to resolve this issue by adopting its own approaches and by NATO’s military intervention, irrespective of considering the regional issues and demands. Regarding the Syrian crisis, the western countries have tried to resolve a mainly regional issue with their own conventional approach by exerting political pressure or saber rattling without having to face any political risks or incurring any costs.

In fact, the uprisings in the Arab world were in a way an expression of the dynamic role of the people. In future, the emergence of independent national-Islamic movements in countries with independent parliaments based on political realities will influence the direction of power and regional politics thereby reinforcing the regional perspective for resolving regional issues. However, these Western solutions and patterns that are supported by some regional political and intellectual groups, particularly ethnic minorities, will still be followed in the region. But geopolitics decides how regional and international approaches can converge so as to balance each other. Developments in the Arab World underline the fact that it will be more sensible to resolve regional issues by means of regional and local realities. Concerning the Syrian crisis, regional solution can undoubtedly be more beneficial than NATO’s military intervention as an international solution. To this end, regional countries, such as Iran, Turkey and Saudi Arabia, can cooperate with trans-regional and international powers like the United States, Russia,

China and the European Union to reach a consensus and resolve the crisis on the basis of regional interests that will also secure benefits of the international community.

With the Arab Uprising and the subsequent political-security developments, the conventional belief that the international community (the West) has a solution to every regional issue is seriously in doubt. In many regional cases, international solutions have weakened political-security systems in the region, provoked crisis and widened regional gaps. For instance, focusing on the Western approach in solving the Syrian crisis has caused Iran and Turkey to stand against each other, which in itself is considered a strategic mistake. Discord or rivalries between these two main regional actors will wane the prospect of peace and sustainable security in the region, i.e., in Afghanistan and Iraq. Therefore, it is better to direct geopolitical changes in the region towards reinforcing regional solutions to the context that can secure the interests of all parties involved, including regional and trans-regional ones. Here, it is natural that regional actors such as Iran and Turkey, with active policies and ideological dynamics, will undoubtedly be more capable of utilizing their own approaches and also preserving their own interests.

#### REGIONAL AND TRANS-REGIONAL ROLES AT ODDS

The Arab World developments and their geopolitical impacts have redefined the role of the two kinds of regional and trans-regional actors. Active regional players include Iran, Turkey, Saudi Arabia and Israel. Trans-regional actors include the United States, Russia, China and the European Union. All these actors have come on the stage on the basis of their geopolitical and ideological interests. The Arab developments not only have affected the relations between these actors, forming the geopolitical point of view, but they have also increased their rivalries in influencing the regional politics.

Regionally speaking, Turkey has adopted a “maximalist” approach towards these developments attempting to exploit every chance to reinforce its regional and international role by means of supporting the Arab uprisings. However and in the course of the Arab developments and especially in dealing with the Syrian crisis, Turkey’s main obstacle has

been negotiating on how to balance between its ideological values and domestic politics and geopolitical interests in the region. Atatürk, the founder of the modern Turkey, believed that Turkey's interests necessitate the country to establish close relations with the West, not necessarily that Turkey should be westernized. But later Turkey's seculars used it to secure their own interests and move closer to the West, ideologically and geopolitically. This has remained as today's challenge of Turkey in managing the regional issues. Although the seculars firmly believe that they should get closer to NATO and the West, the main challenge of the Islamist "Justice and Development" party (AKP) and Erdogan's administration is the opposition of the seculars as well as the majority of public opinion at a national level (both Islamists and non-Islamists) against the country's excessive involvement in the regional issues and especially the Syrian crisis. They are also against Turkey's cooperation with the West in carrying out a military intervention in the region. They argue that AKP defines the country's political-security and economic strengths beyond Turkey's capacities and adopts an opportunistic approach to define and reinforce its regional role within the frameworks of Islam and Islamic groups such as the Muslim Brotherhood. This policy in turn will weaken regional approaches.

Unlike some Western perspectives, Turkey is not necessarily the winner of the Arab World developments, since these changes, particularly the Syrian crisis, have created a gap at the domestic level between the Justice and Development Party and the seculars. This has made Turkey seem more conservative than the previous months and also take a more realistic approach regarding the importance of other actors' role such as Iran and Russia in solving the Syrian crisis. Hence Turkey's maximalist approach on the developments in the Arab World and regional issues, particularly Syria's crisis, which has made the country come in terms with a serious challenge. On the one hand, if Turkey helps the West within the framework of NATO, it will fail to play its perceived role in the region and on the other, paying attention to domestic affairs will challenge the traditional role that the AKP has defined for itself in dealing with these issues.

Saudi Arabia has had a "minimalist" approach to the developments in the Arab World. It has attempted to slow the developments or "confiscate" these revolutions. Taking into account the realities, the Saud-

is moderate success cannot be overlooked. Meanwhile, Saudi Arabia relying on its money, the media, lobbying in Egypt, Syria and Yemen and sometimes by means of using military tools, such as sending troops to suppress the uprising in Bahrain, has managed to maintain its regional role. This is while Saudi Arabia, which was exposed to the Arab developments itself, has speeded up the developments in Syria as it seems that Saudi Arabia considers any regime other than Al-Assad's administration to be close to the West and Saudi Arabia. This policy can help Saudi Arabia's conservative regime in distancing the Arab's progressive developments from its borders. Moreover, in line with its own interests, Saudi Arabia has attempted to downplay geopolitical and ideological developments. As an example it tries to thwart the establishment of close ties between Iran and Egypt and also to reinforce the Islamic progressive values.

Tehran has adopted a "middle-way" approach towards the Arab World developments, based on the preservation of its geopolitical interests and ideological values. Regarding the preservation of Iran's interests, the significance of these recent events is mainly due to the effects of change, foremost, the change of current governments on bilateral relations with Iran and regional stability issues related to the regional balance of power, and the role of regional and trans-regional actors. Regarding the preservation of Iran's values, these developments are significant due to the ideals of the 1979 Islamic Revolution, which aspired to support popular movements, challenge domestic and regional interference by foreign powers, and realizing the "Islamic unity." Iran stresses on geopolitical interests as a part of its foreign policy in Syria and attempts to strike a balance between its geopolitical and ideological interests in the region. Iran is not against the reforms in Syria, provided that the resistance movements, i.e., Hezbollah and Hamas are intact. Iran believes that Syria's crisis is a regional issue that should be tackled at a regional level and in light of its political-security realities. Iran's approach is also supported by Russia and China to some extent. To these actors the most important issue is the clarification of the Western interference scope in regional affairs rather than opposing reforms in Syria. Such an approach will limit the scope of the West's interference in regional issues and its one-sided outlook in line with its own interests.

Finally, Israel has adopted a pessimistic and conservative perspective on the Arab Uprising. For Israel, the four main pillars of its political-security strategies in the Middle East, i.e., relations with Egypt, Syria, Iran and Turkey have faced serious challenges. In the case of Egypt, Israel focused its political-security strategy on the basis of the “Camp David Accords”, making peace with important Arab states subsequently influencing the Arab Street to achieve the so-called “sustainable” peace. This strategy crippled subsequent to the collapse of Hosni Mubarak’s regime and the growth of the public’s role in the formation of Egypt’s national-Islamic parliament. Regarding Syria, although Israel has strived to overthrow Al-Assad’s regime, the developments are not in line with Israel’s interests. The involvement of Russia and Iran in handling the Syrian crisis has weakened the Western role and Israel’s regional role to a greater extent.

This leaves Turkey, which considers the Arab revolutions as an opportunity to enhance its role and soft power among the people of the Arab World, with no option other than distancing itself from Israel, subsequently another blow in the Israeli-Turkish relations after the “Gaza flotilla raid” in May 2010 (the Mavi Marmara incident) which resulted in the ending of the diplomatic relations between the two sides. Finally, Iran attempts to weaken Israel’s regional role by opposing any sudden changes in the Syrian regime as well as stressing Islamic values and unity. The great geopolitical impacts of this strategy in terms of power, regional policy and array of forces will be detrimental to Israel’s regional political-security strategies.

At the trans-regional level, there are also serious rivalries between powers such as the United States and the EU on the one hand and Russia and China on the other. As a result, the latter side vetoed the Security Council’s resolution against Syria’s regime in February 2012. Later during the year, Russia and China supported Kofi Annan’s peace plan to solve the Syrian crisis and in the course of the subsequent developments insisted on holding an international conference comprised of all regional and trans-regional actors concerned. Russia, China and Iran maintain that there should be a limitation to the scope of the West’s interference in the region. The Arab revolutions have created a new kind of rivalry at both regional and trans-regional levels and a new

political-security bloc. They have also redefined forces and led to the formation of a new coalition between Iran, Russia and China opposing the United States, the EU, Saudi Arabia, Israel and Qatar. Here, Turkey stands somewhere in the middle. Although the developments progress in this direction, this new categorization of powers and forces will not serve the interests of the region in the long run since they impose heavy costs. Here, one should see the need for a tradeoff between maintaining interests of the regional and trans-regional actors, which can be achieved through focusing on “regionalism”.

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The Arab Uprising has brought about great geopolitical impacts on the structure of regional power and politics in terms of ideology and further politicization of Middle Eastern issues, strengthening regionalism vis-à-vis internationalism, and intensifying rivalry between actors at various levels. These uprisings are considered as both an opportunity and challenge for Iran. The Arab developments are “opportunities” as they help Iran abandon its isolated geopolitics as a non-Arab country in the region, aspiring to strengthen its ties with the Arab countries, subsequent to the formation of new national-Islamic governments, assuming a more active role in the region. Meanwhile due to the enhanced regional perspectives, Iran’s views will be closer to the region in terms of values and geopolitics. The Arab World developments also present challenges to Iran as they may cause discrepancies between Iran’s regional relations with influential regional and trans-regional actors such as Turkey, Saudi Arabia and the United States respectively. Iran’s geopolitical role is tied to its regional role. As a new emerging regional power, Iran can benefit from the Arab World developments as a strategic opportunity to consolidate its geopolitical interests, and strengthen its regional role.

# Europe's Energy Jumble



“If Moscow, Brussels and Washington find a happy medium in their diplomacies, their mutual relations in the energy field will change dramatically. The “happy medium” option is becoming increasingly likely.”

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# Diversification vs Monopoly

## Challenges and Prospects for the EU-Russian Energy Partnership

*Dr. Frank Umbach*

As a result of the present worldwide economic crisis, and the twin challenges of climate change and global energy security due the huge energy demand of Asia, and China and India in particular, the world is confronted with “unprecedented uncertainty” for maintaining global energy security, as the International Energy Agency (IEA) warned in November 2010. According to the IEA’s central scenario, the so-called “New Policies Scenario,” the world’s primary energy demand will increase by 40% between 2009 and 2035, with the non-OECD-countries accounting for 90% of the projected increase.

The recent revolutions in North Africa, the unrest in Bahrain and the following military intervention of Saudi Arabia and the United Arab Emirates (UAE), as well as the civil wars in Yemen and Libya have caught the entire international world by surprise and led to disruptions of supply of oil and gas to Europe and other parts of the world. In the EU, and particularly in Italy and Spain, the widespread domestic instabilities in the Arab world have highlighted the challenge of energy supply security, its dependence on the political stability of oil and gas producers in the Middle East, and the geo-economic and geopolitical importance of the “Strategic Ellipse” (Persian Gulf and the Caspian region), where over 70% of the world’s remaining conven-

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tional oil and more than 40% of the world's remaining conventional gas resources are concentrated.

Alongside of the growing LNG markets, which further pushed globalization, one national development had been missed out by most of the major international and national oil and gas companies (including Gazprom) until around 2006–2007: The development of unconventional gas in the U.S., in particular shale gas. The release of unconventional gas resources triggered a revolution in the global gas market. Unconventional gas not only transformed the U.S. energy market, and in particular the natural gas market, but it also became the tipping point of a fundamental change in global gas markets. An increase in the U.S. incremental non-conventional shale gas production coincided with other critical economic, political, and technological factors – the drop of demand linked to the global recession and the arrival of new LNG delivery capacity – which together created a sudden global “gas glut.” It laid the groundwork for an expanded role of natural gas in the world economy, which prompted the IEA to envisage a “Golden Age of Gas.”

#### THE EU-RUSSIAN ENERGY PARTNERSHIP AT A CROSSROADS

Together with the nuclear reactor catastrophe in Fukushima (Japan) in March 2011, Russia was hoping to benefit from the aforementioned geopolitical developments by declaring itself an island of stability, willing and able to expand its oil and gas deliveries to the EU-27. It could re-define the EU-Russian Energy Partnership after years of rising mutual mistrust and continuing crisis as a result of the Russian-Ukrainian gas price conflicts and other controversial foreign policy issues (Estonia 2007, Georgia 2008, etc.).

When Germany revised its energy policies last summer with its decision of phasing out nuclear power by 2022 and eight nuclear reactors already since April 2011, Russia offered immediately another 20 bcm of natural gas per year to compensate for the loss of nuclear power. At first glance, Russia's position appears stronger than ever. In 2010, 13 European countries still relied on Russia for more than 80% of their total gas consumption; and a total of 17 countries were dependent for more than

80% of their gas imports on Russia. Moreover, the IEA has forecasted that Russia's projected increase of its gas production will be greater than in any other gas producing country between 2009 and 2035, accounting for no less than 17% of the worldwide gas supply increase.

While Russia will remain the EU-27's largest source of energy imports, the EU will remain Russia's largest trade and modernization partner. However, confronted with the rising global competition for energy resources and raw materials, and re-nationalization of the world's energy sectors, the EU's energy policies have pushed a liberalization policy for its internal market and fastened common energy policies and political solidarity between its member-states in order to maintain its overall economic competitiveness in the future.

In the EU, the expanded use of natural gas by acquiring a larger share of the EU's overall energy mix and the increased diversification of gas imports can translate the EU's energy security from being an "Achilles' heel" to a future energy "stabilizer." But the global developments have created major challenges for the future EU-Russian energy partnership. The "Third Energy Package" to create unified and liberalized energy and gas markets by establishing rules has forced energy companies to "unbundle" their transport (pipelines and storage) activities from their production and sales, which has already caused frictions and a conflict of diverging interests in the bilateral relationship.

While the EU's diversification strategy for its gas imports has clearly been recognized as another major challenge for Russia's and Gazprom's traditional gas strategy, in the EU view, the changes of the global gas markets appear to have either been overlooked, dismissed or at least marginalized by Russia. The Kremlin and Gazprom seem more interested in maintaining highest possible gas prices linked to the oil prices, rather than defending its share in the European gas market. Thus its share of EU gas imports has fallen from almost 50% in 2000 to 34% in 2010. Equally, the share of the EU in Russia's total gas sales revenue has dropped from 60% to 40% within the last decade.

Therewith the EU-Russian energy partnership and its Energy Dialogue, launched in 2000, are in the midst of fundamental change. It is not so much the result of EU-Russian relations in general but much more of fundamental changes of the EU energy policies and global ener-

gy developments, particularly in the world gas markets. It has created new uncertainties on all sides. While EU member-states already struggle to cope with the rapidly changing energy environment on a global level, in the view of the EU, the Kremlin and Gazprom appear rather to stick to their traditional energy strategies and positions, overlooking or being unwilling to recognize its fundamental changes and geo-economic implications.

Since 2000 the EU has made significant progress in liberalizing its gas sector and formulating common energy and gas policies. In October 2010, a Council Directive has adopted a legal framework “to safeguard security of gas supply and to contribute to the proper functioning of the internal gas market in the case of supply disruptions,” including with new effective mechanisms and instruments to guarantee political solidarity and coordination. It has emphasized the need for priority infrastructure programs such as the “Southern Gas Corridor” and diversified an adequate LNG supply for Europe. The cross-border nature of the new infrastructure investments of new gas and electricity interconnectors and harmonized security of supply standards are overviewed and coordinated by the Agency for Cooperation of Energy Regulators (ACER; established in 2009), the European Network of Transmission System Operators for Gas (ENTSO for Gas; established in 2009) and the Gas Coordination Group as an Advisory Body of the European Commission.

In February 2011, the first ever European Council meeting dedicated to energy decided that the internal gas and electricity market should be completed by 2014 and declared the objective: “No EU member-state should remain isolated from the European gas and electricity networks after 2015 or see its energy security jeopardized by lack of the appropriate connections.”

Criticizing the Third Energy Package of the EU’s internal market rules and the Commission’s anti-trust prosecution of energy companies (ownership unbundling: separating gas supply business from gas transportation), Russia insisted that EU jurisdiction should not extend to pipelines and other critical energy infrastructures. The Kremlin has demanded exemptions or sought derogations from the Third Energy Package (i.e. for the South Stream gas pipeline). In the European Com-

mission's view, Russia may retain control of critical energy infrastructure assets (such as pipelines) in EU countries (blocking access to competing suppliers) without offering the EU the same opportunities for its own pipeline network in Russia. Hence the lack of reciprocity and the asymmetric nature of the "interdependent" EU-Russian energy relations would be deepened, giving Russia a lasting upper hand over the EU.

While Russia interpreted the EU "unbundling" policies as a "confiscation of property" (as Prime Minister Vladimir Putin put it in February 2011), the EU views these rules as a pre-condition not just for enhancing the competitiveness of its energy sector but of its entire economy with other countries and regions. In this regard, the "unbundling" issue and the conflict between the EU and Russia result from the existence of different economic-political orders in an era of new powers rising outside of the Transatlantic region and a tectonic shift in the global power balance to the Asia-Pacific region.

#### THE CHANGING EU ENERGY MIX AND THE DIVERSIFICATION OF EU GAS IMPORTS

The growing concern about the EU's gas supply security is the result of a combination of worrying trends such as its increasing reliance on the more environmentally friendly natural gas resource in its energy mix, its depleting own gas resources in the North Sea, an increasing dependency on Russia and its only gas export company (Gazprom), as well as its heavy dependency on an inflexible pipeline system in a major crisis in contrast to oil and LNG ships which can be sent to other gas fields and countries when a technical or political supply cut-off is taking place. Those concerns are increasing in the light of the global demand for natural gas. According to the IEA's optimistic "Golden Age of Gas"-scenario, the IEA expects an annual growth of 1.4% of natural gas consumption (altogether 44%) between 2008 and 2035 – making it the only and the cleanest fossil fuel for which demand will be higher in 2035 than in 2008.

To strengthen its future energy security, the European Commission's energy demand management strategy has emphasized the broadest possible energy mix, diversification of energy supply and imports, promo-

tion of renewable energies, and a neutral policy towards the nuclear option. The 20-20-20 percent formula of its “Energy Action Plan” (EAP) of March 2007 aims to reduce Green House Gas Emissions (GHGE), raise the share of renewables, and improve energy efficiency and conservation. While the 20% objective for enhancing energy efficiency is presently doubtful, the other 20% for expanding renewables will probably be surpassed and may even reach 30%, according to the newest forecasts. As a result, the future EU energy mix will look very different by 2020, and significantly impact the future EU energy demand in general and gas consumption and imports in particular (see below).

In the coming years, the EU will not only increase its gas imports via new gas pipelines from North Africa, but also from Norway and various other countries as part of its diversification strategy. While the North Sea gas fields are depleting, new large oil and gas discoveries in Norway, record high capital investment, new field allowances and decommissioning cost tax relief for investors in the United Kingdom indicate that the North Sea gas supplies will play a longer and more important role as a source of supply for EU gas imports than it was forecast just two years ago.

The development of the Southern Corridor in Southeast Europe with gas imports from Azerbaijan, Turkmenistan and northern Iraq has been defined as a strategic project. Gas production in Central Asia and the Caspian Region (CACR) is expected to rise from 159 billion cubic meters (bcm) in 2009 to around 260 bcm by 2020 and more than 310 bcm by 2035. Gas exports are forecast to grow rapidly from 63 bcm in 2008 to 100 bcm in 2020 and more than 130 bcm by 2035. But recent discoveries of new gas fields in Azerbaijan and Turkmenistan suggest that the future regional production and export levels might even rise much higher than previously forecast. Turkmenistan’s government, for instance, expects total gas production to reach 230 bcm annually by 2030, which now appears more realistic than two years ago.

Although CACR cannot and won’t replace Russia as Europe’s most important energy partner, it is viewed as an important *supplementary* supplier and an alternative diversification source for oil and, especially, gas supplies to the EU. Thanks to the EU’s combined diversification efforts concerning the future rise of its gas imports, by 2020 it will have

a capacity of more than 300 bcm of non-Russian gas supplies (doubling the present capacity in addition to Russia's current 150 bcm exports to the EU-27).

With the newly agreed TANAP gas pipeline between Azerbaijan and Turkey, reducing the length and costs of the Nabucco pipeline ("Nabucco West"), the Southern Corridor project has become much more realistic. In addition, Azerbaijan and Turkmenistan, both rejecting Russia's objections to building a 300-km long underwater Trans-Caspian gas pipeline, have made considerable progress in their negotiations with the EU and, reportedly, will sign some kind of agreement until the end of this year. Hence, it is not surprising that the IEA expects a stagnation of Russia's share in the EU's total gas imports by 2020 and a further gradual decline from 34% to 32% by 2035. But its share of the EU's total gas consumption may slightly recover from 23% in 2009 to 27% by 2035. Nonetheless, the share of the EU in Russia's total gas sales revenue might further fall from 40% in 2010 to less than 30% by 2035 as a result of Russia's forced diversification of its gas exports and the rising value of its domestic sales.

As the world's largest energy producer and exporter, Russia understandably seeks "security of demand" as it had previously planned for up to 200-220 bcm of natural gas exports annually by 2030 in comparison with around 150 bcm at present. While the IEA still maintains its forecast of a rising EU import demand from the present 300 bcm to more than 500 bcm by 2035, the EU itself and many independent experts are rather skeptical about it and forecast a much lower rise of its imports as a result of its changing energy mix and policies to enhance its energy efficiency (even then when the EU will not fully achieve its 20% target). Indeed, according to the newest gas forecast, the EU-27's gas import demand by 2030 could be even lower than 400 bcm or at least not significantly higher (see above). This is also explained by the fact that no EU member-states have followed Germany's decision to phase out nuclear power in the mid-term perspective. Switzerland, Italy and Bulgaria have given up *plans* for building a nuclear power station, but not phased out reactors presently in operation.

While best-case EU forecasts might be seen as too optimistic in decreasing the gas demand, the IEA's and the European gas industry's

forecasts might be too optimistic for the European gas industry alike. Eurogas, for instance, has already decreased its own gas demand forecasts for the EU, albeit it appears still too high. At least, there is a consensus among European experts that there is no certainty about the EU gas demand in the next decades.

**Table 1. EU-Gas Forecast of 2010**

EU-27 bcm	2005	2020 Baseline* scenario, il price \$88/bbl	2020 Reference** scenario, il price \$88/bbl	2030 Baseline* scenario, il price \$106/bbl	2030 Reference** scenario, il price \$106/bbl
Natural gas demand	519	538	479	511	457
Natural gas production	219	130	129	88	87
Natural gas imports	299	408	349	423	370

Sources: European Commission (internal), here following Hugh Belin “To Russia with Love,” European Energy Review, No 2, September 2010/ (<http://www.europeanenergyreview.eu/index.php?id=2299><http://www.europeanenergyreview.eu/index.php?id=2299>).

\* includes energy policy measures implemented until April 2009;

\*\* includes 20% renewables in energy consumption, 20% less CO2 emissions, and policy measures implemented until the end of 2009 and a few energy efficiency measures.

Germany is presently a good example. Despite eight nuclear reactors phased out since April 2011 and the urgent demand for building new gas power stations to stabilize the country’s base-load capacity, actually almost no new gas power plants are being built there because they are not profitable for private investors. The gas prices (dependent on long-term contracts with Russia, which – in contrast to Norway – is basically unwilling to revise its price model) are too high in comparison with coal and even (subsidized) renewables. Furthermore, the gas power plants would only run for a few hours as a backup of the expanding renewables.

Unconventional gas (shale gas, tight gas and coal-bed methane) development is not a revolution but rather an evolution of utilizing mod-

ern techniques and combining two key technologies – horizontal drilling and “slick water” hydraulic fracturing – which finally cracked the shale rock and thus cracked the code for opening up major North American shale gas resources.

The rapidly expanding production of shale gas has transformed the U.S. from the largest LNG import market to a self-sustaining gas producer and a net gas exporter. In 2009, the U.S. even overtook Russia as the world’s largest gas producer. The combination of the following three factors: (1) a drop in demand linked to the global recession, (2) an increase in incremental U.S. non-conventional shale gas production, and (3) the arrival of new LNG delivery capacity, have together created a sudden “gas glut” – an overcapacity of LNG that made LNG less expensive than pipeline gas (based on long-term contracts) and contributed to the de-linkage of the gas prices from the oil prices. This could become a permanent feature of the global energy market because the remaining global unconventional gas resources are even bigger than conventional ones. While recoverable conventional gas resources are estimated at 404 trillion cubic meters (tcm), unconventional gas resources are estimated at over 900 tcm. From these 900 tcm, at least 380 tcm are recoverable, bringing the total recoverable conventional and unconventional gas resources to nearly 800 tcm – equivalent to about 250 years of current production. If only a fraction of the worldwide unconventional gas reserves becomes available for production, the global gas glut will last much longer than 2015.

For the EU, unconventional gas has already become a “game changer” with the gas glut, as smaller gas companies have taken advantage of the present surplus of gas and the liberalization of the European gas markets by buying much cheaper gas from European “spot markets.” While Gazprom opposes any fundamental change of its oil-indexed gas contracts, it may benefit in the short-term, but in the long term it will be losing trust, market shares in Europe, and hard-currency cash flows, as happened after the last Russian-Ukrainian gas conflict of 2009. The development of unconventional gas in Europe will be rather evolutionary and take a longer time than in the U.S. where shale gas reserves saw a rather revolutionary development. Yet the history of exploiting fossil fuels suggests that, first, production costs are decreasing over a longer

period of time due to innovations in drilling technologies and, second, the availability of reserves may last for a longer time as a result of technology innovations before any peak of gas production is achieved.

RUSSIA'S INTERNAL CHALLENGES  
IN THE LIGHT OF NEW GLOBAL  
DEVELOPMENTS

The IEA report “World Energy Outlook 2011” states: “With fossil fuel-prices high and projected to remain so and Russia’s standing among resource-holders enhanced by the uncertainty facing some other key producers [...], a bright future for Russia’s energy sector might appear almost guaranteed. Yet the challenges facing Russia’s energy sector are, in many ways, no less impressive than the size of its resources.”

In 2010, Russia became again the largest producer and exporter of natural gas, after it lost that status in 2009 to the U.S. as a result of its unconventional gas revolution. Having the largest proven gas reserves in the world (26%), Russia hopes to increase its gas production from 637 bcm in 2010 to 860 bcm in 2035 (or 820 bcm in 2030, according to Russia’s 2009 official energy strategy) and its net exports from 190 bcm to 330 bcm in 2035. Its exports to Europe (with the EU-27 as the most important gas market) are expected to grow from around 200 bcm in 2010 to 235 bcm by 2035 (according to World Energy Outlook 2011). No doubt, Russia will play a pivotal role for the future global and European energy security. But Russia’s energy and in particular its gas sector and its gas export strategies are facing major challenges as a result of the strategic changes in the global and European gas markets.

Its present major, low-cost gas fields that account for the bulk of its present gas production and exports are already in a period of long-term decline. In the future, production and exports will require new, often highly expensive (technically difficult and mostly much more remote) gas fields, which will have to compete with cheaper LNG supplies and Europe’s domestically produced unconventional gas. While the latter will be certainly more expensive than in the U.S., it may be nonetheless cheaper than Russia’s future high-priced pipeline gas from its newly built gas fields in Yamal or even the Shtokman field in the Barents Sea. The high cost of Russia’s gas production becomes more obvi-

ous when one adds the new connecting long pipelines to these new Russian gas fields or the newly built pipelines to the European gas markets. The South Stream pipeline, for instance, is estimated even officially at \$22-24 bn in comparison with just \$3-4 bn for modernizing the ageing Ukrainian pipeline net. Connecting the Yamal gas fields with the South Stream pipeline also requires another mega-pipeline project that will add another \$30 billion to the extremely costly South Stream project. So, it appears this project is economically in no way competitive with the EU's various pipeline plans (i.e. Nabucco) of its Southern Corridor project connecting Europe with the gas fields in Azerbaijan and Turkmenistan.

At the same time, Russia needs to modernize its own existing but ageing pipeline network and other gas infrastructures, as well as decrease the inefficiency of its energy use, which constrains its export potential and revenues. Russia uses twice the energy required to produce a unit of GDP in an average OECD country. Whether the goal of reducing Russia's energy intensity (which is among the highest in the world) by 40 percent by 2020 is realistic remains to be seen, given its dependence on the modernization of its overall economic structures and industry facilities. Even with some energy savings as announced, Russia risks that its energy intensity may be about 60% higher than the OECD average or even 85% higher than the EU's by 2020.

Furthermore, the projected reduction of Russia's share of natural gas in the primary energy mix from 54% in 2009 to under 50% by enhancing the shares of nuclear power and coal may also face much more constraints in practice than it is projected in its official "Energy Strategy in the Period to 2030."

In addition, Gazprom itself faces major challenges on the domestic market. Its share of Russia's entire gas production is currently around 80%, but it is declining due to the expansion of smaller private gas producers such as Novatek (6% of Russia's production share). They also challenge Gazprom's monopoly over long-distance gas transport pipelines and gas exports. In this context, the Russian government needs to address the following strategic question: Will Russia continue to rely on Gazprom and Gazprom-led mega-projects, such as Yamal and Shtokman (originally based on investment decisions made years ago

under totally different European gas market conditions), to meet these future production needs? Or, seen from another perspective: Can a larger share of output come from multiple smaller fields and from other Russian gas producers such as Novatek and Russian oil companies which own some significant and underexploited gas assets?

These smaller fields and underexploited assets may be much more competitive in terms of production costs on the future European gas market in an era when gas from Russia is increasingly challenged by cheaper LNG imports and unconventional gas production in Europe itself. While traditional onshore Western Siberian gas projects have very low capital costs of \$4 per thousand cm (kcm), the new projects in the remote region of Yamal are calculated as high as \$30-60 (kcm). In addition, operation costs are also projected to rise from \$5 for the traditional projects up to \$50 for the Arctic LNG projects. At the same time, Russia's gas sector alone needs some \$1 trillion of cumulative investments to meet its energy supply requirements (out of the total \$2.5 trillion needed for its entire energy sector in 2035). Meanwhile, the non-subsidized U.S. domestic gas prices are even lower than the heavily subsidized Russian domestic gas prices.

In this regard, the exploitation of Russia's own substantial unconventional gas resources could become increasingly attractive and competitive, albeit Russia currently lacks horizontal drilling and hydraulic fracturing technologies, as well as operational and management experience.

Russia's official "Energy Strategy in the Period to 2030" expects that the share of the smaller and private gas producers will increase from the present 20% to around 25% by 2030. Other independent estimates project that this share could be even higher up to 45%, growing from 150 bcm in 2010 to about 300 bcm in 2020 and even 370 bcm in 2030.

## PERSPECTIVES

For the EU, Moscow's withdrawing of its signature from the European Energy Charter Treaty in 2009 signaled that Russia does not want to be bound by the EU rules, nor does it want energy clauses based on the EU *aquis* in its energy policies. Russia's own proposal for a new Energy Charter Treaty has not been detailed, either. It has also been met

with skepticism and opposition by the EU-27 and other treaty members. Equally, Russia's demands for exemptions in the process of unbundling and liberalization can hardly be met by the EU-27 as its own energy companies have already gone through this liberalization. It would give Gazprom and other foreign energy companies advantages over the EU's own energy companies.

While there is no alternative to close cooperation between Russia and the EU in the energy field, the Energy Partnership agreement is being hampered by their diverging and sometimes even opposing strategic interests. Besides agreement on supporting energy efficiency and renewables, the sides have shown little agreement and lack of a common strategic vision; their political strategies towards each other have become mostly re-active.

With a new gas world arising, the present regional gas markets will become more integrated in the next decade under the impact of the present "gas glut," more flexible forms of trade like LNG, dramatic increases in U.S. unconventional gas production, and global shopping for resources by energy-hungry China. Traditional views about geographic distribution and "energy security" are clearly being challenged. The emerging "new world" will require continuous and by no means easy adjustments from governments, technology providers and industry authorities. The players will need to understand the rapidly changing markets and pricing structures more intimately and will have to invest in the diversification of both supply and demand to achieve greater strategic flexibility. Russia faces major challenges both on its domestic and the European gas market. As the present strategic trends in the European energy and gas markets indicate, Russia needs to decrease its anticipated rise of future high gas exports to the EU-27. As a consequence, it needs to strengthen its efforts in diversifying its gas exports and increasing the share of LNG production from the current 14 bcm to at least 33 bcm in 2020 and 70 bcm by 2035, as projected by the IEA.

But even then, its diversification policy towards Asia and, above all, China is very uncertain. The U.S. Energy Information Administration (EIA) estimated in 2010 that the unconventional gas production of Canada and China will amount to 63% and 56%, respectively,

of their total domestic gas production in 2035 (Reference Scenario). The Paris-based IEA, being rather conservative of any estimates for future worldwide unconventional gas production, nonetheless expects that around 35% of the global increase in gas production – from 3,149 bcm in 2008 to 4,535 bcm in 2035 (44% in the timeframe) – will come from unconventional gas sources. The EIA report has also concluded that China holds technically recoverable unconventional gas resources of around 50% more than the U.S. Also, China is more likely to pursue a policy of diversification of its energy mix and imports in the future. Thus it will help its local economy by producing domestic unconventional gas rather than increase its reliance on expensive Russian natural gas.

# Gas Security in the Transitional European Market

Tendencies, Events and Alternatives for Russia in Europe

*Tedo Dzhabaridze & Ilia Roubanis*

Natural gas is viewed as the most preferred kind of fossil fuel in European power engineering of the future. This product is relatively common in nature, inexpensive and environmentally friendly, and there are advanced technologies for its processing. However, the reliability of its source and its supply to Europe largely depends on relations between Moscow and Brussels, especially as there will be no alternatives to Russian resources in the foreseeable future. Europe has plunged into an unprecedented recession, which has called into question the attractiveness of the European energy market and its ability to draw up long-term plans (reach agreements and build an effective supply infrastructure). However, Europe's weakness does not equal Russia's strength, because Moscow and Brussels are bound together by geography and the entire complex serving the energy sector.

There is no universally accepted definition of energy security. Judging by discussions in the Euro-Atlantic community, there are at least two notions which are not necessarily mutually exclusive; these are consumption safety and supply security.

If we analyze energy relations between the European Union and Russia, then we may speak of a choice between oligopsony and oligopoly, or even speak of a "balance of fear" in the fossil fuels market, especially the natural gas market. The EU meets 40 percent of its gas needs (as of 2008) and 32 percent of its demand for oil (as of September

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7, 2011) with imports from Russia. In general, as noted by Amy Myers Jaffe, “Russia’s status as a current and future energy producer is close to unrivaled. It holds the eighth-largest proven oil reserves in the world, but ranks a close second in oil production to Saudi Arabia.” Also, Russia holds a quarter of the world’s natural gas reserves. However, unlike other resource-rich countries, for example Saudi Arabia, Russia – due to its geographical position and the existing infrastructure – is “wedded to European markets.”

Europe believes the danger of its energy dependence on Moscow is obvious. The second Russian-Ukrainian crisis in January 2009 showed the danger of being wedded to only one source of supply and to one supply network controlled by one company. (The failure of the Early Warning Mechanism, established by Moscow and Brussels after a 2006 crisis, came as an even more alarming signal.) The reason for the nervousness is understandable: although the European Union has alternative energy sources, such as Norway and North Africa, some regions are more dependent on supplies from Russia. These are, above all, land-locked Balkan countries, the Baltic States, part of Northern Europe, Central Eastern Europe, and – to an increasing extent – Germany. However, after the opening of the Nord Stream gas pipeline (bypassing Ukraine) in November 2011, the problems of Western Europe related to the security of Russian gas supplies can be considered solved.

The period of steep economic growth in Russia, witnessed from 2000 to 2007, is over. Compared with the other BRIC countries or even Turkey, the Russian economy has stalled. In other words, Russia’s development largely depends on the state of European markets. The state trade deficit in Russia in 2011 (with the exception of the energy sector) stood at 13.5 percent, according to the Ministry of Finance. This challenge must be met before consequences of the European economic crisis hit Moscow. The reason for the deficit of non-energy transactions is clear: back two years ago, Russia’s finance minister warned that the share of energy in GDP would likely decline from 25 percent in 2010 to 14 percent in 2014. It is safe to say that Moscow’s structural dependence on European consumers is extremely high.

These trends have prompted Georgian economists Vladimir Papava and Mikheil Tokmazishvili to suggest two different scenarios, or

“paradigms,” for possible structural evolution of relations between Russia and the EU.

**Confrontational scenario.** This is an agent-oriented approach, in which oligopsony-oligopoly relations structurally are a zero-sum game or a confrontational game. From the perspective of the EU, the energy security dilemma can be solved by diversifying supply sources and types of energy. From Moscow’s position, energy security is ensured by maintaining a monopoly on supply, switching to non-European markets and creating a cartel of natural gas suppliers. Papava and Tokmazishvili have described this bipolar approach to the analysis of EU-Russia relations as a “pipeline Cold War.”

**Harmonious relations scenario.** There is also a different agent-oriented approach based on a functional paradigm. Referring to the notion of competitive advantages, the authors of this approach argue that, despite different models of capitalist development and institutional traditions, the energy market from Moscow to Brussels can act as a self-regulating mechanism. The EU believes that pipelines supplying energy resources to Europe should be not alternative but complementary. However, while promoting the development of a system of such complementary routes, Brussels should take into account that Russia will inevitably remain a strategic supplier of the European Union. Russia’s investment in the monopolization of gas supplies will distract capital from other infrastructure projects vital to Russia and will create tensions in regions of critical geopolitical importance. Papava and Tokmazishvili have tagged this scenario “pipeline harmonization.”

## THESIS: ARGUMENTS IN FAVOR OF CONFRONTATION

Academic circles and journalists naturally focus extensively on the exciting scenario of a “pipeline Cold War.” Moscow has made it clear that it will use the energy sector as a lever for solving larger-scale strategic tasks. According to the *Energy Strategy of Russia Until 2020*, adopted in August 2003, the country’s role in world energy markets will be largely determined by its geopolitical influence. To this end, President Vladimir Putin actually nationalized the oil and gas sector, starting with ruining Yukos and imprisoning Mikhail Khodorkovsky, which sparked heated

debates. As a result of these efforts, there has emerged a giant public sector, organically linked with the Kremlin, as follows from the policy of appointing state officials to the boards of directors of oil and gas companies and from the direct relationship of their CEOs with the state.

The rivalry between Moscow and Brussels is more and more reduced to the question of whether Russia will be able to consolidate its strategic status of the main extracting power with an oligopoly in the area of supply networks. Russia has been advancing fast and more or less successfully in this field. At least, such infrastructure projects as Nord and South Streams are far ahead of initiatives promoted by Brussels.

As regards the Western European market, the Nord Stream project, already completed, is expected to start operating at full capacity in 2012. South Stream at first met with serious problems in Southeast Europe. Until recently, the position of Bulgaria on its participation in the project was a major sticking point for it, as the Boyko Borisov Cabinet promised “equal support” for South Stream and the rival Nabucco project sponsored by Brussels. Actually, it meant benevolent neutrality, as the Bulgarian government sought to limit the country’s dependence on Russian energy. But now Bulgaria’s position has changed, although the Bulgarian parliament is planning to ratify the agreement on Nabucco, as well.

In 2008, Moscow enlisted cooperation from Belgrade, when Serbia agreed to sell a controlling stake in its energy monopoly NIS to Gazprom Neft without an international tender and for less than half of its estimated market value. After the project was supported by Greece, Austria and Slovenia, South Stream seems to have secured a northern corridor from the Black Sea to northern Italy and Central Europe.

In response to Russia’s offensive strategy, the European Commission in 2007 published a document entitled *An Energy Policy for Europe*, and in 2008, *Strategic Energy Review*. The European Commission proposed an action plan aimed to weaken the positions of Gazprom. The Third Energy Package, adopted by the EU in 2009, requires that gas companies abide by certain rules to ensure that the production/supply and transmission network operations are conducted independently and that transportation infrastructure are opened up for competitors. Violations of the package provisions incur huge fines of up to 10 billion euros; so

South Stream will have to overcome tremendous obstacles to retain its monopoly position.

At the Budapest summit in January 2009, it became clear that the European Commission prefers Nabucco to South Stream. Nabucco is an international consortium set up in 2004 to construct and operate a pipeline network that will serve as a link between the Caspian Basin, with its Central Asian gas reserves, and the European market. Financially and technically, the project is very ambitious: the total length of the pipeline is about 3,900 kilometers, and its maximum discharge is 31 billion cubic meters of gas. Europe hoped that Nabucco would help it solve the strategic task of diversifying its gas supplies. But politically and logistically, it has met with even more serious obstacles than South Stream.

Gazprom's deals with Turkmenistan and Kazakhstan in 2008 meant that Nabucco would face new difficulties with supply sources, as it would have to compete for Central Asian resources not only with Russia but also with China. In 2009, a pipeline system was put into operation to export energy resources of Turkmenistan, Kazakhstan and Uzbekistan to the Chinese market, whose demand had been growing exponentially. Nevertheless, Nabucco expected to receive large amounts of Turkmen gas for more attractive prices. The project was trapped in a vicious circle: the infrastructure could not be built without guaranteed supply, but while the pipeline construction was delayed, more and more energy resources were supplied via rival supply networks.

Another serious problem was finance. Nabucco, initially estimated at about \$8 billion, is now estimated to cost \$10-26 billion. Meanwhile, the main sponsor of the project, Germany's RWE, seems to have become the main victim of Germany's decision to abandon nuclear energy and impose a tax on nuclear fuel. Considering that RWE had to cut its investment costs, the probability of it withdrawing from the Nabucco project increased. Yet the company has declared its strong commitment to the project: the abandonment of nuclear energy by the largest market in Europe makes natural gas more attractive. So, RWE has assured the shareholders that the project still stands. Actually, the potential suppliers for Nabucco are only Azerbaijani, Iranian and Iraqi gas fields.

Iran cannot be considered a realistic option for the foreseeable future. Along with Russia, Iran is opposing Nabucco with all means,

putting up legal obstacles in the Caspian Basin and expressing doubts about the possibility of laying a pipeline across the Caspian Sea. In addition, there are concerns over the state of the environment. Considering the above, plus the political tensions over Tehran's nuclear program, the Iranian gas resources will likely remain out of reach for Nabucco — especially as the EU and the U.S. are planning to tighten sanctions against Iran. The managing director of the National Iranian Gas Exporting Company has termed Nabucco a “dead project.”

The Nabucco consortium reasonably pinned more hope on Iraq, but there emerged problems there, as well. Iraq has a high extraction potential, but investors are not enthusiastic about the conflict between the Kurdistan Regional Government and the central administration in Baghdad over revenue sharing. And although RWE is already present in the Kurdistan autonomous region, where it is building a local supply network, statements to the effect that the region should first meet domestic demand for gas and only then think of exporting it hardly inspire investors. In addition, the extraction industry in Iraq has not been fully privatized yet, so there is no clear understanding of the rules of the game. This problem is not insoluble, but its solution will take time. And in any case, Iraqi gas alone is not enough for Nabucco.

The viability of Nabucco largely depended on Azerbaijan, potentially both a supply source and a transit country for Turkmen gas. Two years ago, Baku's participation in the project was called into question after the State Oil Company of Azerbaijan Republic (SOCAR) signed an agreement with Gazprom to give it access to the second stage of the Shah Deniz gas field in Azerbaijan. To win the deal, which could be a fatal blow to Nabucco, Gazprom offered to buy “as much gas as SOCAR can supply” during the long-term period at European prices (U.S. \$350 per 1,000 cubic meters). This financial sacrifice could be justified. If Nabucco had secured cooperation from Azerbaijan and Turkmenistan, Ukraine could have gradually reduced its energy dependence on Russia and thus seriously undermined the latter's geopolitical positions. However, two years later, after a major gas discovery by the French group Total at Azerbaijan's offshore Absheron block, it turned out that Gazprom's deal with Azerbaijan was a Pyrrhic victory. The new gas field may become a major supply source for Nabucco. These developments

may cause Gazprom to buy more gas at very high prices in order to preserve its oligopoly. On top of that, there is a risk of Russia losing its influence in Turkmenistan.

Meanwhile, SOCAR and Turkey's BOTAS Petroleum Pipeline Corporation signed a major agreement on October 25, 2011 in Izmir to build a pipeline to transport Shah Deniz II gas to Turkish and European markets. The construction is planned to be completed by 2017. The European Commissioner for Energy, Guenther Oettinger, hailed the agreement at a conference in Brussels as "good for Europe." But he added that "is not sufficient, and it does not change our focus. We want to see sufficient dedicated pipeline capacity that links Azerbaijan to Europe. And this pipeline capacity needs to be operated within a strong legal framework compatible with international law" (that is, Nabucco – T.D., I.R.). Its advantages were: a) the ambitious idea of building a pipeline from Baku to Baumgarten in Austria with a single tariff structure; and b) a single pipeline going through Turkey. But for all the attractiveness of these plans, a virtual infrastructure cannot replace a real one. The main task of Azerbaijan was to get access to European markets, and since Nabucco had not proven feasible, the Shah Deniz field emerged as an alternative.

When it became clear that the Trans-Caspian project would not be implemented in the near future and that Turkmen gas could be considered as lost for Nabucco (although Iraqi gas fields could still be used), Baku began to look for ways to withdraw from the project so as not to offend any of the partners, ranging from Brussels and Washington to Moscow. Azerbaijan wanted at least 10 billion cubic meters of its natural gas to make its way to Europe annually, without waiting for the realization of the ambitious Nabucco plans which provided for the transit of 31 billion cubic meters of gas a year. In November, SOCAR and BOTAS agreed on the construction of a reliable and compatible pipeline across Anatolia, which would go parallel to the planned Nabucco pipeline. The South-East Europe Pipeline (SEEP), sponsored by BP, has so far been viewed as the main option among several pipeline routes. The Interconnector Turkey-Greece-Italy pipeline (ITGI) has already been rejected as targeted solely at the Italian market. Another option is the Trans-Adriatic Pipeline (TAP) sponsored by the Norwegian energy company Statoil and, possibly, DEPA of Greece, which would transport natural gas to Italy and the Balkans.

By putting the Trans-Anatolia pipeline into operation earlier this year, Turkey and Azerbaijan have deprived Nabucco of its Turkish leg, thus downsizing it into an abridged version (the so-called Nabucco-West) without its eastern (Turkmen) part. Somewhat later, ITGI was denied access to the Shah Deniz field, and now there is talk of its merging with Nabucco-West. That would be a strong move. But the original Nabucco project is now actually dead.

#### ANTITHESIS: NEW DYNAMICS OF RUSSIAN-EUROPEAN RELATIONS

The zero-sum game, in which the European Commission and the Russian Federation were involved, could be politically motivated but it was devoid of economic sense. The Commission's political goals often do not coincide with corporate objectives, while Russia, as a rule, achieves its strategic aspirations only by reducing state revenues from energy sales. As the economic crisis in Europe deepened, threatening to cut down Russia's budget revenues as well, a pipeline war became disadvantageous to both parties.

Russia's energy sector, as anywhere in the former Soviet Union, is largely government-controlled. The state owns 50 percent of companies, whose stocks are traded on the Moscow Commodity Exchange, and energy companies make the main contribution to the high share of state-owned property. The prevalence of government-controlled assets enables the state to strategically plan the sector's development. At the same time, short- and medium-term yields can easily fall victim to political ambitions and motives.

Paradoxically, the aforementioned SOCAR-BOTAS deal on gas supplies from Shah Deniz II was a good sign for Gazprom shareholders. The reason was revealed in a report by Azerbaijan's Center for Economic and Social Development (CESD), which said that the company's export portfolio, estimated at 158 billion cubic meters, was largely dominated by foreign gas, including gas from Azerbaijan and Turkmenistan, purchased at European prices and sold to European consumers actually without profit. Cheap Russian gas is replaced in Gazprom's portfolio with expensive foreign gas. According to a CESD report of November 4, 2011, lost profits or alternative costs exceeded U.S. \$3 billion. This price

may be worth paying if it lets one maintain one's oligopolistic positions in Europe and monopoly in Ukraine and Turkmenistan in the long term. But if the goal is not achieved, such losses would be harmful, because this money could have been invested in extraction and supply infrastructure. The deal between SOCAR and BOTAS can exempt Gazprom from its contractual obligations to buy expensive Azerbaijani gas.

But even if Nabucco is ever completed, it will not be a serious geopolitical challenge to Russia, as it was originally viewed. For the foreseeable future, Moscow will remain the only western partner of Turkmenistan, so natural gas prices may be revised in negotiations. Ukraine is also fully dependent on Russian gas supplies, especially as the Shah Deniz II consortium is expected to focus on the South-East European market. Finally, it is less and less likely that the European Commission will be able to block the development of Russia's South Stream project.

It might seem that the European Commission actually secured a victory over South Stream, when the so-called "Gazprom clause" was included in the Third Energy Package on March 13, 2008. The clause stipulates that the Russian company shall give a third party access to its supply infrastructure, whereas the Nabucco project is exempt from such requirements. This is a very sensitive point in relations between the European Union and Russia.

At the same time, the Commission may find that it is not the Russian government or Gazprom that offer the fiercest resistance to its policy. Since South Stream was announced in 2008, 50 percent of this Swiss-based consortium has belonged to the Italian company ENI. In June 2010, it was joined by the French group GDF. Later, Putin invited major German energy companies (Wintershall, BASF and E.ON.) to participate in the project, as former Chancellor of Germany Gerhard Schroeder is the main lobbyist for Russian gas interests in Germany. So, the main opponents of the "Gazprom clause" are in EU member-countries.

Problems and contradictions that await the European Commission in the EU will become more vivid if we analyze the web of alliances formed around Nord Stream. Initially, not everyone liked the project's idea. In 2005, the then Polish defense minister, Radoslaw Sikorski, likened it to the Molotov-Ribbentrop Pact; Swedes expressed their concern over Russian military presence in the zone of their exclusive eco-

conomic interests; and several organizations raised environmental objections. Nevertheless, the initiative was finally realized. The Nord Stream opening ceremony in November 2011 was attended by Russian President Dmitry Medvedev, German Chancellor Angela Merkel, French Prime Minister Francois Fillon, Dutch Prime Minister Mark Rutte, the CEOs of the leading European energy companies, and European Commissioner for Energy Guenther Oettinger.

If we project arguments in favor of the completion of Nord Stream to other projects, the logic of Vladimir Papava's and Mikheil Tokmazishvili's "harmonization scenario" will become clear, as will the assumption of Norwegian analyst Bendik Solum Whist, who described it as "harmony through interdependence." Formally, the more Russia is tied to the European market, the more balanced the structure of these "monopsony-oligopoly" relations will be. As the opposition to South Stream in the European Union subsides, Russia will focus on building customer confidence, rather than rely on coercive monopoly. Ultimately, such an incentive will inevitably become the only viable strategy, because pipelines, unlike gas liquefaction plants, cannot be moved anywhere. The more Russia invests in this infrastructure, the less the probability that its strategy of building up exports will be reoriented towards Asia.

Moscow's concern will grow as it has doomed itself to a race for monopoly supply at the cost of short and medium-term revenues. Gazprom's desire for foreign acquisitions has resulted in reduced investment in exploration and development. The International Energy Agency has even suggested that Russia may soon be unable to meet the external and domestic demand for energy. Similar criticism has come from Brussels, as well.

Analyzing the issue of diversification of supplies in the Balkans, Greek analysts Ares Yamouridis and Spiros Paleoyannis came to the following conclusion. The European crisis, which has reduced demand for energy, has introduced uncertainty into the issue of meeting the demand of some Balkan countries for energy and their ability to make large investments in infrastructure. At the same time, the reduced demand makes it possible to think of a small-scale diversification of supplies and more flexible solutions. Instead of multi-billion dollar investments in pan-European pipeline projects to transport billions of cubic meters of

Caspian gas across the Balkans, there are much less expensive options: for example, pipeline interconnectors (with reverse flows), LNG re-gasification facilities, and additional gas storage facilities that several countries could use at once.

One needs to think more locally not only in the Balkans. For example, almost all of Italy's demand for gas can be met by building LNG sea terminals during the next 15 years. In short, if Brussels or Moscow are not convinced by arguments concerning their functional interdependence, then arguments in favor of easing the pipeline war will make sense anyway. The parties simply cannot afford this race today.

### SYNTHESIS: DEPARTURE

#### FROM THE AGENT-ORIENTED PATTERN

The positions described in the "thesis" and "antithesis" sections above gravitate towards the traditional agent-oriented approach adopted in diplomacy. But this case requires a constructivist approach, which is rarely used in the analysis of security issues. In European studies, it has become widespread thanks to Alexander Wendt. The main premise is that social phenomena such as norms, threats, power and identities emerge as a result of interaction processes which produce a collective meaning. With this approach, international actors define their "interests" through interaction with others. For example, defense and foreign ministries rely on their experience of confrontation with major enemies. They write scenarios for specific actors (a company or a state) in the context of established traditions.

In this pattern, a foreign-policy "identity" or self-determination emerges in interaction rather than as a result of cold calculations of arm-chair opinion shapers. If viewed through this prism, the nature of foreign-policy relations between the European Union and Russia was formed in the Cold War conditions following the fall of the Berlin Wall and the breakup of the Soviet Union. Identities, like traditional notions of "national interests," are relatively stable. But unlike interests, identities depend on the role assumed by international actors. The pressing question is whether the Moscow bureaucracy or technocrats in Brussels rethink their role in the context of the unfolding economic crisis. As the general situation changes, Russia's view of itself and Europe's view of

Russia will change, too. The recession experienced by Europe and Russia may transform the views of both parties. The crisis prompts one to increase short-term or, at most, medium-term incomes, thus possibly sacrificing long-term geopolitical objectives.

However, Russia's relations with other former Soviet republics have always been marked by the spirit of confrontation. From 1999 to 2003, Russia suspended oil supplies to Latvia a dozen times. It is not surprising therefore that in 2003 Riga decided to sell its oil transshipment base in Ventspils to U.S. Williams International, and Lithuania sold its largest oil refinery Mazeikiu Nafta to a Polish company in 2006. Estonia faced a sharp reduction in gas supplies from Russia in 1993, after the adoption and ratification of a new law on citizenship. Gas crises have repeatedly arisen in Russian-Ukrainian relations, and in August 2008 a war broke out between Russia and Georgia. Obviously, Russia is determined to use energy as leverage to achieve its political goals. But as more and more energy resources are found in the Caspian and Aegean Seas and as more and more natural gas liquefaction facilities are built, Russia will inevitably have to focus on customer care and abandon its struggle for influence in the European markets.

Until recently, it seemed that Washington took seriously Russia's desire to restore its former living space. In June 2003, the Pentagon announced plans to deploy 15,000 troops in the Caucasus – in Azerbaijan and, possibly, Georgia – to guarantee long-term viability of projects to export Caspian energy resources. So far, the only project of an alternative supply network to transport Caspian energy resources to Europe was implemented on Washington's diplomatic initiative. It is not accidental, as Mamuka Tsereteli says, that the Baku-Tbilisi-Ceyhan (BTC) oil pipeline, which has linked Azerbaijani oil fields and the Turkish Mediterranean port of Ceyhan across Georgia was not the fruit of Brussels' efforts. The same applies to the South Caucasus Pipeline, 692 kilometers long, which runs parallel to the BTC pipeline and across Georgia. It links the giant Shah Deniz field in the Azerbaijani sector of the Caspian Sea and the city of Erzurum in Turkey.

However, a confrontational approach will not be Washington's choice in the future. Neither the U.S., nor NATO showed enough determination to enter into an open confrontation with Moscow over Georgia in the

summer of 2008. Staunch allies of the West in Georgia and Azerbaijan (Ukraine is no longer considered as such) now know very well that neither Europe nor America will apply coercive measures against Russia when it defends what it views as its living space – especially now that the United States plans to cut its defense budget by \$450 billion over the next decade. This figure is five times more than the defense budgets of France and the UK combined. Moreover, Hillary Clinton has made it clear that U.S. strategic priorities are moving from Eurasia to the Pacific. Baku did not miss the message and refrained from joining in the Trans-Caspian pipeline project, which could undermine its relations with Moscow and Tehran and leave it with no guarantees of security.

It is too early to say how the geopolitical transformation of relations between Brussels, Washington and Moscow will affect energy security. But alliances may change when they are put to test, especially if they face a shock like the one experienced by Georgia in August 2008. The continuing economic rapprochement between Berlin and Moscow may ease the confrontation between Moscow and Washington and change the views of major players in and beyond the energy sector of themselves and of their roles. If, as outside observers believe, we are gradually moving from a multilateral security architecture to a multipolar paradigm in the Eurasian balance of power, we can no longer hope that the behavior of individual states or corporations will be as predictable as it used to be in the Cold War years. A power vacuum is developing as a result of Washington's military retreat and the economic decline in the EU. The West is increasingly inclined to recognize Russia's right to set "red lines," and to work along this avenue.

At the same time, "harmonious cooperation" does not inspire hope, either, considering the divisions and divergence of interests among corporations and states and between EU members and the European Commission, the contradictions within the Kremlin elite, and the strengthening of new regional players, such as Turkey. Currently, roles are performed according to an outdated scenario. The energy game taking place on a vast territory from the Atlantic to the Urals and from the Caspian Basin to the Baltic Sea is becoming unpredictable.

Russia has a choice. It is free to view itself as a European power and to strengthen its strategic ties that facilitate its independence in a new

multilateral architecture of international relations, to which Moscow can also contribute. This inevitably implies pacifying some countries in the region, including those whose behavior it may consider defiant, because a multilateral approach obliges one to abide by the rules. Or Russia may regard itself as a European nation situated outside Europe. As a result, Russia runs the risk of being involved in a costly military confrontation and a continued pipeline war with the main market for its energy, that is, with Europe.

Europe may continue building its relations with Moscow, viewing it as the main historical “outsider.” However, such an approach has already been rejected by the Franco-German axis and some other countries in the EU. In any case, a continued confrontation in the energy policy is a costly and unrealistic scenario, considering the dismal situation in the economy.

If Moscow, Brussels and Washington find a happy medium in their diplomacies, their mutual relations in the energy field will change dramatically. The “happy medium” option is becoming increasingly likely. The looming crisis makes “small-scale approaches” more attractive. Large-scale and expensive strategic projects are now viewed as risky ventures. So, after the curtailment of the Nabucco project, we may expect similar flexibility from South Stream.

Greater attention will have to be paid to economic notions: market pooling, efficient investment and quick returns. Energy détente will not mean the advent of a competition-free era; nor will the era of geopolitical projects continue. Growth and profits will become the main concern.

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