The U.S. Response to Russia’s Assertiveness: Economic, Military and Diplomatic Challenges

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Rapporteur’s Summary

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The Aspen Institute Congressional Program assembled 16 congressmen and women and five senators, along with scholars from the United States, Europe, and Russia, in Berlin from March 28-April 3, 2015 to reflect on the topic: The U.S. Response to Russia’s Assertiveness: Economic, Military, and Diplomatic Challenges. The seminar began by exploring the deteriorated state of U.S.-Russian relations and the factors that had brought this about. Participants probed more deeply a key element in the deterioration, the ongoing crisis in Ukraine, developments in Russia as well as the internal and external forces shaping Russian foreign policy. In the final session they broadened their perspective and considered possible paths forward.

Day One

Because the seminar’s purpose was not simply to detail the trouble the relationship was in, but rather to stand back and weigh the basic elements at work, the opening session focused on the impulses driving Russian policy, the depth and likely duration of the crisis in U.S.-Russian relations, and the role of NATO, the European Union (EU), and third parties such as China. John Beyrle, former ambassador to Russia, launched the discussion with reflections on the U.S.-Russian relationship over time. These included two personal axioms: one should approach the subject with humility, because we probably only know 20 percent of what we need to know about Russia, and, second, if we set about designing U.S. policy toward Russia without listening to the insights of thoughtful Russians, the results will be less than optimal. He noted what he called “the burden of historical memory,” and the degree to which past images of the Soviet Union continue to shape—or misshape—our view of today’s Russia. Over nearly two-hundred years of history, he stressed, the two countries have never gone to war against one another; on the contrary, in the two prior centuries they have been wartime allies three times.

His primary point, however, focused on the cyclical nature of U.S.-Russia relations over the years since the end of the Cold War—the tendency of the relationship to seesaw between periods of hope and constructive interaction with those of tension and deterioration—only this time, the “downturn has a different feel.” It does for three reasons: First, because Putin’s Russia has set about redefining the country’s identity on fundamentally anti-Western terms. Second, because Russia’s now vastly larger economic engagement with the EU and the United States yields the West leverage but poses the delicate choice between “calibrated sanctions designed to influence Russia’s policy choices on the one hand, and the strategic benefit of Russia’s continued integration into a rules-based global economic order on the other.” And, third, the degree to which Russians are now “integrated into the world around them” places real limits on how far the Russian leadership can go in divorcing the country from a global setting.
in which Western influence remains key. Hence, he concluded, it is very much in U.S. interest to “stay engaged” with Russia, knowing that a sizable portion of its people want to have “constructive, positive ties with the United States and Europe.”

Dmitri Trenin, the director of the Carnegie Moscow Center, followed with a still more fundamental assessment. We are where we are, he argued, because over the post-Cold War years three attempts to integrate Russia with the West failed, and that option is now gone. Whether it could ever have worked may be questioned—and surely it would not have, if it meant subordinating Russia to U.S. leadership. Be that as it may, “having failed to find a place for itself within an expanded West,” Russia “is now working to expand the influence of the non-West.” Its strategic posture is more than ever intent on preserving an independent hand and jealously defending national sovereignty.

In sum, Putin’s Russia resists the idea of a single state dominating the international scene, particularly if it mistrusts its purposes, as it does the United States’, expects to have a veto over key developments affecting its interests, and “reserves the right to do anything” the United States permits to itself.

The current crisis in U.S.-Russian relations, he warned, would be long-lasting and with large consequences. While different from the Cold War, it carries considerable risks. There will be “no Berlin Wall and no Iron Curtain,” he predicted, but, because of the asymmetry of power, the complete “absence of mutual respect,” the intensified economic and information warfare, and the failure of strategic vision on either side, the chance that any escalation of the crisis in Ukraine could get out of hand is alarmingly great.

Trenin’s ultimate point, however, focused on Russia itself. If the country copes successfully with the enormous pressures it is now under, because of the collapse of oil prices, Western sanctions, and its “semi-isolation,” it will emerge with a stronger hand and in a position to demand a more accommodating U.S. response. If not, the system could collapse and the country could come undone. Thus, for both Russia and the West, it is crucial that calm heads prevail and great care be taken to ensure that the confrontation remain contained.

A number of congressional participants probed the different ways U.S. policy might have played a role in the course of events. Did the United States, one member asked, fail to understand the chaos likely to follow the collapse of an empire like the Soviet Union and do too little to guard against its consequences, such as the distorted privatization process, corruption, and the rise of the oligarchs. That, responded a participant who had been close to policy-making over these years, was not so much the problem. The chaos was in fact less than might have been expected, and U.S. policy was focused on keeping it to a minimum, while promoting Russia’s transition to democracy and a market economy. The difficulty stems from the sad reality that, whatever have been U.S. intentions, the popular impression in Russia is the opposite. Too many Russians believe that the change we want for Russia is meant to harm, even destroy the country. It is important that somehow this impression be corrected, difficult as that may be to do.

If anything, one European argued, U.S. responsibility lay in yielding too much to the Russian side by not pressing ahead on Georgian membership in NATO, by backing away from European missile defense as originally planned, and, more recently, by eschewing the prospect of deploying nuclear weapons in new NATO-member states. Concessions, he said, are the wrong way to build a cooperative relationship with Russia. It was a line of argument that echoed more softly in comments of congressional participants who suggested that the United States had been most successful in dealing with Russia when it had adopted a firm line and stuck to it.

Other congressional participants, struggling with the role that misunderstanding on both sides had played in producing the current state of affairs, stressed the need to restore dialogue where possible, including the re-establishment of inter-parliamentary contacts. Beyond this, one member asked whether it might not be useful to organize a visit to Russia by a special bicameral congressional delegation. Coming at the problem from another direction, a second congressional participant hoped that the importance that Beyrle attached to Russian society’s increased integration with the West through education, travel, and the internet might significantly reduce the gap, but wondered whether it would be so.

Much of the discussion, however, centered on the struggle participants were having trying to understand...
the nature of the challenge that Russia represented. How is one to square the reality of a Russia where elections are meaningless, the leader dictates the outcome, and oligarchs are ascendant with that country’s importance to achieving key U.S. foreign policy goals, such as preventing Iran from acquiring a nuclear weapon? How do we deal with a country whose government rejects our values and seems determined to shrink the political space for its citizens; one plagued by deep problems, including extensive corruption and large-scale capital flight; one that, for all the good work done under the Nunn-Lugar program, still has secret cities with large caches of biological and chemical weapons; and one that insists on imposing a binary choice on its neighbors—either “with us or against us”—and refuses to recognize that the United States is not playing the same game, but, in fact, has all along encouraged constructive relations all around?

In response one of the Russian participants acknowledged that the Duma is, indeed, under the influence of the Kremlin, and, therefore, expectations should not be for a large effect from a renewed inter-parliamentary dialogue. An American participant noted that, while Russian elections do not perform the same role as in the West, this does not mean that the leadership is not acutely sensitive to public opinion, which it carefully monitors through highly professional polling. With respect to the role of oligarchs, a Russian participant maintained that they are very much under the control of the political leadership and, when assigned specific “tasks,” do as asked. And, as for the limitations that the picture within Russia imposes on U.S.-Russian relations, several of the scholars stressed not only the common stakes the two countries have on key issues—such as limiting the proliferation of weapons of mass destruction, containing terrorism, and addressing climate change—but the possibility of achieving cooperation in these areas. A Russian participant reinforced the point by arguing that the intense area of U.S.-Russian competition is the volatile western portions of the former Soviet Union and that in the wider international setting the two countries continue to have important overlapping interests.

Members of Congress were interested in how Putin’s Russia saw itself in the outside world. A Russian responded: As one of three truly independent and influential powers, along with the United States and China. (It views most other countries in one degree or another as under the thumb of the United States.) Members wished to know how the average Russian thought about the world. Russians, one Russian said, are focused on themselves, on family and everyday concerns, quality of life, buying an automobile. No longer do they worry about basics, such as food and other essentials. Their political freedom may be circumscribed, but their personal freedom—to practice their religion, to travel, to make and spend money—is greater than ever before. The younger generation, as described by one of the U.S. experts, is very much part of an electronically connected global world. They see access to social media “as their birthright.” And, while a large part of the population, including the young, have been caught up in the nationalist upsurge in recent years, including its anti-American aspect, at another level they have “not lost their admiration for many things Western.”

The members pressed on other issues as well: How representative is Putin of Russian society? How significant is potential political opposition to the government? Is Russia an expansionist state or are the fears of its neighbors groundless? Russia, one of the American scholars interjected, is far more complicated than simply the personality of Putin. The preoccupation with Putin, he added, seemed to be part of a tendency in the United States to demonize leaders with whom we have fundamental disagreements. No one suggested that the mounting economic crisis in Russia had yet stirred significant political opposition to Putin or his government. On the contrary, said several of the experts, Western sanctions had rallied the population behind Putin, whose poll ratings were now above 80 percent. As for how untrammeled Russia’s ambitions were, one of the Russian participants urged a more nuanced view, arguing that Russia under Putin was not bent on bringing the real estate of neighbors under its sway. Rather, Putin in this second presidential term, was preoccupied with strengthening Russia’s strategic position in a world of congealing power centers by transforming the Eurasian Economic Union into a genuinely integrated economic entity, although, he noted, Putin may have underestimated how wary the candidate states would be placing themselves too much under Russian influence.
Day Two

On day two the group turned to the issue at the heart of the deteriorated U.S.-Russian relationship: the crisis in Ukraine. Again, the objective was not merely to review the current state of the war in the eastern provinces and the politics surrounding the Minsk II agreement, but to take a deeper look at the war in the larger context of the severe political and economic challenges facing Ukraine and how best the United States can contribute to addressing them. Vitaly Sych, the chief editor of the Ukrainian journal, NewTimes, began the discussion by returning to a fundamental proposition: the driving force behind events in the Ukraine was not the tensions surrounding Yanukovych’s handling of the Association Agreement with the European Union, but a popular “anti-criminal, pro-Europe revolt” against what was seen by much of Ukrainian society as a corrupt and increasingly authoritarian regime. What if the revolution had not occurred? he asked. His answer: Almost certainly Ukraine would have veered down an anti-democratic path, with the elimination of free elections, the repression of the press and political opposition, and the end to economic reform. Second, as a result of the February 2014 events and all that followed, previously ambivalent attitudes in Ukraine have solidified into black and white: Ukraine’s clear-cut allies are Poland, the Baltic States, and the United States. The adversary is Russia.

On the key issue of change in Ukraine itself, Sych argued that, while progress was too slow, important steps were being taken. They included the formation of a government that was more professional and corruption-free than any prior government, comprised of people with financial and economic expertise, most of them fluent in English, and a new parliament populated by a large number of new faces, younger people, and representatives of NGOs. Significant reforms had also been introduced: first, weaning the economy from heavily subsidized gas (leading to a 66 percent increase in gas prices and a 44 percent increase in the price of electricity); movement forward on the privatization of 3,000 state enterprises; a new cadre of traffic police in Kyiv, 40 percent of them women, and a four-fold increase in salary; and a readiness to take on the oligarchs, beginning with the assertion of state control over state energy enterprises that the Dnipropetrovsk oligarch, Ihor Kolomoyskiy, had long manipulated.

Finally, Sych finished with a point that stirred a good deal of discussion concerning the war in the east. There was, he said, a distinction between those who wanted to see the war pursued to a victorious end and a growing number of Ukrainians who were prepared to sacrifice the three percent (the portion of Ukraine controlled by the separatists) to permit the country to focus on saving and revitalizing the remaining 97 percent.

The second speaker, Stephen Pifer, the former U.S. ambassador to Ukraine, emphasized that Ukraine was today fragile and vulnerable, because for the prior twenty years it had been under ineffective and often corrupt leadership. In 1990 Ukraine’s GDP was roughly equal to Poland’s. Today Poland’s is three times larger. Therefore, the key issue is whether Ukraine can break with this record.

He had four further points to make: first, the challenge facing Ukraine is not simply the war in the east, but the need for far-reaching economic reform amidst a deep economic crisis. The IMF has just offered a $17.5 billion extended credit over the next four years, but Ukraine, in fact, needs $20-25 billion in assistance over the next two years. The question is whether the United States and Europe will step up—as they should, he argued, if they judge the stakes accurately.

Second, what had previously been a crisis internal to Ukraine has, since the Russian decision to annex Crimea, become a Ukrainian-Russian crisis. In that context he judged the aim of Russia to be keeping Ukraine de-stabilized as a way of preventing it from creating a stronger, consolidated, and democratic state and from achieving a more effective integration with the European Union. Dissuading the Russians from acting on this agenda, he urged, required real efforts on the part of the United States and its European allies to raise the price high enough to influence Putin’s choices. Sanctions were an important element in this, and there was room to do more. He estimated that, on a scale of ten, the current sanctions regime rated a four. He also argued that the United States should go forward with a decision to supply Ukraine with lethal defensive weaponry. This, he would later argue, was justified not only as a way of deterring further Russian military aggression, but
as an obligation the United States had to Ukraine as a consequence of Russia’s violation of the 1994 Budapest Memorandum, by which Ukraine gave up the nuclear weapons on its territory in return for a guarantee of Ukrainian sovereignty.

Third, he also recognized that any resolution to the Ukrainian crisis, including the burden of the Donbas war, would require Russian support, and that would require finding an “off-ramp” for Moscow. President Poroshenko, he noted, had moved in this direction by indicating that the question of Ukrainian membership in NATO could be delayed, supporting an EU-Ukrainian-Russian dialogue on issues of concern to Russia, and making plain that the issue of Crimea would be deferred. But, fourth, the challenge for U.S. policy posed by Russia extended beyond Ukraine. Russia was now seen as a genuine threat by Russia’s other neighbors, including the Baltic States. This required, in his view, a dual policy: one portion of which would be designed to deter further Russian military involvement in Ukraine; the other portion, steps to reassure NATO allies on the front line. (Here, as he would later argue, NATO needed to prepare in advance for a timely response, coordinating the efforts of local security forces with a NATO special operations unit, should Russia attempt a provocative action with “little green men” in one of the Baltic states.) Overall, he concluded, U.S. policy toward Russia should be guided by three objectives: to deter, to constrain, but also to engage.

Not surprisingly, the two presentations generated vigorous questions and commentary. One focus was on prospects for positive political and economic developments within Ukraine. Members wanted to know whether the influence of the oligarchs was really being curbed, in particular, since Poroshenko was himself an oligarch. Were the United States to provide increased economic aid, others asked, to whom would it go? One member recalled that during the Soviet period Russians had been moved to Ukraine, and he wondered whether this increased the tension around the nationality issue. Another underscored the need to transform and modernize the Ukrainian military, if the country was to have a chance of coping with the national security challenges facing the country, or, for that matter, of making effective use of the military assistance supplied by the United States and its NATO allies. Still another pointed to the centuries-long brutal and often tragic history of Ukraine, and raised the question whether Ukraine could be a viable state.

On the question of the oligarchs’ role, one expert expressed confidence that the new government was serious about limiting their outsized influence and had taken initial steps in this direction. As for Poroshenko, he, the expert said, had not used his position to enrich himself, and that may explain why he remained popular with the public (with ratings three-times higher than, for example, his prime minister). On the question of whether U.S. economic assistance would disappear down a black hole, commentators stressed that it would be crucial that conditions be attached and oversight ensured. Fortunately, they added, Kyiv had already agreed to rigorous monitoring by outside authorities. Yes, replied one participant, during the Soviet period Russians had been moved to Ukraine, but he thought Ukrainians were prepared to look past this history, and he personally strongly opposed rectifying the past by pursuing the Ukrainization of society. Others turned to key steps Ukraine needed to take to ensure the country’s political stability, including essential constitutional reform. Central to these, they emphasized, was the decentralization of authority to all the provinces—and not just to the two eastern provinces—although they also warned against going as far as federalization.

While some members seemed puzzled by and dubious of the notion that Ukraine could simply “write off” the three percent of the country controlled by the separatists, much of their concern focused on the question of whether the United States should provide lethal defensive weaponry to Ukraine. They raised questions about the capacity of the Ukrainian military to master some of the high-tech arms being discussed and whether supplying these arms would risk intensifying the level of Russian military involvement rather than deterring it. Views were divided. Some argued that taking this step would, with a high probability, lead to Russia upping the ante in a spiral where it held all the advantages without materially altering the balance between Ukraine and Russia. Moreover, given European opposition, it would endanger the unity that had been key to the U.S.-EU response to Russian aggression in Ukraine.
Advocates, while acknowledging the risk of escalating the war, countered by noting the constraint that exposing the extent of Russian involvement to the Russian public had on the Russian leadership. They stressed that the Ukrainians were requesting appropriate defensive arms and that the arms would only go to the regular Ukrainian army, an army that had improved the number of combat-ready troops from 7,000 to 60,000. On this last score they recognized the need to integrate under central command the thirty-five volunteer battalions engaged in the fighting. And they returned to the obligation the United States had to Ukraine under the Budapest Memorandum, if in the future security assurances as part of nuclear agreements with other states were to have credibility. (For senators, the last point raised the question of the difference between “assurances” as provided in the Budapest Memorandum versus “guarantees.” Guarantees, they were told, would require Senate approval; assurances not.)

One of the U.S. participants urged that Congress in weighing this decision ask three sets of questions: (1) What will the consequences be when the weapons are used? How effective will they be? What responsibility will fall to the United States? (2) What is Russia’s response likely to be? If escalation, are we trapping ourselves into a situation where we have no possibility of responding in kind? (3) More fundamentally, what is the strategic goal? What are we fighting for in Ukraine, with what relationship to our larger security objectives in Europe?

The morning concluded with a number of wide-ranging and strongly expressed views. A Russian participant stressed that the root of the problem lay in the amorphous character of Russia’s new identity, compounded by the fact that the Russian population was now both inside and outside Russian borders. This produced the sharp rejoinder from two participants that Europe had long learned the hard way that attempting to rectify, rather than accepting the situation of peoples who found themselves within new borders only led to tragedy. His ultimate point, however, was that a way out of the Ukrainian crisis existed, if fashioned around four elements: de-centralization of the Ukrainian political system; legal status for the Russian language; critical economic support for Ukraine with Russian participation; and some level of formal guarantee against Ukraine joining NATO.

Others put the accent elsewhere. One congressional representative expressed frustration that there appeared to be no penalty imposed on Russia for seizing Crimea—that they would “get to keep what they stole.” In response one of the scholars noted that the West was exacting a considerable economic price by cutting off all investment and trade with Crimean entities. An East European participant contended that the West had long failed Ukraine: discouraging its move to independence in 1991, retreating from the idea of NATO membership well before the current crisis, giving priority to relations with Russia over those with Ukraine, and ultimately standing by as the Budapest Memorandum was shredded. What was necessary, he said, was a Marshall Plan for Ukraine, an effort that could only be mounted by Europe but that would not happen without U.S. leadership.

Finally, two further Russian voices intervened. One returned to the Minsk II agreement and told the group that within the Russian leadership the United States was perceived as a spoiler, intentionally standing apart from the agreement and urging the Ukrainian government to create obstacles to its implementation. The second confessed that, having listened to the morning’s conversation, he was deeply concerned. He was sure that, if the Minsk II ceasefire failed, as was all-too likely, Russia would be blamed, no matter who was responsible, and the United States would provide Ukraine with lethal weaponry. Knowing how the issue was viewed in Moscow and the vital stakes Russian leaders attached to the outcome, he foresaw the possibility of a very dangerous, even fatal confrontation.

Day Three

On the third day participants turned to developments within Russia. Alena Ledeneva, a professor of politics and society at University College, London, began with the problem Westerners have understanding Russia: Whether it is to be seen as a normal country or a pathological aberration—“an axis of evil.” Whether Russia is European or alien, requiring stiff countermeasures, such as the current sanctions regime? Whether Russia is a democracy or some kind
of hybrid mix of democratic aspiration and authoritarian practice? Whether Russia is a modernizing country or suspended between modernization hopes and antiquated habits? Indeed, she argued, Russia is a complex reality—far more than is captured by focusing only on Putin.

To make the point she emphasized three features characterizing contemporary Russia: First, the blurred distinction between public and private spheres for the Russian elite, and the ease with which they conflate informal norms and practices with formal rules and institutions. Second, a political system that is not a neat hierarchical pyramid, but a honeycomb of informal power networks at all levels of government, operating as much horizontally as vertically, exploiting formal institutions to amass wealth and power in return for loyalty to bosses and ultimately the regime itself. What the Russians call sistema, she contended, transcends Putin, and leaves him as much captive to it as in control of it. Third, as for society, it remains marked by ambivalence and “doublethink:” critical of what people see around them but clinging to the paternalism the system once provided; mistrustful of politicians and their policies but with “strong anti-Western sentiments;” and ultimately uninterested in politics, in effect, making Russia at best a “delegative democracy.” Later one of the European participants supplemented her last point by noting the low degree of trust not only between governors and governed but within society itself.

Ledeneva’s counterpart, Sergey Rogov, the director of the Institute U.S.A. and Canada, focused, first, on the immense challenges facing Russia: to build a political democracy; create a modern market economy; establish Russia’s new position in the international political system; execute major military reform; and, above all, forge a new national identity as a normal nation-state. But he then stressed how grave was the deterioration of U.S.-Russian relations, the dangers this posed, and the harm it was doing to both sides. He recalled standing at the Brandenburg Gate in 1989 as 5,000 Soviet tanks began their withdrawal from East Germany, and feeling that, at last, the Cold War really was over. Now, he continued, it felt more like 1983 and the sudden rise of Cold War tensions and fear of nuclear war in the first years of the Reagan Administration. Once more 78 percent of Americans see Russia as “unfriendly” and as the United States’ number one enemy. They view it in stark terms as a revisionist power determined to restore the Soviet Union. And Putin is demonized as no Russian leader before.

While he blamed both sides for what had happened, his emphasis was on the U.S. role. The United States, he maintained, never developed a strategy for integrating Russia with the West—for bringing it “inside the tent.” It perceived the West as winners of the Cold War, a victory entitling “winners to take all.” When in Kosovo in 1999, Iraq in 2003, and Libya in 2011 it arrogated the right to act as it chose, it opened the way for the Russian leadership to embrace the idea that it could do the same. And with a series of other damaging steps—such as the unilateral abrogation of the ABM treaty and, after delaying the lifting of the Jackson-Vanik amendment twenty-two years after the end of the Cold War, replacing it with the Magnitsky Act, indeed the more insulting House version of it—Washington fueled an increasingly negative atmosphere between the two countries. The hostile measures of the moment, including the sanctions imposed on Russia, are only adding to the anti-American sentiment in Russia, and, in the process, by weakening small and middle-enterprises, undermining the objective the United States says it has in promoting markets and a more liberal society in Russia.

Rogov’s assessment stirred a strong reaction from a senior congressional participant. The United States did not see itself as a winner-take-all victor as the Cold War drew to a close, he said. On the contrary, it saw the passing of the Cold War as a triumph for Russia and its people—as an opportunity to create a democracy and a market-based economy. As for the rest, the idea that Russia’s annexation of Crimea represented the popular will of its residents was nonsense. The referendum “was a joke.” Nor should the Magnitsky Act be portrayed as anti-Russian or directed against its people. It specifically targets government authorities complicit in, but unpunished for, the murder of an innocent lawyer investigating government corruption. Rogov replied that he did not deny that many
Americans saw the issue in these terms nor was he defending the Russian perception of events; he was merely conveying what that perception was.

Participants then began to focus more intensely on what might be done to move the relationship forward, but only after pressing one more time on the question of who Vladimir Putin is—prefaced in some cases by their harsh first impression. As one congressional figure put it, “how do you trust a leader who looks into the camera and lies,” whose “jingoism” in news conferences is “stunning?” Another confessed how worrying he found Russia’s “one-man show.” Still another found disturbing the recent association of Putin with the accomplishments of Ivan the Terrible.

Participants who had observed Putin up close—both Russian and American—characterized him as smart, professional, and in command of the issues, with a high level of technical competence in, for example, the areas of energy and strategic weapons. They believed that, for the most part, he acted out of conviction, and, therefore, when he portrayed U.S. policy as hostile to Russia, it was not merely for effect. One viewed him as of two parts: early in his first presidency as the product of “St. Petersburg culture,” a liberal, a reformer, democratic and pro-Western. But, over time, particularly as U.S.-Russian relations deteriorated, he reverted increasingly to the more narrow-minded persona of the mid-level KGB officer. Another expert added that in recent years he had become more “narrowly informed,” and his dependence on the “red folders” (i.e., intelligence reports) had put him in something “of a bubble.” A last commentator underscored, on the one hand, how important it was to him to be treated with respect, but, on the other hand, his dangerous tendency to see himself as having a “missionary role.”

When attention turned to next steps, participants quickly focused on the problem of mistrust. As one of the European scholars reminded the group, Margaret Thatcher and Mikhail Gorbachev, in the early stages of winding down the Cold War, had recognized that little could be done until the two sides concentrated on “dismantling the sources of mistrust.” This led members of Congress to ask what the state of the United States’ dialogue with Russia was. (Non-existent at the top-level, but for work-exchanges between Foreign Ministers Kerry and Lavrov, answered one expert.) Similarly, little is happening at the inter-agency level, but the two countries continue to cooperate in their space programs and on supply routes out of Afghanistan, and there remains a good deal of unofficial contact between efforts linking different parts of the two societies as well as a number of Track II dialogues. A European participant noted that dialogue was particularly needed over the issue central to the Russia-West crisis: relations between the economic integration projects in the two halves of Europe. Nowhere else, he said, was the burden of mistrust greater than between Russia and these parts of the former Soviet Union.

In fostering understanding between the United States and Russia, a member of Congress noted the importance of the congressionally-funded Open World Program that brings promising leaders from the post-Soviet states to the United States and into American homes. Another member suggested that the many areas where the two countries had a mutual interest in arms control could be a promising area in which to begin re-building trust. Still another member warned that little would be accomplished unless the problem of mistrust was addressed energetically and “systematically.” She added that attacking the problem of a lack of mutual respect between the two countries would not be easy, given the “shrinking of civil society” in the United States and an increasingly distracted public’s susceptibility to crude stereotypes.

Others took a broader approach. One of the U.S. experts emphasized the importance of integrating Russia into institutions with established rules as well as the urgency of attending to a multi-faceted arms control regime now in danger of unraveling. A Russian participant seconded this, and urged that a page be taken from the Reagan-Gorbachev book, when arms control hit an impasse, and their solution was to compartmentalize issues and advance agreements one at a time. Above all, in what served as a transition to day four, a Russian participant stressed that trust could only be built by working on a common agenda—not by yelling at or insulting one another—and, for this to happen, the two sides needed to “move away from a single-issue relationship.” A U.S. participant appealed for both sides to step back
from a preoccupation with the narrow, immediate issues of the day, and take a long, hard strategic look at the stakes the two countries had in the relationship.

**Day Four**

Participants used the final day to examine the U.S.-Russian relationship from a wider angle. To help frame the issue Andrei Kortunov, the director general of the Russian International Affairs Council, offered a hard, forward-looking appraisal of the choices facing his country. Russia, he said, is paying a higher price and in more profound respects than generally recognized for the confrontation with the West. It is not simply in the obvious damage to relations with countries important to its future, but in the corrosive effect on the country’s moral grounding; not only in the pain caused by sanctions, but in the threat to the social cohesion of the country. The bacchanal of nationalistic euphoria over Crimea and the population’s fury over what is seen as the West’s demeaning of Russia reminded him of a “wild drinking party,” and he worried about the hang-over to follow.

He then introduced three fundamental propositions. First, reality being what it is—that is, given the weakness of Russian political institutions and a seriously defective economy—the key to the country’s future lay with the model of modernization yet to be chosen. That choice is between a commodity-dependent, export-driven, state-dominant model, in which case Russia “will not need the West,” and a model based on innovation and diversification, in which case “good relations with the West are indispensable.” Second, however Russia chooses, in dealing with the outside world Russia will be a “deal-taker” not a market-maker, and its approach is likely to be more opportunistic than strategic. Still, that will leave Russia a “potential swing state,” whose choices will be significant—whether choosing to prey on Transatlantic and intra-EU differences or accepting Europe’s paramount importance to Russia; whether counting on the West’s putative decline or allowing for its likely revitalization; and whether acting on the assumption that the old international order is dead and “fishing in the murky waters of chaos” or making itself part of the solution by helping to manage disorder.

Third, he argued that it is very much in U.S. interest to find a place for Russia in the emerging international system that allows it to find dignity without having to deprive others of their dignity. If Russia is fated to enter a period of decline, it is very much in U.S. interest to make that as graceful as possible, and, where that decline may heighten Russia’s security concerns, to turn those into grounds for cooperation. Russia, after all, will have a crucial role to play in a wide range of critical areas—from cyber security to global governance, from energy cooperation to mitigating resource conflicts over food, water, and the other consequences of climate change.

Matthew Rojansky, the director of the Kennan Institute, followed. He argued for a far more fundamental analysis than had characterized Moscow and Washington perspectives to this point. The current Russia-West crisis with Ukrainian events at its core represents far more than a relationship derailed. It constituted the breakdown of the European security order, and, given the importance of Europe to the larger global order, the implications were grave. Therefore, what is called for, he asserted, is a commitment on all sides to finding “a new framework” enabling the reconstitution of a sturdier European security system. While the collapse of the post-Cold War order does not yet amount to a new East-West cold war, the perils are significant enough. They are in the threat narratives driving both sides’ view of the other. They are as well in the failure to recognize how large the stakes are, with the unhappy effect of disabling thinking focused on a larger-scale strategic framework.

He urged a renewed and more ambitious version of the original Helsinki process, one that assigned a far larger role to the interaction and engagement at the level of societies and that emphasized the task of trust building. Leadership in this case should come from Europe, and a good starting point would be a 40th anniversary conference marking the beginning of the Helsinki Process used as an occasion to revitalize a vision of a European security system for our times.

Participants rose to the challenge posed by both presentations. One participant asked in what degree the picture Kortunov had presented represented wider thinking within political circles in Russia or simply his own. Another wondered how ready either
side was to think past the difficulties of the moment and focus on long-term goals. A European scholar questioned what incentive Russia had to commit to a greater European framework, when other countries and regions, such as China and Asia, were of increasing importance to its foreign policy.

Answering the first question, Kortunov confessed that his vision was not widely shared and “not for today but for tomorrow.” In response to the second question, he suggested that if the two countries concentrated on areas where cooperation is possible, such as in the Arctic, they would simultaneously be advancing longer-term goals—although here he worried that the United States would use its turn as chair of the Arctic Council to rally members against Russia and Russia would answer in kind. To his European counterpart he responded that Russia “would go with the tide.” Thus, if the Euro-Atlantic region retained its dynamism, Russia would remain drawn to it, even while broadening its engagement with Asia.

A senior member of Congress challenged the notion that a new European security architecture was needed. The problem was not with the institutions of the OSCE or the principles established by the Helsinki Process, but with the violation of those principles. Indeed, OSCE institutions had worked, as evident in the large vote in the Parliamentary Assembly condemning Russian actions in Ukraine. A second senior member of Congress enlarged the point. The problem was in trying to fit Russia into a modern European order—a country that was “out of step,” because of one-man rule, a corrupted state, distorted market economy, and the absence of personal freedom.

Rojansky responded that, far from minimizing the importance of the OSCE and the Helsinki Process, he saw it as a foundation on which to build. To work, however, OSCE institutions needed to be strengthened so that they could serve as not only a court holding Russia accountable, but as a mechanism allowing a crisis like the war in eastern Ukraine to be resolved. On the second member’s point, he offered the example of Germany, a country that in the past posed a large challenge to norms critical to European security, but eventually became an anchor of a peaceful and prosperous Europe. A Russian participant entered the discussion by, on the one hand, acknowledging that Russia requires a new narrative, one reinforcing self-esteem and featuring aspects of its society and foreign policy of which it can be proud. Russia needed “to fix itself.” On the other hand, the United States and other Western powers also needed to recognize the imperative of modernizing international law, when in an unsettled international environment new norms, such as the “responsibility to protect” and those challenging the long-standing principle of state sovereignty, are generating unresolved problems.

The spirit of the morning, however, was both soul-searching and a quest for constructive steps forward. As a high-school football player, one congressman recalled, he and his teammates had spent a lot of time looking at film, and their focus had not been on the other team, but themselves. “Shouldn’t we be doing more of that in this case?” Another asked, “What in the end is the kind of change we wanted to see? Change of the entire Russian system? Of the regime’s handling of human rights? Of its behavior toward neighbors?” A congresswoman rued the lack of attention to and knowledge of Russia within the Congress, and argued for not merely the resumption of an inter-parliamentary dialogue, but one where encounters lasted four or five days. Another remarked on the growth of anti-Russian sentiment in popular U.S. culture, in films, and on television, and posed the question how politicians might counter it.

Recommendations there were as well. A congressman urged “tailoring” and tempering U.S. policy. To diplomats who thought attending the 50-year commemoration of the end of World War II untenable, find a way to work around the diplomatic awkwardness. To political figures in Ukraine, Russia, and the United States who reduce the problem to crude and inflammatory formulas, learn to respect your public’s intelligence. To those who see U.S. tools, such as sanctions, as a hammer, think more carefully about their effects, if only to increase their effectiveness.

A Russian urged a far more extensive engagement between the two societies, beginning with education (the 4,000-5,000 Russian students in the United States “are a drop in the bucket”), and concentrating on involving all segments of Russian society, not merely western-oriented liberal elements. An East European scholar too stressed the need for engagement, but not by “insisting that Russia be like us,
rather that it be a Russia with which we can live.” Engagement requires dialogue—a dialogue on substantial themes, such as Arctic cooperation, Central Asia and the “silk-routes” across it, finding a modus vivendi within Russia’s neighborhood. A U.S. scholar called for “damage-limiting” steps, such as the renewal of the working groups under the U.S.-Russian Binational Presidential Commission, attention to the United States’ eroding knowledge base on Russia, and, as others, the importance of direct dialogue.

And, finally, a Russian participant spoke of short-, medium-, and long-term goals. In the short run, he said, it was critical to avoid a military confrontation between the United States and Russia, with all its untoward consequences. In the medium-term, it was critical that Ukraine surmount its economic crisis and be given all the necessary help to ensure that. In the long-term, the decisive factor would be whether and how Russia overcomes its existential crisis. That, in turn, would shape and be shaped by the choices it makes as it tilts and wavers between “the West and the non-West;” as it reconciles its deepening relationship with China and Asia, while mending or burning bridges with the West. Russia’s liberal interlude may be over for now, he concluded, but Russia’s journey is not.

Reflecting on the conversation over the last four days and the complex portrait that had emerged of Russia and the challenge that it represents, one senator offered a telling and presumably hortatory insight. “If you can’t change your mind,” he said, “you can’t change anything.”
With the possible exception of Great Britain, no great power has animated the conduct and direction of American foreign policy over the past 100 years more than Russia. For much of the 20th century, successive American administrations struggled to establish a *modus vivendi* with a Soviet Union that was both an existential military threat to the United States and its chief rival for global influence. Today, governmental relations between Moscow and Washington are dominated by patterns of disagreement and confrontation familiar from that earlier period, and Americans are again questioning the feasibility of productive engagement with Russia as we seek to promote our interests around the world. Russia’s size, geopolitical influence, enormous nuclear arsenal, and natural resource base make seeking the right answer to this question a national priority of the highest order. It is difficult to name a global challenge that the United States will face in the 21st century that will not be more effectively countered with support and assistance from Russia.

As always, a brief review of history is in order as the first step toward better understanding of the world we find ourselves in today. The United States and Russia have enjoyed formal diplomatic relations for just over two centuries; our first Ambassador, the young John Quincy Adams, took up his duties in 1809, and for the next century the relationship was largely defined by peace, commerce and pragmatism. America backed Russia against the British during the Crimean War; Russia supported Lincoln and the reunification of North and South during the Civil War. President Theodore Roosevelt negotiated the treaty that ended the Russo-Japanese War of 1905. And even despite the enormous ideological and geopolitical differences that emerged between the US and Soviet Russia under Lenin and Stalin, the two countries forged an effective alliance against Nazi Germany in WWII. Over the past two hundred years, Russia and America are unique among the global great powers in never having fought against each other in a war.

Nonetheless, the popular narrative of relations between Washington and Moscow that shapes perceptions and often influences policymaking on both sides is the rivalry and confrontation across four decades of the Cold War, and now another quarter-century that has defied any effort to define it beyond the label of “Post-Cold War Era” that seems increasingly inapt. Those 25 years, beginning roughly with the fall of the Berlin Wall and continuing through the dissolution of the Soviet Union and the Warsaw Pact, were marked most importantly by the recognition of four successive American administrations that the US had a vital, if not existential, interest in actively trying to influence Russia’s transition from a totalitarian command economy to something that looked more like a market democracy based on principles of openness, the rule of law, and respect for international norms—including the sovereignty and independence of neighboring states formerly part of the USSR or the Warsaw Pact. It is worth remembering that these principles were also explicitly espoused by the new leadership...
in Moscow as reflecting their own aspirations for the transformation of their system and society.

This policy was firmly grounded in American self-interest. It recognized that the new Russian Federation inherited the Soviet nuclear arsenal, retained a veto in the UN Security Council, and possessed vast reserves of natural resources. It feared the descent into chaos that has so often followed the dissolution of empire throughout history. It sought to take advantage of what both Presidents Bush 41 and Clinton described as a fortuitous accident of history to allow Russia and the US to begin to build a relationship based on shared interests. An early illustration of the possibilities of this new approach came in 1990, when Moscow and Washington announced their joint support for an arms embargo against Iraq in the first days after Saddam Hussein’s invasion of Kuwait. The signal achievement of this first decade in the new relationship came in the nuclear sphere, where the US and Russia negotiated the secure transfer of nuclear weapons and materials from Ukraine, Belarus and Kazakhstan and established a wide-ranging cooperative program to upgrade security at nuclear installations and prevent a leakage of capabilities and know-how out of Russia.

In the economic and legal spheres, Russia welcomed US (and European) technical assistance on a number of fronts, including reform of the pension system into a sustainable model and the drafting of new laws, including a criminal procedure code, and the establishment of a new judicial branch to deal with the novel world of business law and commercial courts.

None of this is to deny the serious differences that have also characterized US-Russia relations since the break-up of the USSR. In the international sphere, from the American perspective, these have included early Russian support for Iran's nuclear ambitions and the sale of advanced weaponry to Tehran, and its use of energy as a political lever in dealing with neighboring ex-Soviet states and Europe. From the perspective of the Kremlin, the list of specific grievances begins with the expansion of NATO, the 1999 bombing of Serbia, and continues through the “color revolutions” in Kyrgyzstan, Ukraine and Georgia.

For most of the “Post-Cold War era,” though, there has been a strong inclination on the part of those who have developed and implemented policy—in both Washington and Moscow—to see the strategic paths of both countries on a more convergent than divergent trajectory. In numerous US-Russia summit meetings, the consensus talking point for both sides expressed in joint statements or at press conferences ran along the following lines: “We want a relationship with the other side in which we contain our inevitable disagreements and prevent them from doing damage to other areas of the relationship where we have common interests, good cooperation, or at last shared views.”

As we examine the interests of the United States today, amid the crisis over Ukraine and the clear deterioration of relations between Russia and the US and Europe, the central question is whether we can still agree on those convergent trajectories as a goal or objective that is possible—or even desirable—to achieve.

Compounding the difficulty in addressing this question is the fact that relations between Washington and Moscow since the end of WWII have been highly cyclical. Periods in which cooperation seems the dominant impulse (Peaceful Coexistence, Détente, The Reset) have alternated with episodes and periods of severe disagreement (Containment, the Cuban Missile Crisis, Invasion of Afghanistan, Annexation of Crimea) with a speed that has proved disorienting to the consideration of strategic interests and long-term policies.

My own service as a diplomat coincided with some of these relatively abrupt shifts. My first assignment at the Embassy in Moscow as a young political officer in 1983 marked the lowest point in US-Soviet relations since the Cuban Missile Crisis, epitomized by President Reagan’s “Evil Empire” speech. Within four years, Reagan had come to agree with Margaret Thatcher that Mikhail Gorbachev was someone he could and would do business with. Twenty-five years later, I arrived as Ambassador at another low point, the 2008 conflict between Russia and Georgia. Within two years, for a number of reasons, things had recovered to a remarkable level of productive cooperation, with both public attitudes and trade balances in both countries reaching record highs.

We must, however, resist the temptation to see the current confrontational and even hostile atmosphere as just the latest downturn in the cyclical record
of the US-Russia relations. There are at least three factors that represent serious, qualitative changes in the geopolitical environment that put us in new and uncharted territory.

The first factor is the determination of President Putin to set Russia on a new course that firmly rejects the West (meaning Europe and North America) as any kind of model or mentor for Russia. This is portrayed as a response to the failure of the West to take account of Russia’s interests, to respect its culture and values, and the denial of Russia its proper role as a major global power. The new course is a break with Russia’s immediate post-Soviet westward-looking policies, but it is far from a unique phenomenon. It echoes the struggle for dominance that has recurred repeatedly throughout Russian history between two competing internal camps. One camp (traditionally called the Westernizers) defines Russia’s success and identity in the context of a wider Euro-Atlantic world. A second, more conservative group, dominated by leaders of the defense and security establishments, views the world beyond Russia’s borders with suspicion and hostility, and seeks to reclaim Russia’s lost imperial might. Both groups are united by the goal of securing Russia the status of a great global power, but they differ sharply on the path and the tactics to reach it. For the latter, statist camp (historically called the Slavophiles, but now sometimes labeled “imperial nostalgics”) a new, Moscow-centric Eurasian Economic Union has been envisioned as a counterweight to the EU. For the Westernizers (who can now be better thought of as economic integrationists), Russia’s accession to the World Trade Organization was seen as a powerful tool to force a fight against the corruption and inefficiencies that hamstring Russia’s competitiveness, and thus her great power ambitions.

Although it is early to make any broad conclusions, it is evident that the anti-Western conservative camp has a firm grip on the levers of power in Russia today and appears determined to forge ahead with a redefinition of the country’s identity on Russian terms. This does not set Russia on an unalterably divergent trajectory from the United States. Both countries continue to share important global interests, and the objective realities of an open, economically interconnected 21st century will undermine efforts to promote isolationist or exceptionalist ideologies. But American policymakers should not underestimate that this is a deeper and more significant shift in the thinking and direction of Russia’s leadership—and the popular mood that the leadership effectively controls—than we have seen since the fall of the USSR. We must deal with a Russia that perceives itself as recovered from the trauma and weakness of the 1990s and is determined to set its own course. It is no less important to engage this Russia toward internationally acceptable outcomes, but it will require greater effort and skill to do so.

A second feature that sets the current confrontation apart from earlier episodes is the scale of economic links between Russia, the US and Europe, and the willingness to use, and threaten the use of, these enormous levers in coercive ways. American efforts to levy economic sanctions against the Soviet Union in the 1980s were largely ineffective because the trade volumes affected were miniscule in relative terms or were undercut by European failure to match Washington’s measures. In 2008, plans for economic sanctions in response to Moscow’s recognition of separatist regions in Georgia were shelved as the global economic downturn outran the Bush administration’s efforts to enlist EU support.

By 2014, the economic interdependence of Russia with the US and EU had almost doubled from the level of 2004 in terms of trade volumes. Moreover, the dependence of Russia’s largest corporations (both private and state-controlled) on credits from Western banks had reached levels that made the cutoff of financing in response to the crisis in Ukraine a truly punitive sanction, to a degree that few in Russia or the West had fully anticipated. Although the impact of economic sanctions has been overtaken by the 50% decline in the price of oil as a factor affecting the Russian economy, Washington and Brussels have set a powerful precedent and sent a clear message through the highly effective coordination of their efforts. Ironically, the growth in trade and investment with Russia over the past 15 years has frequently been heralded as a major success of efforts to make Russia’s relationship with Europe and the United States more sustainably productive. A strong economic foundation was often cited as something of a “shock absorber” that could help modulate the sharp ups and downs of the political relationship. And there
is little doubt that many of the successes of Russia’s transition away from a command economy over the past two decades resulted from the demonstration effect of practices brought by Western business partners, from international accounting standards to corporate social responsibility. Finding the balance between calibrated sanctions designed to influence Russia’s policy choices on the one hand, and the strategic benefit of Russia’s continued integration into a rules-based global economic order on the other, will be a major challenge for American policymakers in the coming years.

The third difference, and the one that offers the greatest hope for normalization of Russian-American relations in the medium to long term, is the evolution that has taken place over the past 20 years within Russian society itself. To an extent unprecedented in their history, Russians are integrated into the world around them—the global economy, the information space, international education—in a way that shapes their expectations and even their demands. Russians now make on average 35 million trips abroad annually. Tens of thousands of Russians are employed by American and European companies; by some estimates there are 40,000 Russian passport holders working in the high-tech clusters of the San Francisco Bay area. Despite the high volume of anti-western rhetoric in state-controlled media, the high volume of Russian student applications to American and European universities remains unaffected. The past decade has also seen a tremendous growth in the engagement between Russian scientific, technological, and educational institutions and their counterparts in the US and Europe. It has, in short, become almost impossible to imagine how Russia could cut itself off from the sweep of global trends and influences, no matter how much conservative forces may seek to portray Russia as an alternative to what they portray as a declining, morally compromised “West.”

Thus, even as America and its European allies oppose the actions of Russia’s current leadership, it is essential to preserve and develop ties with Russian civil society, intellectual community, and economic and political institutions.

However illegitimate we find some of the Kremlin’s current policies, Russian society remains diverse and we further our interests and desires for positive change by finding ways to stay engaged with the substantial body of Russians who see their country’s future linked to constructive, productive ties with the US and Europe. As a longtime American observer of Russia put it recently, “We can’t give in to Putin—but we also cannot give up on Russia.” The internal debate among Russians to define their country’s destiny and place in the world is likely to continue for some decades. What is required above all from Americans is patience, and a steady resolve to support the principles and institutions and individuals that see Russia’s destiny linked responsibly, productively and prosperously with the world outside her borders.
Moscow’s actions in Ukraine, beginning with the incorporation of Crimea into the Russian Federation in March 2014, constitute a clear case of Russia’s breakout from the post-Cold War order in Europe. From 1989, when it allowed the Berlin Wall to be breached and Germany reunified, through the rise of the Maidan protests in Kiev in early 2014, Moscow was essentially accepting the realities of a world order dominated by the United States and its allies, while seeking to adjust to it. The Russians could only protest against three waves of NATO’s eastern enlargement: in 1999 (Poland, Hungary and the Czech Republic), 2004 (Slovakia and the Baltic States), and 2007 (Bulgaria and Romania); they saw their United Nations Security Council veto failing to prevent NATO’s military action in Serbia (1999) and the U.S.-UK invasion of Iraq (2003).

On several occasions, Russia tried to join the Western community through an alliance with the United States; membership in NATO; and integration with the European Union, but these were all false starts. Russia did become a member of the G-8 (1998); joined the Council of Europe (1996); and entered into formal partnerships with the EU (1994) and the Atlantic alliance (1997). Russia also took part in NATO-led peacekeeping missions in Bosnia (1995) and Kosovo (1999), and it rendered invaluable political, military and intelligence support to the U.S. operation to defeat Al Qaeda and the Taliban in Afghanistan (2001). However, these relationships have failed to be consummated in a true security and values community.

Increasingly, Russian-Western relations were becoming strained. In 2008, Russia reacted in force to Georgia’s attempt to stamp out a rebel republic which Moscow protected. In 2011, the Russians felt cheated by NATO’s use of the United Nations Security Council no-fly zone resolution to oust the Qaddafi regime in Libya. Since 2011, Moscow has been supporting the Assad regime in Syria, successfully thwarting Western attempts to censure it at the United Nations and sending arms and materiel to Damascus to fight Western-backed opposition forces. It was not before Ukraine, however, that Moscow hit back at the enlargement of Western institutions all the way to its borders, which it saw as intolerable encroachment on its vital interests. Due to its geopolitical and strategic position, and the place it occupied in Russia’s spiritual universe, Ukraine was the red line.

Russia’s conflict with the West, and primarily the United States, is not limited to Ukraine, though that country is now at the center of it. Nor is it about Russian revanchism, as it is often claimed: Moscow is not bent on reconquering the former Soviet sphere of influence in Central and Eastern Europe. Rather, the fight is essentially about the world order: who makes the rules and sets the norms; who identifies and prosecutes violators; and how the rules are changed. From Moscow’s perspective, the world currently finds itself in transition from an order dominated solely by the United States and its Western partners to a system with multiple centers of authority which operate on the principle of consensus. This is a long and bumpy journey, and Russia is now actively supporting the
change. Having failed to find a place for itself within an expanded West, it is now working to expand the influence of the non-West.

**Historical Patterns of Behavior**

What kind of order is Moscow seeking? How far is it prepared to go in its quest? With competition and conflict the new dominant mode of Russia’s relations with the United States, is there any room left for cooperation between the two, as far as the world order is concerned?

Russia, of course, is not an “emerging” power. It has been around for over half a millennium as an active and usually prominent international player. Russia’s rich past record offers useful clues for its future behavior.

Russia is a founding member of the European order. The Westphalian system in the mid-17th century laid down the key principles of state sovereignty, but initially it applied mostly to Central Europe. The European order itself took a few decades to form. Russia found its way into it by defeating Sweden in the early 18th century and winning a wide access to the Baltic coast. Europe’s domination of the world turned that order into a global one. Russia contributed to that domination by colonizing Siberia all the way to Chukotka and China, by the mid- and late 17th century, respectively.

Throughout its entire existence, Russia’s most salient feature as an international actor has been its overriding focus on sovereignty and independence. Since the late 15th century, when Russia consolidated itself and shook off the Mongol “yoke”, it has fought off major foreign invasions which threatened its independence: the Poles, Lithuanians and Swedes in the early 17th century; the French under Napoleon in the early 19th century; and the Nazi Germans in the 1940s. National defense in a “patriotic war” is among Russia’s most hallowed traditions.

Russia does not only reject being overtly dominated by a foreign power. It also refuses following others, even if those are stronger. Except for a brief period in the 1990s, when it appeared ready to embrace U.S. global leadership, it has insisted on being treated as an equal. “Great-power equality” is Russia’s gold standard for a stable world order, whether in the early 19th century Europe after the Congress of Vienna (1815), or in the mid-20th century Europe after the Yalta conference (1945). The United Nations Security Council with its five permanent, veto-wielding members, Russia among them, is the epitome of such an order on a global scale. Essentially, Russia is adamant that it achieves both regional hegemony on the periphery of its borders and full equality with other world powers. At the world order level, its preferred means of protecting its interests is effective veto power, rather than diktat.

By contrast, Russia loathes being excluded from major decision-making bodies. When this happens, it actively works to undermine such arrangements. After the Versailles treaty and the formation of the League of Nations (1919), Russia joined forces with another outcast, Germany, and helped it rebuild its military power outside the constraints imposed at Versailles. Russia’s expulsion from the G-8 and the termination of partnership relations with NATO and the EU (2014) has led to Moscow strengthening ties with Beijing, and its greater emphasis on non-Western global and regional organizations, such as the BRICS (Brazil, Russia, India, China and South Africa) and the Shanghai Cooperation Organization (SCO).

Except for a period immediately following the Bolshevik revolution (1917), Russia has been largely a conservative player on the world scene. It joined several coalitions of European monarchies against revolutionary France (1790s); it founded the Holy Alliance to defend the principle of monarchical legitimacy across Europe (1810s-1820s); it suppressed a revolution in Hungary (1848) as well as a number of uprisings in its own Polish provinces (1830, 1863). Russian support for national liberation movements of the Greeks and southern Slavs within the Ottoman Empire and its sympathy for the fledgling United States (1780s) were essentially driven by geopolitical considerations. Similarly, Russia took up the role of protector of Orthodox Christians in Poland and Ottoman Turkey to further its imperial interests.

As a great power, Russia has been ever-conscious of the exigencies of Realpolitik. It joined forces with Great Britain to fight against Napoleon, it allied itself to republican France to stand up to fellow authoritarian Germany in the run-up to WWI, it entered into a pact with Hitler in 1939 only after its parallel
attempt to form an anti-Hitler alliance with Britain and France had failed. Eventually, it fought and won WWII in an alliance with Western democracies against the totalitarian Nazi regime.

Russia’s own attempt to impose a communist world order was short-lived and based on an ideological aberration. Initially, Lenin and his comrades saw Russia itself as no more than a “match” to start the fire of a world revolution. Already from Stalin’s times Moscow saw communist and leftists parties and anti-colonial movements as mostly geopolitical allies against the capitalist West. The “socialist camp” of the communist-ruled states and the communist-leaning “countries of socialist orientation” were to be the Soviet Union’s power base in its Cold War confrontation with the United States. By that time any hope of a socialist revolution in Western Europe and North America had long evaporated.

Russians see their country’s place in the world as unique. Russia claims European heritage, openness to Asia, and a geopolitical position spanning the Eurasian continent, from Norway to North Korea. It stretches from the Atlantic to the Pacific, and has a wide opening to the Arctic. For centuries, Russians were engaged in wars or peaceful colonization to secure the world’s largest piece of real estate—over 17 million sq. km, almost twice the size of the United States, China, or Canada. Even after the demise of their historical empire in the 1990s, the Russians seek to keep their former borderlands from joining military or political alliances with other great powers.

From Russia’s perspective, the main threat to the world order is the domination of any one power, since that power would sooner or later seek to put Russia under its control. This happened in 1812, when Napoleon, having conquered continental Europe, invaded Russia, and again in 1941, with Hitler’s invasion. In 2014, the Kremlin saw the Maidan revolution in Kiev as a political invasion of its vitally important geopolitical space by the United States, and reacted accordingly. Putin had personally warned NATO leaders about this at the Bucharest summit in 2008.

Russia’s vision of an ideal global order is not compatible with that of the United States and the European Union. Russia squarely rejects U.S. global leadership and insists on all major decisions being taken by the UN Security Council where it has a blocking vote. Russia espouses the concept of “multipolarity” which sees world order in terms of a great-power consensus. Russia does not recognize the West’s current values as superior, and is only prepared to deal with the United States and Europe on the basis of moral equivalence. It insists on traditional international law as applying to all countries, in the absence of which it reserves the right to do anything the most powerful member of the international system, i.e. the United States, does.

Future Outlook

While the United States sees the conflict with Russia as a relatively minor diversion, it is the central conflict for Russia. Moscow can compromise here and there, but not on the main issues of the status of Crimea and Ukraine’s joining NATO. Russia will continue to insist on some kind of a buffer between itself and the Atlantic Alliance. The competition is likely to be long and hard, and its outcome is still unclear.

The competing nature of U.S.-Russian relations will severely limit the potential for cooperation between Washington and Moscow. The Russians cannot be expected to cooperate too closely with the United States while the U.S. sanctions against Russia remain in place. The Americans, for their part, will find it difficult to deal with Russia as long as it is led by Vladimir Putin, which can be for many more years. It is wrong to ascribe the current confrontation between Russia and the United States to the personality of the Russian president. Putin’s policies are broadly consistent with the historical pattern of Russian behavior. It is safe to assume that Putin’s successors will follow these lines.

Russia can be a partner of the United States in a number of areas—strategic stability; nuclear proliferation; counter-terrorism; cybersecurity; climate change, and so on. However, it will not merely follow the United States, but seek an equal partnership, as, e.g., in the case of the Syrian chemical disarmament (2013). In other cases, even where their interests meet, Russia can challenge U.S. judgment or strategy or tactics.

The U.S. problem with dealing with Russia will be that Moscow will always insist on equality of relations
between the essentially unequal partners. Punching above one’s weight is Russia’s standard practice when it finds itself in a difficulty, or in an inferior position vis-à-vis the world’s leading power of the day.

In the ongoing competition between the United States and China, Russia is for the first time likely to back China, even as Moscow seeks to build a special relationship with the rising power in the east. Russia, however, will have to be careful not to succumb to China’s dominance.

In an effort to help transformation of the world order, Russia will seek to give more prominence to the BRICS and the SCO, and to bilateral relations with key non-Western powers: China, India, Brazil, Turkey, Egypt, South Africa, Vietnam, Iran, and others. It will also focus on relations with its partners in the Eurasian Economic Union. Having failed to join the West, Russia is now joining the non-West.
The Ukraine Crisis and the West’s Response: Diplomatic, Economic and Military Options

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Introduction
An internal Ukrainian political dispute became a Ukraine-Russia crisis in early 2014, when Russia used military force to seize Crimea and subsequently supported armed separatists in the eastern provinces of Donetsk and Luhansk. Moscow’s intervention has brought West-Russia relations to their lowest point since the end of the Cold War.

Russian support for the separatists appears aimed at destabilizing the Ukrainian government, making it harder for that government to address its pressing reform agenda and draw closer to the European Union. Moscow’s goal seems to be to create a frozen conflict in Donetsk and Luhansk as a means to pressure Kiev. The West has responded to the crisis with a variety of diplomatic, economic and military measures. This paper examines those steps and future options for the United States and Europe.

Russia’s Aggression against Ukraine
In late February 2014, after then-President Yanukovych left Kiev and the Ukrainian parliament appointed an acting president and government, “little green men”—the Ukrainian term for soldiers wearing Russian combat fatigues but no insignia—seized the Crimean peninsula. On March 18, 2014 Russia annexed Crimea.

Armed separatists in April seized key buildings in Donetsk and Luhansk (also referred to as the Donbass). While many were local residents, they received support, funding and leadership from “little green men.” The separatists occupied major parts of the Donbass by mid-May. Ukrainian forces launched a counter-offensive in June. As they made progress, Russia began supplying the separatists with heavy weapons, such as tanks and apparently the Buk (SA-11) surface-to-air missile system that in July 2014 downed Malaysia Airlines flight #17, killing all 298 people onboard.

Ukrainian forces nevertheless continued to progress. By early August, they had cut separatist-held Donbass into two pockets and appeared on the verge of victory. However, on or about August 23, regular Russian army units crossed the border and attacked the Ukrainians. By the time a ceasefire was agreed in Minsk on September 5, the Ukrainian army reportedly had lost 50-70 percent of the armor it had deployed in the Donbass area.

The September ceasefire never took full hold and broke down in January. German Chancellor Merkel and French President Hollande met with Russian President Putin and Ukrainian President Poroshenko in Minsk on February 11-12 and brokered a new ceasefire and settlement (Minsk II). Facing a deteriorating military situation and looming financial crisis, Poroshenko accepted the agreement. Its terms were far less favorable for the Ukrainians compared to the September arrangement. Many analysts feared that Minsk II’s ambiguities and unresolved issues disadvantaged Kiev.
Implementation of Minsk II did not start well. Separatist and Russian forces assaulted and captured the Ukrainian position at Debaltseve (a strategic railway junction between the cities of Donetsk and Luhansk) on February 18—four days after the ceasefire was supposed to take effect. Subsequent fighting near Mariupol raised concern that separatist and Russian forces might next try to capture that port city. (Although Putin later admitted that Russian troops took Crimea, he has continually denied that Russian forces are in eastern Ukraine, despite overwhelming evidence.)

The ceasefire seemed to be holding better in early March. The conflict has left more than 6,000 dead according to official figures (unofficial estimates run significantly higher). It has devastated much of the industry and infrastructure of the Donbass. Whether the Minsk II agreement will be fully implemented is questionable. In addition to the ceasefire, difficult questions regarding the political relationship between Kiev, on the one hand, and Donetsk and Luhansk, on the other, remain to be negotiated.

The Diplomatic Response

Since Russia’s seizure and annexation of Crimea in March 2014, the West has applied a series of increasingly strong diplomatic, economic and military measures.

The first steps were diplomatic, aimed at imposing a degree of isolation on Moscow and Putin. Washington suspended many US-Russia presidential commission activities. The US, British, Canadian, French, German, Italian and Japanese leaders decided not to attend the G8 summit that Putin was scheduled to host in Sochi but instead met in Brussels as the G7. The Australians wanted to disinvite Putin from the Brisbane G20 summit in November but decided that they could not do that absent a consensus.

Moscow has sought to downplay its isolation, stressing Russia’s links with other countries and groups such as the BRICS—the Brazil, Russia, India, China and South Africa grouping. The isolation nevertheless clearly rankles. Putin received a cold reception at the Brisbane G20 summit and chose to depart early.

Washington has generally stepped back and supported Merkel’s leading role in conducting the West’s diplomacy with Russia regarding Ukraine. The German chancellor has successfully built support within the European Union for robust sanctions against Russia and has a long-standing—if now strained—relationship with Putin.

The West could consider additional steps to isolate Russia. But it should be selective. There remain issues on which US/Western and Russian interests converge and where cooperation is important to US and European interests. These include preventing Iran from acquiring a nuclear weapon, maintaining stability in Afghanistan, and strategic nuclear arms control when the United States and Russia each still have some 1,650 deployed strategic nuclear weapons and total nuclear arsenals of about 4,500 weapons.

The Economic Response

Ukraine faces a precarious financial situation, and some analysts warn of a potential default. The International Monetary Fund on February 12 announced preliminary agreement on a four-year extended fund facility program worth up to $17.5 billion. That will not suffice. Ukraine could require up to $20-25 billion more in grants and low interest financing in 2015-2016, and Kiev will look to Europe and Washington for much of that. While not enthusiastic, the European Union likely will provide additional funds, as it does not want a large failed state on its doorstep. The United States may also need to contribute more. IMF, EU and US support should be conditioned on Kiev taking long-overdue steps to reform its economy and curtail corruption.

The United States and the European Union have imposed increasingly robust economic sanctions on Russia over the past year. The US government imposed its first sanctions in March 2014, applying visa bans and asset freezes on individual Russians, including some believed to be close to the Kremlin and Putin. Shortly thereafter, the European Union imposed similar (though not identical) sanctions.

In April, the United States began sanctioning specific Russian banks and companies. It broadened the list of sanctioned companies in July, includ-
ing several major banks and energy firms, while the European Union sanctioned all majority state-owned banks and applied trade sanctions in the energy and defense sectors. The United States and the European Union imposed additional sanctions on Russian companies in the financial, energy and defense sectors in September. Other countries, including Canada, Japan, Norway, Switzerland and Australia, have also leveled economic sanctions on Russia.

Washington has coordinated sanctions-imposition closely with the European Union, in order to maximize impact and avoid a split that Moscow might seek to exploit in order to divide the West. The European Union can be slow to approve sanctions, which require a consensus decision by all 28 member states. Achieving consensus can be a challenge, in part because Europe has considerably more at stake in a trade war. EU trade with, and investment in, Russia dwarfs US-Russian economic interaction. For example, in 2013, trade between Russia and EU countries amounted to about $435 billion, and EU member states import substantial amounts of natural gas and oil from Russia. In contrast, US-Russian trade in 2013 came to only $36 billion. The Russians are actively cultivating certain EU member states, such as Hungary, Cyprus and Greece, in part in hopes that they will impede an EU consensus on new penalties.

US sanctions to date have been imposed by executive order and will remain in force until the administration decides to ease them. EU sanctions remain in force for one year after adoption. EU practice has been that, if the original reason for the sanctions remains, they are extended for another year. That said, a number of member states are unhappy with sanctions and may balk at their extension. Other EU member states, including Germany, Britain, Poland, Sweden and the Baltic states, will argue for continuing sanctions if Russian behavior remains unchanged. Merkel, in particular, has insisted that Moscow fully implement agreements before any easing of sanctions.

The sanctions’ principal effect has been to freeze Western financing for many Russian companies—including those not formally under sanction, as financial markets have become nervous about doing business in Russia in general. There is no doubt that they have had an impact on the Russian economy, an impact magnified by the dramatic fall in the price of oil, Russia’s number one export, over the past year.

The Russian Central Bank reported that capital flight came to $150 billion in 2014. Reserves fell from $510 billion in January 2014 to $360 billion in February 2015—much of which went to a fruitless defense of the ruble, whose value against the dollar has dropped by some 50 percent since last July. The Russian Ministry of Economy projects the economy will contract by three percent in 2015; other analysts foresee a larger contraction. Russian companies have an estimated $100 billion in debts to Western banks that come due this year, which they will not be able to refinance in the West. The refinancing burden will likely fall on the Russian government.

Despite the economic impact, sanctions as of early March had not achieved their political goal: to prompt a genuine change in Russian policy toward Ukraine. Some believe that could still happen, for example, as Putin begins to worry that the damage to his economy is mounting while the average Russian’s purchasing power declines, he will adjust course so as to avoid an erosion of public support. Others believe Putin will rally the Russian population to resist the West and its sanctions. Putin undoubtedly hopes that EU sanctions will unravel before too much damage is done to his economy and approval rating. Keeping a unified Western stance is critical to affecting his calculations.

Following the fall of Debaltseve in February, Secretary Kerry indicated that the US government was considering additional sanctions. Current Western sanctions on Russia, on a scale of one to ten, rank at about a four. Some have suggested that Russia be blocked from the SWIFT system used for international money transfers between banks. That would essentially bar Russia from electronically moving funds across its borders.

Blocking Russia from SWIFT would increase the severity of economic sanctions to a ten—sometimes called the nuclear option. The West has been reluctant to invoke this extreme measure, in large part due to possible blow-back on the Western financial system and disruption of unsanctioned trade. Russian officials have threatened a harsh response if their banks are barred from SWIFT; some analysts suggest Moscow might retaliate with cyber-attacks on Western banking systems.
The United States and Europe have a number of options short of blocking Russia from SWIFT that would inflict increased economic pain on Russia. “Vertical” options would intensify existing sanctions. Examples include expanding the list of Russian companies in the financial, energy and defense sectors sanctioned; broadening restrictions on the transfer of oil extraction technologies; and deepening financial sanctions (such as restricting certain types of financing or debt to no more than 30 days maturity instead of 90 days). “Horizontal” measures would expand existing sanctions to sectors of the Russian economy other than finance, energy and defense.

The Ukraine Freedom Support Act authorizes the US president to impose, among other things, additional sanctions. Threats that Congress might mandate sanctions could provide pressure on Moscow, but actual imposition of Congressional sanctions could prove counterproductive. The Kremlin’s view of Congressionally-mandated sanctions is shaped by the Russian experience with the 1974 Jackson-Vanik Amendment. Although Moscow met Jackson-Vanik’s requirements in the mid-1990s, Congress did not graduate Russia from its provisions until 2012—and then only in the context of the Magnitsky Act, which imposed other sanctions on Russia. For sanctions to work, the Kremlin must see a possibility of their being eased if it makes a genuine change in policy.

The goal of most US and EU sanctions has been to effect a change in Russia’s policy on eastern Ukraine. If Minsk II is fully implemented, some sanctions relief would be appropriate—and the European Union would insist on it. Western countries would, however, maintain Crimea-specific sanctions to back their policy of non-recognition of Russia’s illegal annexation. Kiev does not recognize Crimea’s annexation (nor does most of the world), but the Ukrainians consider that an issue to address in the long term.

The Military Response

The West’s primary military response to Russia’s aggression against Ukraine has been to bolster defenses on the territory of NATO allies in Central Europe (including the Baltic region). The Russians have adopted a more provocative stance toward NATO, for example, increasing bomber flights around NATO territory. Some allies fear that Moscow’s objectives go beyond Ukraine.

When NATO began its post-Cold War enlargement in 1997, it attempted to assure Moscow by stating that there would be no “permanent stationing of substantial combat forces” on the territory of new members, although it never articulated to the Russians what was meant by “substantial combat forces.” NATO has not formally changed that policy, but it began strengthening its military posture in Central Europe following Russia’s seizure of Crimea last March.

The US Army now rotates light infantry units (approximately 150 personnel) into each of the three Baltic states and Poland in order to have a “persistent” presence (“persistent” may be the new “permanent”). The Pentagon plans to deploy a heavy brigade’s worth of armor—150 Abrams tanks and Bradley fighting vehicles—in Europe this year, perhaps in Poland. Other NATO members have increased ground force exercises in the Baltics.

NATO members have since last April tripled the number of fighter aircraft committed to the Baltic air-policing mission. While most NATO navies consider the Black Sea as something of a backwater, NATO ships now keep a regular presence there.

At the September 2014 Wales summit, NATO leaders agreed to create a response force with 5,000 personnel capable of deploying within 48 hours of an alert. NATO has decided to expand its headquarters presence and infrastructure for receiving reinforcing troops on the territory of Central European and Baltic allies. NATO is also considering how to deal with the hybrid warfare tactics (such as use of “little green men”) that Russia has demonstrated in Crimea and eastern Ukraine.

NATO actions aim to assure allies closer to Russia, who are alarmed by Moscow’s policies and potential future actions, of the Alliance’s commitment. They are also intended to signal Moscow that NATO will use military force to defend member states.

It will be important to sustain funding for these and other steps to strengthen NATO’s conventional military posture in Central Europe. The administration has urged allies to achieve NATO’s goal of each
ally spending at least two percent of GDP on defense, a goal that few allies currently meet.

There have been suggestions that the United States react to Russia’s seizure of Crimea and its deployment of nuclear-capable delivery systems there by locating US dual-capable aircraft and B61 nuclear bombs in Central Europe, perhaps Poland. That would get Moscow’s attention but has major drawbacks.

First, US aircraft and nuclear arms at airbases in Poland would be more vulnerable to Russian preemptive action in a crisis. Much of Poland can be targeted by the Iskander ballistic missiles that Russia reportedly has deployed in Kaliningrad, on the northern Polish border. Second, such a deployment would contradict NATO’s policy of not placing nuclear weapons on the territory of new allies. That would divide the Alliance, as many allies, probably most, would oppose the step. Third, Moscow would view the placement of US nuclear weapons so close to Russia as a provocation on par with the 1962 Soviet attempt to place nuclear missiles in Cuba.

In 2014, the US government provided $120 million in military assistance to Ukraine, all of which was non-lethal and about half of which was delivered by the end of the year. The administration intends to provide at least as much in 2015.

One question under debate is whether the United States should significantly increase military assistance to Ukraine and provide lethal defensive arms, such as light anti-armor weapons. Were Washington to do this, some NATO allies—possibly including Poland, the Baltic states, Canada and Britain—would follow. Other allies, including Germany, oppose providing arms.

Proponents of providing defensive weapons argue that they would enable the Ukrainian army to better defend Ukraine’s territory and inflict greater costs on any further Russian aggression, which might deter Moscow from escalation. Opponents argue that Russia has escalation dominance and would almost certainly escalate the conflict. Proponents counter that further escalation would require more overt engagement by the Russian army, something the Kremlin has been reluctant to do, as it could raise concern among the Russian people and provoke new international sanctions.

The West has options for further responses to Russia’s aggression against Ukraine. If the Minsk II agreement collapses, as did the September ceasefire arrangement, the issues of further economic sanctions and military assistance will receive greater attention in Washington and in a number of EU member state capitals.
The Moment of Truth:
Ukraine has a Historic Chance to Transform,
if it Survives the War on the Eastern Front

Vitaly Sych
Chief Editor, Ukraine’s New Time magazine

Lives of many Ukrainians switched into emergency mode on Dec.1, 2013. That day special police units beat up students who protested in the Maidan, Kiev’s main square, against ex-President Viktor Yanukovych’s decision not to sign an association agreement with the EU. Ukrainian television channels aired footage of police brutally beating up young girls and boys who were peacefully protesting on Maidan. The students were bleeding and shouting, some of them managed to escape only when they got inside the nearby churches. The next day a crowd of 100,000 outraged Ukrainians poured into Kiev’s streets.

I was one of them. Two weeks before the protests erupted I was forced to leave Ukraine’s largest weekly magazine Korrespondent when a businessman loyal to Yanukovych purchased the magazine and introduced censorship. I had headed the magazine for 10 years. It gained political weight when we investigated Yanukovych’s real sources of income and ran a photo essay of his mansion shot from the air.

The protest was no longer about European integration—it was about justice and dignity. People demanded an apology and a punishment for those responsible for beating the protesters.

If Yanukovych apologized and fired an Interior minister, or even asked an Interior Minister to publicly recognize a mistake and axe somebody below, a big part of the protest would have been over. But Yanukovych responded with repressions turning a spontaneous protest into a marathon stand-off. Parliament, dominated by a pro-Yanukovych majority, passed laws that were later labeled as dictatorial. The new legislation introduced jail terms for protesting near government buildings, gathering in convoys of more than five cars, investigating government and police officials for any wrongdoing and “disseminating slander”. By the latter, the Members of Parliament, of course, meant any criticism of Yanukovych and his government. If enforced, the laws would effectively make protests illegal, ban freedom of speech and legalize corruption.

I immediately figured, if we allow this to happen, we will turn into a bad version of Belarus for decades. There would be no elections in Ukraine, no economic competition, not even personal freedoms. We wouldn’t even get what I call a “freedoms in exchange for food” pact—relatively high social standards that the Belarusians and Russians enjoy. The so-called “Family”, Yanukovych’s inner circle, was looting the economy and wasn’t willing to share.

Most protesters also understood it was an existential fight and wouldn’t leave the square, despite life threats and negative temperatures.

Then the protests turned violent.

Yanukovych’s people flooded the city with armed thugs brought from all over Ukraine to intimidate the protesters. Some of the activists, like my former business editor Igor Lutsenko, went missing. Lutsenko was kidnapped, taken to the woods and tortured. But he survived. He appeared on TV a few days afterwards in a wheelchair. A man who was kidnapped with him
was later found dead. Many others were targeted too. Nobody knew who was going to be next. One night 20 activists went missing. The next morning my wife and I decided it was probably time to leave the city. After leaving the magazine, I became active in protests. I put together a joint video address of prominent journalists to the nation. No TV channel would air that, so we broadcast it on news sites and YouTube. I did an opinion piece for Bloomberg calling for the global business community to pressure Yanukovych’s business allies, who at the time enjoyed a relatively good reputation in the West. I was also active in Facebook with 20 thousand subscribers and eventually started getting threats. But we decided to stay—it was difficult to leave home with two small children for long.

Protesters captured about a dozen government buildings, erected barricades throughout the city center and attacked police with stones and Molotov cocktails. Accidentally, we learned that our 19-year-old daughter, a student, was filling up Molotov cocktails on Maidan when snipers already worked on the roofs. We were terrified and banned her from leaving home. A few days afterwards what was already called a Revolution of Dignity culminated in an ugly way. Special troops shot dead about 100 people right in the center of the capital. Yanukovych fled Kiev. Parliament cancelled the dictatorial laws. The next morning Yanukovych’s mansion the size of Hyde Park in London, a symbol of corruption, opened its doors to general public. The trouble seemed to be over. But it had just begun.

A few weeks afterward Russia annexed Crimea and riots began in Eastern Ukraine. Armed people started capturing government buildings in Donetsk and Luhansk, some of them Russians, some of them locals. What was happening in Kiev was grim but was clear. The developments in the Crimea and Eastern Ukraine were beyond my understanding. Who were these people? Where did they get grenade launchers and Kalashnikov guns in such quantities? And what are they protesting against? Human rights, economic development and honest government? The most shocking thing was that a large part of the population, especially in Crimea, supported the rebels.

We suddenly realized that Russian propaganda, which looked ridiculous from Kiev was extremely effective in the Russian-speaking areas of Ukraine and Russia itself. What we thought was a Revolution of Dignity was presented on Russian TV as an illegal rebellion of neo-Nazis financed and managed by Americans. An anti-criminal revolution was shown as an aggressive offensive on anything that is Russian—culture, language, identity. The technique was simple: Russian media focused on a small radical wing of the revolution—it constituted less than 5%, the rest were young professionals, students, retirees—and blew it out of proportion mixing it with fakes and lies.

Viewers were hammered with literally non-stop images of radical youth accompanied with emotional commentary and historical parallels with the Second World War. Lack of facts was compensated with fakes. A woman from the Donetsk region cried and told a horrifying story how her child was crucified by the Ukrainian fascists. It was later proven to be a fake. Men claimed they were brutally beaten for using the Russian language in southern Ukraine. They were later proven to be dressed actors who claimed the same in different parts of Ukraine depending on a channel. Dmitry Yarosh, the head of Ukraine’s right-wing political party Right Sector, was shown on Russian TV as winning Ukraine’s presidential elections with 32% to create an impression nationalists are grabbing the power in Kiev. He actually got less than 1%. It can be checked on the site of Ukraine’s Central Election Commission or any Western or Ukrainian news site. In another astounding TV report, a local resident in Donbass claimed Ukrainian soldiers told him they were promised a piece of land and two slaves each for their military campaign. The report was backed up with images of dead bodies.

You would think such a primitive technology wouldn’t work in the 21st century when people have internet. But it did. No wonder a lot of residents in Crimea and Russia started treating the Ukrainian revolution and Ukrainians themselves with suspicion, to say the least.

In a recent poll by the Moscow-based Levada Center polling agency, Russians included what they previously referred to as brotherly Ukraine into the top three most hostile nations to Russia, along with the US and Latvia. Ukrainians replaced Georgia and Estonia in this honorary title.

Ukrainians’ attitude towards Russians has also deteriorated. Comments under most articles on news
sites have turned into verbal fights and an exchange of insults by Russians and Ukrainians. The number of Ukrainians willing to live in the same state with Russians fell to a record low of 5% by October last year, even in the East of the country the figure halved from 26% to 13% over just five months.

Relations have deteriorated on the human level as well. My wife’s sister has lived in Moscow for many years, she is a Russian citizen. We find it difficult to communicate with her family and decided we should all take a pause. It is difficult to speak with people who are convinced the black color is white and vice versa.

Generally, most Ukrainians have been on a major emotional and financial stretch over the last year. First, many have either participated in the war in the eastern part of the country or lost a relative or a friend. My classmate, an owner of a private clinic and a father of the three, now commands a platoon. He is a volunteer. My former nation editor has just been called to the army and is training now. Over the last year almost everyone I know acquired a habit of checking sites even at night to find out news from the front. It is also a major topic of conversation.

Second, all the Ukrainians have seen their income plummet as the exchange rate of the local currency, the hryvna, fell from 8 to almost 30 to a dollar over the last year. Those who were making $3,000 are now making $1,000. Even though a lot of businessmen and office workers have become volunteers or contributed financially to support the Army, doubling the defense budget even by official estimates.

War sent the Ukrainian economy into a free fall with an estimated GDP contraction of 7.5% last year. Investors shunned the country at war, local businesses stagnated.

Financial woes came on top of the government’s attempts to reform the economy which often means raising prices. For example, tariffs for electricity will go up 40% next month while heating will become 66% more expensive by the end of the year. Gas tariff hikes will also grow 5 times over the next two years. The hikes are needed to make gas and electricity a commercial, rather than political commodity. Raising the tariffs is also part of the Ukrainian government’s commitment to the International Monetary Fund whose funding it badly needs to cover holes in the budget.

Ukraine is now waging two wars: one with pro-Russian rebels and Russian troops in the East, another—at home trying to reform its obsolete economy. The government was slow to reform in the first six months after the revolution. Part of the reason was the war that drew a lot of resources, part was domestic politics—a new parliament needed to be elected that would replace the caretaker government with the new one. That happened in December last year. Now Ukraine has the most professional and most determined government since it became independent in 1991. That is not only my estimate but also that of foreign economists such American Anders Aslund and Leszek Balcerowicz, an architect of Polish reforms in the 1990s. Most of the new ministers came from private business and investment banking. Foreigners were also widely invited, a lot of them former members of Mikhail Saakashvili’s team in Georgia. If it can be an indicator of pro-Western sentiment, 18 out of 20 ministers in the government now speak English. There were only two such people in Yanukovych’s government. In addition, they all have a strong incentive to reform—a lack of alternative. If they don’t, Ukraine’s economy will collapse in a year or two. That will include privatizing loss-making state companies, cutting red tape and easing the tax burden as well as putting corrupt people in jail.

Ukraine has now a historic chance to transform into a vast European nation with competitive economy and rule of law. If it can only survive on the Eastern front—its people have been in emergency mode for the last 15 months.
Who Really Runs Russia?
How the country’s informal power networks undermine formal institutions.

Robert Coalson
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In her 2006 book “How Russia Really Works” and its sequel “Can Russia Modernize?” political scientist Alena Ledeneva of University College London looks at the informal governing system that characterizes Vladimir Putin’s Russia. Robert Coalson spoke with Ledeneva about how this method of governance works and what it means for Russia’s development.

In your books you describe Russia as governed by informal rules you call “sistema.” What does this term mean?

Alena Ledeneva: I picked on the term “sistema” (meaning “system” in Russian) because it was the third most-used word in Russia when they did a content analysis of elite interviews. It turned out sistema is a very commonly used word.

I went to meet with President [Vladimir] Putin in 2005 as part of the Valdai Discussion Club and there was an opportunity for everyone to ask a question. And I asked a question about corruption. I asked whether he could tell us about his anticorruption business plan against corruption in the Kremlin. And he smiled and said there is no corruption in the Kremlin and why should there be when the budget is distributed elsewhere.

And then he was detailed in his answer and he said an interesting thing. He said, “You know, it is no good to punish people individually. You need a whole change of sistema in order to get rid of corruption.”

And that is where I picked it up and I thought it was fascinating to learn what that sistema actually is. And when I started to study, I realized it is a very elusive term. It is a shorthand term for a system of governance that usually refers to things that are not to be named. It is like the open secrets of governance. That’s where we talk about “the sistema way of doing things” or “sistema pressure” on people. We never explicitly refer to what they are, but we assume we all understand what we are talking about.

Can you tell us more specifically how the term applies in Putin’s Russia?

Ledeneva: I call it in the book “methods of informal governance.” It is a situation when institutions do not work and the leadership has to do something. And what they do then, they use things that do work in that region: networks, relationships, informal power, informal negotiations, and bargaining. That’s what works. And that is exactly what’s been used as these forms of informal governance to achieve targets that otherwise could have been achieved through formal channels, but those do not work.

So, Putin always steps in and personally makes sure there is a Sochi Olympic village that is built on time. If he needs to get something, he puts his best friend in charge. He always makes sure he uses reliable
people in different positions. And that is a kind of—[as] I call it in the book—"the modernization trap." Because you do use informal networks to get things done and you think you are pursuing the targets of modernization through the use of the tools which seem to you, as a leader, effective. But you cannot escape the long-term consequences.

Those informal-governance instruments actually come back and hit you by undermining the workings of formal institutions, which remain weak [and] inoperational. And you then suck yourself into the whirl of informality that is very much personalized and cannot be used in a controlled way.

Checks and balances become a problem, although they exist in informal governance as well. But it is that the scale of it is really not manageable, and that is a danger. That’s what I call "the modernization trap" of informality. That you do use the potential of informal networks, but you cannot escape from the long-term detrimental consequences.

If this leads to the “modernization trap,” isn’t it a dead end? Where is the attraction of sistema?

Ledeneva: In the book, I call that “the ambivalence of sistema.” In the sense that sistema is not something very simple. It is an outcome of complex, anonymous, unpredictable, seemingly irrational forces. But it also glues society together. It distributes resources. It mobilizes people. It contributes to stability in people’s minds. It ensures its own reproduction.

The people’s view—I suppose they might be criticizing sistema, but they also assume its legitimacy in some way. And that is why, once Putin brought that order to the system, he has been supported. He is still supported for that because you could see that what he is getting or what his government is getting is trickling down in ways that are understandable to people. That’s why 62 percent vote for Putin, even for a third term, even if that negates the [spirit of the] constitution (i.e., the Russian Constitution limits presidents to two consecutive terms).

And that says something that one should understand. We can preach the power of institutions or the rule of law as much as we want, but if people don’t see the effects of those things for themselves, they would always opt for something that works. And what works in Russia is informal governance.

Does sistema in Russia pose a danger to other former Soviet states that want to move toward a rule-of-law system? Does Russia hold them back by exporting sistema through its contacts with them?

Ledeneva: Putin’s leadership has been very popular in the former Soviet Union—in some countries—[though] not Georgia, of course.

He’s been viewed as a powerful leader, someone who could actually stand up for the country and consolidate its strength, project Russia strongly on the international agenda. And to be a powerful broker, say, in matters concerning Syria or Cyprus. Russia has restored its role internationally under Putin and I think that is what the smaller countries of the region are looking up to. This is something that is appealing to them.

Having said that, when you have a big neighbor like Russia, it brings a lot of discomfort as well. If politics goes wrong or if you want to do something that goes against the will of Russia, that is difficult for the small countries. Like with Ukraine—it is a love-hate type of relationship. Very close, but also quite dangerous. The countries you are asking about are all known for their own sistemas, if only because they also have Soviet roots and that kind of Soviet sistema has grown into the network-based system of governance that Putin has perfected during his rule.

And finally, Dmitry Medvedev has said in the past and said again last week that he thinks it will take 100 years before Russia has a functioning democracy that respects the rule of law. It seems to me that you are equally pessimistic.

Ledeneva: One of my respondents said 300! Medvedev is a very different man than Putin. He said that Putin actually solved problems—he finds instruments that works and uses them to get things sorted and to fix things. Whereas Medvedev is very legalistic and he actually saw for himself that things are very hard to change in Russia.
This is something that [former Soviet President] Mikhail Gorbachev said. When I was researching my book, I found this very nice citation where Gorbachev said -- “you know, I changed my region in Stavropol [Krai] and I was so pleased with that and I thought I knew how to do it, so when I came to Moscow, I just thought I’d do the same, but on a bigger stage. Then, what I realized, you cannot move even one single person in terms of appointments and personnel because everything is so tightly knit and co-dependent and working in these kinds of sistema dependencies that I was really in despair.” Gorbachev said—”you cannot change sistema at all.”

And that, I think, is what Medvedev has found himself during his time in office I suppose his pessimistic view is very understandable. It’s just hard for those guys on the top.
Sistema, Power Networks and Informal Governance in Putin’s Russia

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In her new monograph, *Can Russia Modernize? Sistema, Power Networks and Informal Governance*, Alena Ledeneva seeks to decode and reveal how informal power operates. Concentrating on Vladimir Putin’s system of governance – referred to as Putin’s sistema – she identifies four key types of networks: his inner circle, useful friends, core contacts and mediated connections. These networks serve sistema but also serve themselves. Reliance on networks enables leaders to mobilize and to control, yet they also lock them into informal deals, mediated interests and personalized loyalties. Ledeneva’s perspective on informal power is based on in-depth interviews with sistema insiders and enhanced by evidence of its workings brought to light in court cases, enabling her to draw broad conclusions about the prospects for Russia’s political institutions. The book is available from Cambridge University Press from February 2013.

Sistema in contemporary Russia is a shorthand term for a ‘system of governance’ that usually refers to open secrets or governance matters not-to-be-named. The term itself is elusive. Outsiders find it too general to mean anything in particular. Insiders are not ordinarily bothered with definitions of sistema – they intuitively know it when they experience the ‘system made me to it’ pressure. One of them explains the unarticulated nature of sistema by the lack of distance of insiders from it:

This is not a system that you can choose to join or not – you fall into it from the moment you are born. There are of course also mechanisms to recruit, to discipline and to help reproduce it. In the Soviet Union there was more or less a consolidated state, whereas now it is impossible to disentangle the state from a network of private interests. Modern clans are complex. It is not always clear who is behind which interests.

It is these non-transparent interests and non-hierarchical, network-based aspects of governance that are missing in the most conceptions of Russia’s systems of governance. Even when informal influence, connections, clans, cliques, clusters and other types of informal alliances within the elites are identified, the social networks that generate ‘informal power’ are not seen as intrinsic to the concept of governance. Moreover, it is often assumed that power networks shadow formal positions of power so that a ‘map’ of a pyramid of informal ties and influences can be produced. This is not how informal power operates. There is not much regularity about it. Besides, networks that channel informal influence function in an ambivalent fashion – they both support and subvert the existing governance model. Personalized power networks enable leaders at all levels to mobilize and to control, yet they also lock politicians, bureaucrats and business-
men into informal deals, mediated interests and personalized loyalties. This is the ‘modernization trap of informality’: one cannot use the potential of informal networks without triggering their negative long-term consequences for institutional development.

**The Soviet sistema vs sistema in Putin’s Russia**

The collapse of the Soviet Union provides a starting point for assessing continuity and change in sistema. Soviet sistema was associated with the theoretical tenets of socialism – no private property, centralized planning, political and ideological rigidity – but it also triggered behavior that went contrary to its proclaimed principles. In an insightful commentary on sistema in his memoirs, Joseph Brodsky recalls, If one had brains, one would certainly try to outsmart the system by devising all kinds of detours, arranging shady deals with one’s superiors, piling up lies and pulling the strings of one’s [semi-nepotistic] connections. This would become a full-time job. Yet one was constantly aware that the web one had woven was a web of lies, and in spite of the degree of success or your sense of humor, you’d despise yourself. That is the ultimate triumph of the system: whether you beat it or join it, you feel equally guilty. The national belief is – as the proverb has it – that there is no Evil without a grain of Good in it and presumably vice versa. Ambivalence, I think, is the chief characteristic of my nation.

Putin’s sistema functions with some elements from the ‘administrative-command’ system of Brezhnev’s socialism. Administrative-command methods remain effective for mobilizing new elites and allocating resources, adjusted to present-day objectives and priorities. But there are also significant differences: the party ideology has given place to market interests, state property to privatized assets, informal exchange of favors to monetized kickbacks, planning to the constraints of global finance, local-bound infrastructure to hi-tech technologies and overtly command methods to more subtle informal signals.

The key difference of Putin’s sistema is its orientation on wealth. Due to the monetization of the economy, power networks that used to be aimed at obtaining privileges have become oriented towards monetary income and capital. In the Soviet economy, favors of access to resources had to be routinely exchanged as the resources themselves were not alienable. Power networks rewarded their members with exclusivity – privileges of access to resources rather than ownership of resources per se. During Russia’s transition to a capitalist economy, the assets themselves were granted, privatized, sold to foreign investors and taken out of the country.

Putin’s Russia has seen an increase in economic growth but also an increase in the scale of the economy of kickbacks, widespread practices of informal deals over the budget funds and informal capital flows. Stanislav Belkovsky coins the term of the ‘economy of r-o-z’, referring to three common forms of corruption: splitting profits, paying kickbacks and carrying in bribes (raspil, otkat and zanos). He quotes corresponding percentages on deals with informal income and emphasizes the quantitative specifics of present-day sistema: from the 25 per cent splits, 10 per cent kickbacks and 2 per cent bribes in the 1990s to the 60 per cent splits, 30 per cent kickbacks and 10 per cent bribes in 2010. Informal income has become a “drug for thousands of thousands of bureaucrats and businessmen and their dependents,” he says. “Practically all elites are addicted to the injections of informal income...Many state officials understand that they should fight this addiction, but cannot resist another dose.”

**The sistema ambivalence**

In my view, sistema should not be associated simply with corruption and dysfunctional government. Sistema benefits from corruption but also restricts it with its inner channels of checks and balances. It sustains informal control over assets and appointees and reserves informal leverage for re-negotiating property rights and positions. The vulnerability of individuals, the flexibility of rules and ambivalence of constraints are at the core of the functioning of sistema. Sistema is complex, anonymous, unpredictable and seemingly irrational, but it serves to glue society together, to distribute resources and to mobilize people; it contributes to both stability and change; and it ensures its own reproduction. Present-day sistema incites people to work, offers effective stimuli and adequate motivation, but does so in an ambivalent and even paradoxical way. Its incentives prioritize short-term gain at the expense
of long-term sustainability, loyalty at the expense of professionalism, safety and collective responsibility at the expense of leadership, and innovative circumvention of sistema constraints at the expense of productive innovation. Self-made businessmen often comment on their success being achieved against the odds and despite the forces of sistema, whereas sistema businessmen prefer to avoid the subject of building close links with influential politicians or deny the links altogether. Power networks enable their leaders to receive support and to trust others (inner circle), to access resources (useful friends), to mobilize cadres for solving problems (core contacts), and to reduce risks and uncertainty (mediated contacts). All these functions are not without strings attached.

**Sistema works**

It is tempting to assume that there are obvious reform measures that Russia could undertake to replace sistema with a market economy and the rule of law. It would be a mistake, however, to associate sistema with a failed state. It would be too simplistic to claim that Putin’s micro-management does not work. Quite the opposite, it is amazing how much does get done in Russia despite the infrastructural problems and institutional inefficiencies, and the explanation lies in the effectiveness of networks and relationships. Sistema’s output is impressive because it is capable of mobilizing people, of recruiting youth and of creating opportunities. When it comes to individual recruitment, offers that came from authorities are difficult to resist and hard to refuse. Moreover, such offers are met with enthusiasm and selflessness. Businessmen rationalize their participation by future gains for business and for themselves through sistema’s promise of scale and potential, and often disregard sistema’s downsides. If successful, their businesses will be used by sistema or appropriated through sistema raiding; if unsuccessful, a new generation of businessmen will be mobilized. Just as people exploit sistema, the sistema exploits people. Breaking out of this reproductive circle can be assisted by honesty and trust at individual level, the idea of common good recognized by all, equality before the law, security of property rights – which thus far have been kept unstable in order to keep asset holders in control – and accountability of the leadership’s informal governance.

**Factors of change: financial integration, technological modernization, legal globalization**

The financial integration of Russia into the global community created possibilities of moving wealth and capital from Russia, which were especially visible when associated with individual exits from sistema. According to the 2011 national opinion poll, 65 per cent of Russians answer ‘yes’ to the question ‘Do state officials have bank accounts abroad?’.

Another factor essential for the opening up and consequent transformation of sistema is associated with globalization in technology and infrastructure. Advances in mobile communication technology, the rise of Internet access and Russia’s openness and exposure to global infrastructure are not only changing the behavior of the elites but also bringing about some unintended consequences. The culture of privileges for sistema insiders is transforming under the global influence and there are also transformations in the public understanding of the common good and infrastructural equality.

The third challenge to sistema is the loss of sovereignty in legal affairs. The analysis of ‘telephone justice’ in the materials and appeals to international courts reveals signs of legal globalization (for those who can afford it) and relative weakness of sistema outside Russia. Given a large number of cases initiated by Russian citizens against Russian Federation, experts refer to the European Court of Human Rights as the Supreme Court of Russia. Yet international courts are also used by the government for the purposes of asset recovery from sistema fugitives.

None of these developments by itself can be sufficient for the transformation of sistema. It is so complex that its change must be an outcome of multiple factors, including the transformation of the leadership.

**The future of Putin’s sistema: the modernization trap of informality**

Sistema cannot simply be ‘reformed’ in the traditional sense of the word. First, challenging sistema could get the reformers expelled from their formal positions, from informal networks, or even from the country. Second, if sistema unravelled, the consequences would be hard to manage, as it is also the glue
that keeps Russia’s economy and society together. Third, it requires an enlightened leadership, capable of self-restriction, fighting sistema’s destructive forces while preserving its capacity for innovation, replacing informal tools with effective alternatives. Russia cannot modernize to its full potential unless the issues of informal governance are spelled out and tackled. In the short run, tools of informal governance can help leaders to pursue their policy objectives. Such tools help them to exert control over the media, bureaucracy and judiciary as well as parts of the economy for the purposes of stability. For example, companies in Russia know that the political leadership expects them to show ‘corporate responsibility’ through supporting political, social, youth, environmental and charity programs. The leadership also uses informal leverage and networks to promote its modernization agenda. So companies feel compelled, if not privileged, to sign up to Kremlin-sponsored projects such as the Skolkovo innovation city, even if they do not believe in their viability. In the long run, however, the informal tactics for mobilizing elites and allocating resources to insider networks undermine the fundamental principles of the rule of law, the separation of powers and the security of property rights. Ultimately, they reduce Russia’s chances of achieving the strategic goals of modernization. I call this the ‘modernization trap of informality’: one cannot use the potential of informal networks without triggering their negative long-term consequences. Informal networks enable Russia’s to complete modernization projects, but in the process, they create vested interests and lock politicians, bureaucrats and businessmen into informal bargains and pledges of loyalty that subsequently impede change and modernization. Unless Russia’s leaders address this governance paradox, there is no obvious way of tackling the change of sistema without weakening the social cohesion of the Russian society.

The paradox of informal power

Leaders rely on informal networks for getting things done but are also limited, if not imprisoned, by them. They can apply sanctions to particular members and weaken some specific networks but leaders cannot radically modify their own dependence on informal governance. Reliance on networks per se should not be viewed as defective as it is effective in enabling leadership and society to function at all. Effectiveness of the leadership can only be achieved in synergy with sistema – the leader’s power is not strictly speaking personal, it is ingrained in power networks that the leader can mobilize. The more leaders try to change sistema, the more they have to rely on the informal means of execution of power and decision-making outside of formal procedures. The more they rely on them, the more they get entangled and eventually tied up with sistema’s power networks. The more reliant on institutions, and thus less interventionist, leaders are, the less credit they receive for their leadership. It is almost as if informal leadership is the key characteristic of leadership in Russia, unachievable without instruments of informal governance. Modernization in Russia cannot succeed as long as this system of informal power and network-based governance remains untouched. I argue that modernization of sistema should start with the modernization of the networks it relies on. Russian leaders keep talking about changing Russia top down, without ever addressing the informal rules and constraints that govern their own behavior and that of political, bureaucratic and business elites. Modernizing leaders’ own networks by gradually reducing their use, or even by being aware of their use, has the potential to change sistema from the inside. Channels of recruitment have to accommodate those with loyalty to Russia, but not necessarily to its leadership. Exposure to global education and professional training can lead to modernization of loyalty patterns within hierarchies and modernization of relationships within horizontal networks.

Reflexive modernisation

The starting point is reflexive awareness about one’s own leadership style, recognition of the degree of reliance on informal governance, the ability to distinguish between personalized and corporate loyalty, and the will to recognize a boundary between friendship and the use of friendship. The motivation for the leadership to change may arise from both internal and external sources. The December 2011 peaceful protests certainly demonstrated the need for reflection for leaders, their followers and protesters alike and created a significant shift in policies. A number of events before, during and after the 2011
The announcement in September 2011 regarding the decision by the Putin-Medvedev tandem that Putin will run for President, and Medvedev will be Putin’s choice for Prime Minister triggered a reflexive change in the middle class. The arrogance of the jobs swap announcement motivated many successful, self-respecting, and apolitical people to vote for the first time. Crude manipulation of the election outcome, rather than use of more sophisticated political technologies applied in previous elections, became another factor in protests. Even among supporters Putin’s return as President came to be perceived as pursuing personal ambition, rather than any sistema necessity. Internet-based forums have turned into hubs of reflexivity, and social networking sites turned out to be more effective for channeling protest moods than oppositional activism. Yet the outcome of the 2012 Presidential elections demonstrates that the majority have vested interests in sistema and that personal loyalty and compliance within power networks continue to be more important than loyalty to universal values. It is also indicative that the so-called non-system opposition propagates an elimination or replacement of Putin’s networks, rather than rejecting the network-based system of governance as such. The protests are pitched more against Putin than for the general principle of leadership change-over. Standing up for universal principles does not make a viable position in Russia, where ‘beating the system’ and ‘privileged access’ remain both national sport and survival strategy.

It is essential, however, not to overstate the personalization of sistema in the sense that Putin’s sistema, which he had shaped by mobilizing his personal networks, is not really controlled by him. Like everyone else, leaders are ‘locked’ into their networks while relying on them in performing their public functions and satisfying their private needs. Reversely, not relying on networks might also limit, if not undermine, the leadership capacity – they have to operate within the culturally acceptable codes and discourses, otherwise they lose their base. Thus, the main implication of the ambivalence of sistema is that its leader is also its hostage.
American Perceptions and the Realities of Russia’s Behavior

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Perceptions and misperceptions play a very important role, sometimes greater than the facts. It’s obvious that Washington and Moscow have two completely different narratives of the current confrontation between the United States and the Russian Federation.

There has been a reincarnation of the Cold War propaganda stereotypes both on the political level and in the mass media. “Russia’s aggression” is mentioned 10 times in the National Security Strategy, released by the Obama administration on February 6, 2015. “The enemy image” which existed during the Cold War is back. The hysteria of rhetoric is getting high. The greatest danger today is that both sides seem to believe their own propaganda.

Last year public opinion polls in the United States registered fast growth of anti-Russian attitudes—70-78% of Americans had an unfavorable view of Russia. In Europe the medium negative attitude to Russia is 72%. In the US, 49% of Americans see Russia as a “critical threat to vital interests of the United States”. Russia is perceived as “the United States’ greatest enemy”, leaving North Korea, Iran and China behind.

It is perceived that whatever happens, Russia—or, more specifically, President Putin—will be to blame. The United States adopted a Manichaean view of the current crisis in relations between Washington and Moscow and sees the conflict as a simple morality play — West is good, Russia is bad.

The United States believes it is axiomatic that Russia has always been expanding territorially. It is alleged, that since President Vladimir Putin regrets the collapse of the Soviet Union, he is determined to reverse it by expanding Russia’s borders. For instance the joint report by experts and former practitioners from the Atlantic Council, the Brookings Institution, the Center for a New American Security, and the Chicago Council on Global Affairs claims: “President Putin may hope to achieve glory through restoring, through intimidation and force, Russian dominion over its neighbors”.

According to the prevailing wisdom in the West, the Ukraine crisis can be blamed almost entirely on Russian aggression. Vladimir Putin, the argument goes, annexed Crimea out of a long-standing desire to resuscitate the Soviet empire, and he may eventually go after the rest of Ukraine, as well as other countries in Eastern Europe. There is a new “Domino theory”: Ukraine, Estonia, Latvia, Lithuania, Moldova, Georgia, Poland, etc.

There is a growing demonization of Vladimir Putin. It is claimed that President Putin was trying to restore the former Soviet Union and/or reincarnate the Russian empire. Russia is declared the greatest threat to the post-Cold War order. For some, like Hillary Clinton, Vladimir Putin represents a modern-day Adolf Hitler, and striking any kind of deal with him would repeat the mistake of Munich.
NATO’s deputy commander of forces, General Sir Adrian Bradshaw, sees in Russia “an obvious existential threat to our whole being” and predicts “an era of constant competition with Russia”.

The relationship has not been as bad as it is now, not since the end of the Cold War, but since the Cold War. There is a complete lack of trust between Russia and the West. In many respects we seem to have gone back almost 30 years. Sometimes it looks like we are in the early 1980s, when the Soviet-American relationship was extremely bad, before perestroika and Mikhail Gorbachev. Some observers have stated that the world is entering a new Cold War and that there is a renewed ideological competition, this time against a 21st century form of authoritarianism in Russia. It may be premature to say we’re in a new Cold War, but we’re sliding down and have not yet reached the bottom.

**The zero sum game?**

It has to be remembered that the end of the Cold War 25 years ago was interpreted as the “victory” by the United States. If the US is the “winner”, then Russia can be treated as the “loser” in the Cold War, and accept the rules imposed by the West. There were many nice words, declarations of “partnership”, but in practical terms, the relationship was one-sided, since Russia was not treated as an equal partner.

The Jackson-Vanik amendment was repealed only 22 years after the dissolution of the Soviet Union and replaced with the Magnitsky act which singled out Russia for violations of human rights. Moscow was not invited to join the Transpacific Partnership and Transatlantic Trade and Investment Partnership, although the Russian Federation is both an Atlantic and a Pacific power. The OECD membership negotiations were cancelled last year. Russia was expelled from the G-8 group.

Following the end of the Cold War, the United States, the European Union and NATO failed to build an effective security structure for Europe which included Russia.

Russian troops in the early 1990s were withdrawn from Eastern Europe and the former Soviet republics, which became independent states, The United States and its allies moved to fill the “vacuum”, ignoring Moscow’s objections. Washington adopted a strategy of absorbing former Soviet clients into the Western community without Russia.

The US and the West after the Cold War never had a strategy to integrate Russia through admission into key Western institutions—NATO and the European Union. There was a strategy to integrate Eastern European nations, followed by the Baltic States and now—Ukraine, Georgia, Moldova, but not the Russian Federation.

Russia interpreted this as a violation of an informal understanding reached at the end of the Cold War that the West wouldn’t play a zero sum game with Moscow. These views are sincerely and widely held in Russia. While the facts of that expansion may be disputed, what is clear is that the broken promise of enlargement has long featured as a key element of Russian policy-makers, deepening suspicion over the United States and NATO.

“The winner takes all” approach challenged the post-Cold War status quo. This policy was criticized by some well-known experts, including George Kennan, the father of the concept of “containment of the Soviet Union”, which was the foundation of the U.S. strategy during the Cold War.

“I think it is the beginning of a new Cold War,” said Kennan. “I think the Russians will gradually react quite adversely and it will affect their policies. I think it is a tragic mistake”. As Kennan predicted, NATO expansion set up a situation in which NATO now expands all the way to Russia’s border, triggering a new Cold War.

There was a fundamental contradiction between EU-NATO enlargement and partnership with Russia. Russian leaders have adamantly opposed NATO enlargement. As NATO’s borders moved closer to Russia, the need for a new security architecture became apparent. Russia proposed a treaty on European security cooperation, to include all OSCE and NATO countries, but the West rejected this idea.

The Kosovo war in 1999, where NATO acted against Russia’s wishes, was one of a sequence of things which upset Russia. And a decade later the West established a bad precedent, making Kosovo independent in violation of the UN Security Council resolution, which specifically recognized the territorial integrity of Serbia.
Washington also presented Moscow with a fait accompli, when in 2002 it unilaterally abrogated the ABM Treaty, although originally the United States labeled that treaty “the founding stone of strategic stability”.

Russian objections against ballistic missile defenses deployment on the territory of the new members of NATO in Eastern Europe were ignored. Moscow’s concerns about its security were dismissed as “Russian paranoia”. But it is the Russians, not the West, who ultimately get to decide what counts as a threat to them.

US President Barack Obama has said that Russia is a “regional power” – not a super-power, like the Soviet Union was. But what is regional power? A power with regional interests, Moscow has interests in Europe, the Central Asia and the Middle East, and the Far East (North-East Asia).

Like any other country, Russia has diverse and legitimate interests towards her neighbors—political, economic, cultural and security interests. The United States perceives these interests as illegitimate, alleging that Moscow wants to dominate “the near abroad”. The idea that the Kremlin’s objectives might have to do primarily with Russia’s own security is rarely entertained in Washington.

There is a profound misreading of the analysis of Moscow that has dogged the West’s approach to Russia. The report by the European Union committee of the House of Lords, published February 20, 2015, admitted that the West suffered “a loss of collective analytical capacity … to read the political shifts in Russia and to offer an authoritative response”. The report concluded that “this lack of understanding and capacity was clearly evident during the Ukraine crisis.”

The Ukraine crisis, which started a year ago, very quickly became a zerosum game. Western obsession with Russia has deluded it into thinking that Ukraine’s problems are entirely the fault of Putin’s malevolence. Any notion that Moscow might genuinely want political settlement in Ukraine, and be willing to compromise to achieve that, is dismissed. It’s not recognized that the Kremlin behavior through the current crisis has largely been an improvisation.

In the Russian narrative the source of the current crisis is NATO and EU expansion and Washington’s commitment to move Ukraine out of Moscow’s orbit and integrate it into the West. Russia responded to the Ukrainian crisis, but didn’t originate it. The crisis was started by the European Union, which wanted to have an agreement with Ukraine and some other former Soviet republics without Russia. The European Union rejected in 2013 Moscow’s request for trilateral negotiations between the EU, Ukraine, and Russia, about the economic consequences of this association, since we had free trade between Russia and Ukraine. It’s like what the US has with Canada. Imagine Canada joining the EU. Would that be of concern to the United States?

**Economic sanctions: Russia is not in Free Fall**

The United States restored the concept of “linkage”, making interaction with Russia tied to the situation in Ukraine. Washington declared “no business as usual”, and stopped normal relations with Moscow in practically all areas. It’s been official policy of the Obama administration “to isolate” and “deter” Russia. President Obama, in his State of the Union message, claimed that “Russia is isolated, with its economy in tatters”. But that is wishful thinking.

While Washington and its allies wage a kind of a new Cold War against Moscow, in the multipolar world there are other players, which refused to join the West in this campaign. China, India, Brazil, Argentina, Turkey, Egypt, Israel, South Korea and some others maintain and develop normal relations with Russia. Russia participates in G-20, the BRICS, the Shanghai Cooperation Organization and is a permanent member of the UN Security Council with veto power.

The Obama administration started an economic war against Moscow. There is a “weaponization” of finances. The United States and its allies deny Russia access to credit and technology. Three key sectors of the Russian economy are under attack: finance, energy and the defense industry.

The rating agencies Fitch, Moody’s and S&P downgraded Russia’s sovereign rating to “junk” or one step above this level. As a result, a number of
Russian corporations face difficulties in repayment of their debts to foreign banks. But Russia's government debt is relatively small—only 13% of the GDP, much smaller than the debt of the US federal government (101% of the GDP), governments of the Euro area (90%) or Japan (227%).

External debt in Russia reached an all-time high of $732 billion in the 4th quarter of 2013 and dropped to $599 billion in the 4th quarter of 2014; 54% of Russia's external debt has maturity of over two years.

While President Putin said Russia won't “mindlessly burn up” reserves to defend its currency, the Central Bank spent about $88 billion of reserves on interventions last year to support the ruble.

Foreign exchange reserves have been falling. The Central Bank said external debt of companies and banks at the start of 2015 stood at $547.6 billion, down from $651.2 billion a year earlier and from $659.4 billion on July 1. Government debt fell to $41.5 billion from $61.7 billion. The risk of Russia, as the state, defaulting is limited to the general government debt. Hardly anyone believes it will default. This year, the Central Bank estimates that companies will need to pay off around $100 billion in foreign debts.

The ruble fell by more than 50%, fueling inflation and forcing Russia's central bank to hike interest rates, impeding economic growth. Investment declined in 2014 by 3%. The flight of capital exceeded $150 billion, which is 2.5 times more than on 2013. Oil prices dropped in 2014 from $106 to $46 per barrel. That had a serious impact on the Russian government's budget, which is very much dependent on oil and gas (more than 50% of all revenues). But the devaluation of the ruble by almost 100% permitted to balance the budget with expenditures (in rubles) exceeding revenues by 0.5% of the GDP. The defense expenditures grew from 3.1% to 3.4% of the GDP.

Russia's financial market, which had not recovered from the 2008-2009 crises, continued to shrink, dropping by 45% in 2014, more than anybody else. Thus, in December 2014 the financial market was only 32% of what it was in May 2008.

Exports and imports have been reduced, but Moscow still maintains an impressive positive trade balance. Russia's oil exporters actually benefitted because while they’re getting less for their crude, their costs are plunging in local currency terms. In dollars, costs at Russian oil fields have fallen to $2 to $8 a barrel, close to Saudi Arabia’s level of $2 to $6 a barrel. That’s many times less than the cost of shale oil in the United States.

Russia is in an economic bind, hurt by misguided semi-libertarian financial policy, the fall of oil prices and to a lesser extent by economic sanctions. Most probably this year Russia will have 3-5% recession, 15-16% inflation and a drop in the standard of living. The costs of sanctions are paid by average Russians. But since the collapse of the Soviet Union, Russians suffered many hardships and several much deeper recessions. While the present crisis is painful, it’s not the existential threat to Russia. The Great Recession in the US in 2008-2009 was much more devastating, but the US recovered.

The economic sanctions have produced a messy web that often hurts Western companies as much as Russian exporters. EU countries have lost about $20 billion.

Moscow sold a total of $45 billion of U.S. treasury bonds in 2014 as relations with Western governments reached a post-Soviet nadir over the Ukraine crisis. Russia jettisoned $22 billion worth of U.S. treasury bonds in December as the Kremlin scrambled for cash to battle a plunging ruble and fund a crisis spending program amid an emerging recession. The sale means that Russia currently holds just $86 billion of U.S. government debt, the lowest level since 2008, according to the U.S. Treasury Department.

Zig Zag Transition

Russia has been perceived as a revisionist power. To some extent this became a self-fulfilled prophecy. Russia was never a democracy or a free market economy when it was isolated from, or in confrontation with, the West. So the strategy to deter Russia doesn’t promise well for her transition to political democracy and market reforms.

There are five significant challenges facing Russia since 1991: 1) transition to a modern market economy; 2) transition to a mature democracy; 3) finding its role in the international system; 4) reform of the military; 5) the need to find a new identity. The most
important for Russia is the last challenge—determining its new national identity, since this can no longer be built on communist ideology.

Many former socialist countries have witnessed a return to the nation-state model, but for Russia it is not so easy, given that about 20% of Russia’s population is non-Russian by ethnicity, while 20 million ethnic Russians live outside the Russian Federation.

Russia is not a mature democracy. It will require time, a generational change and growth of the middle class before Russia reaches a new stage of its political development.

The democratic institutions created after the collapse of the Soviet Union formally survived. But the 1993 Constitution doesn’t ensure effective checks and balances, since the executive branch is in a supreme position. The political system of the Russian Federation is dominated by the government bureaucracy, which is controlled from the top. The political opposition has been marginalized.

There is a negative attitude to radical market reforms of the 1990s which are remembered as the period of economic decline, drop in standard of living and rampant crime. There is a huge social gap between rich and super-rich ("oligarchs") and the majority of the population. The middle class is relatively small and is struggling with the consequences of the ruble devaluation.

Only 22% of Russians think that they can influence the political and economic life of the country; 8% believe that Russia is a democracy and 38% that it is a "partial" democracy; 63% believe that it’s good for the country that President Putin concentrated all authority in his hands. Vladimir Putin’s ratings exceed 86%.

Government-owned mass media plays a huge role in shaping the public’s attitude. Polling indicates that 70% of Russians trust government-owned television broadcasts. For 93% of the Russian public, television is (Internet – 17%, newspapers – 10%) the main source of information about Ukraine and Crimea.

Russian civil society is weak. The public is hardly involved in political activities—only 2% is active. Only 40% follow political developments. The civil society is weak. The Communist ideology has been replaced by consumerism. There is a growing nationalism and a new conservatism, led by the Orthodox Church. The number of those who consider themselves Orthodox went up from 17% in 1989 to 68% in 2013 (the number of Muslims rose from 1% to 7%). The share of non-believers dropped from 75% to 19%. But only 5% go to religious services once a week.

There is a combination of “Americanization” (acceptance of many aspects of American mass culture) of the Russian society, especially younger generations, and a very strong anti-Western, in particular anti-American, political backlash. Obviously, this trend is very much shaped by the mass media. But it also reflects the gut reaction against the perceived humiliation by the West.

The negative attitude towards the US according to the polls by the Levada Center reached the historical maximum in January 2015 – 81% (compared to 46% in January 2014), and 79% believe that the West is trying to suppress and weaken Russia. While 47% are concerned about the consequences of the Western economic sanctions, 69% believe that Russia should not change its policy despite the sanctions. Nevertheless only 30% want to reduce the links to the West, while 57% support cooperation with the West.

Incorporation of Crimea into the Russian Federation is supported by 73%, while only 4% think Crimea should belong to Ukraine; 58% have a positive attitude toward Russian volunteers who participate in the confrontation in Ukraine; 51% believe that Russia should support the pro-Russian forces, but only 21% want to send Russian troops into Ukraine or to incorporate Eastern Ukraine into Russia.

Will Russia blink?

The decision-making process is highly centralized and dominated by the president and top level bureaucrats, who sometimes compete between themselves. On issues of security policy the major role is played by the Defense ministry and intelligence services, which are coordinated by the Security Council. That is for instance reflected in the new Military Doctrine, adopted last December. According to this document the number one external danger is the build-up of the military potential of NATO and movement of
its infrastructure closer to the borders of the Russian Federation.

Economic policy reflects the view of neoliberal bureaucrats, who head the key economic and financial ministries and the Central bank. Also big government-controlled corporations and banks have some influence. But in general the so-called oligarchs are under control of the Kremlin.

The three opposition parties, represented in the State Duma (Communists, “Just Russia” and Liberal-Democrats), are loyal to Vladimir Putin and support his foreign policy. Small opposition groups don’t have access to financial support or mass media. At the same time, nationalist opposition groups fully supported the incorporation of Crimea and have become more visible.

As for President Putin, he has always wanted Russia to be treated as an equal by the U.S. and the West; not as a loser who has to pay for the collapse of the Soviet Union. When he came to power in 2000 he was open to cooperation, but it’s difficult now when President Obama characterized Russia as a great threat to global security—equal to the Islamic State and the Ebola virus. The new US National Security Strategy proclaimed the need to “deter” Russia, reviving the Cold War strategy.

What is the purpose of American policy? Officially it is to change Russia’s course, but it looks, as Foreign Minister Sergey Lavrov said, like “regime change”. Washington wants to undermine the public support for President Putin. But it’s clear that in the foreseeable future, Vladimir Putin’s leadership will not be challenged either by political elites or by the public.

American expectations that economic sanctions will produce political discontent and force the Kremlin to change its course are baseless. Apparently the confrontation with the West will only strengthen nationalistic trends and pro-government support in Russia.

It seems possible to conclude that the United States has only a limited leverage over Russia and cannot force Moscow to make a U-turn. It’s time to give up the expectation that Russia will fall apart economically under pressure from falling oil prices and economic sanctions, and that Russians, angered by a drop in their living standards, will rise up against President Putin. The U.S policy is counterproductive. It makes Russia a besieged fortress, encouraging authoritarian, xenophobic, anti-Western responses.

**Is there a way out?**

The US and Russia now find themselves in a strange situation, in which the relationship between them has become a single-issue one, where everything is linked to Ukraine. There is still a possibility of the escalation of the Russian-American confrontation. As the Ukrainian war drags on, so too does the risk of an escalatory spiral.

The first step is for the United States and the West to distinguish between the legitimate and the illegitimate security interests of Russia. The same is required from Moscow.

Dialogue between the US and Russia has to be resumed, particularly issues of shared strategic interest. Right now, it’s almost forgotten that the two powers have many common interests: terrorism (the Islamic State is a common enemy of Russia and America), nonproliferation, Iran, Afghanistan, the climate. Moscow and Washington, while recognizing disagreements, and admitting that there will be differences, should think how to build relationships on common interests.

Though Russia is not anymore a superpower, it is still a nuclear superpower, Moscow maintains parity with Washington in nuclear weapons, the mutually assured destruction. And when the United States cuts normal political intercourse, rolls back economic relations, ends military cooperation, that’s very dangerous.

The crisis in Russian-American relations has negative consequences for global security, including nonproliferation and arms control. Many of the arms control agreements concluded during the Cold War (the Antiballistic Missile Treaty and the Conventional Forces in Europe Treaty), are dead, or in trouble (CTBT and NPT). The next weak link is the INF Treaty. If it collapses soon, the New START can hardly survive. These challenges require new efforts to prevent collapse of the existing arms control regime and an unrestricted arms race.

Today both Russia and the United States accuse
each other of violations of the INF Treaty by development and/or testing the prohibited medium-range missiles. At the same time several Asian countries, which are not parties to the INF Treaty, deployed many hundreds of missiles with the range of 2000-3000 kilometers. In this situation Moscow and Washington should do all they can to save the INF Treaty. On the one hand, they can invite other nuclear weapon states to join the INF and make the regime truly global. On the other hand, they can discuss the amendments to the INF Treaty to make it more relevant to the new international system of the 21st century.

As far as Ukraine is concerned, the US continues to insist that Russia should restore the ‘status quo’—what does this mean? Does it want former Ukrainian leader Victor Yanukovych back in power? Some things are irreversible: Moscow will never return Crimea, although it may be possible to find some modus vivendi over Crimea between Ukraine and Russia in 10 or 20 years.

The solution in Ukraine is decentralization, linguistic protection, economic assistance, and non-membership in NATO. The U.S. and European leaders should encourage Ukraine to respect ethnic minority rights, especially the language rights of its Russian speakers. Some prominent American experts such as Henry Kissinger and Zbigniew Brzezinski suggest that Ukraine should take a posture comparable to Finland or Austria during the Cold War, unaligned to military blocs.

The trilateral process, whereby the European Union, Russia and Ukraine are engaged in discussions, could be a useful template to discuss the broader economic relationship. The EU should reconsider its approach to the Eurasian Union and engage into a more cooperative relationship.

Western sanctions and military scare tactics such as the threat to supply Ukraine with weapons will not work; they will only make matters worse. Providing weapons to Kiev would be a serious misstep and exacerbate the bloodletting, without compelling Moscow to reconsider its approach. Arming Ukraine can do a lot of harm. Eastern Ukraine contains a wild mix of armed groups, regular troops, local militias, criminal gangs. The experience of Afghanistan, Iraq and Syria demonstrates that American weapons are easily captured or purchased by the terrorists.

While sanctions are a favorite instrument of American geopolitics, they provide no chance of accomplishing goals (Cuba, Iran, North Korea) plus lots of “collateral damage”. Russians can conclude that sanctions are forever and so have no incentive to change their behavior. In the long term sanctions are detrimental to US and EU interests as well as to Russia’s. Sanctions on Russia have also imposed economic hardship on some EU countries and had a negative effect on their growth perspectives.

Moscow’s security threat perceptions of NATO have to be acknowledged. A discussion with Russia on collective security should involve Europe as a whole, along with the United States and Canada. The United States and the West need to think about how Russia might be negatively affected before they make decisions on security or economic issues in which Moscow has a stake.

The whole strategic vision of what is going on is almost forgotten in Washington. Since the West denies Russia access to credits and high technology, it is inevitable that Russia will turn to China. Will it be in American national interests? The United States is pushing Russia toward China and that might have very serious consequences not only for our two countries, but for the entire international system. Current Washington policy, however, is only driving Moscow and Beijing closer together. It’s high time to think how to prevent the institutionalization of the new Cold War. It took more than 40 years to end the original Cold War. We shouldn’t repeat the same mistake.
In modern Western political and media discourse, wars, natural disasters, and all manner of humanitarian crises are understood to be of general interest. Accordingly, it is out of fashion to ask the question, “why should we care?” about events taking place far beyond a nation’s borders. Yet political leaders are sometimes pressed to provide an answer, particularly when they seek to mobilize popular support for intervention in a seemingly far off crisis.

The most often heard justification for Western concern about the crisis in Ukraine has a distinctively modern or even post-modern ring to it. According to US President Barack Obama, “Russia’s actions in Ukraine challenge [the] post-war order [that] bigger nations should not be able to bully smaller ones.” While formal legal instruments abound purporting to set forth the agreed rules of behavior for nations, these specific precepts are seldom cited. Rather, it is Moscow’s apparent disregard for the “international order,” or the appropriate behavior for a “modern civilized nation,” that seems to animate Western outrage over Russia’s annexation of Ukraine’s Crimean Peninsula and its armed intervention in the Donbass.

Is the Ukraine crisis really such a threat to global order? As Krastev and Leonard have explained, “for the past 300 years, Europe was at the center of global affairs…. Even during the Cold War—when the global superpowers were non-European powers—order was still centered around control of Europe and the contest between democratic capitalism and Soviet communism as a battle between European ideologies.” Indeed, it was at the very height of that rivalry, in 1975, that a concert of European and non-European states came together to enshrine the principles of the Helsinki Final Act, which laid the moral, intellectual, and political foundation for the post-Cold War Charter of Paris for a New Europe, and the creation of the Organization for Security and Cooperation in Europe (OSCE). Thus it does seem that until China, India, Brazil, and other non-European rising powers are prepared to pay the costs and endure the constraints entailed in maintaining global order, the responsibility will reside primarily with Europe, and thus with the OSCE.

If OSCE participating states bear such unique responsibility for European and thus global order in the 21st century, can they now live up to the challenge? As the product of political consensus among its participating states, rather than a legally binding international convention, the OSCE depends on the continuing political will of those same states to achieve any meaningful outcome. The success or failure of the OSCE, therefore, depends entirely on interactions between the region’s major powers—most of all the US and Russia.

At the present moment of obvious tension between Moscow and Washington, it may be tempting to dismiss the likelihood of progress on any diplomatic front, let alone in the complex multilateral format of the OSCE. Yet recall that the 1972-75 Helsinki process itself was birthed in a period of intense rivalry between the US and Soviet-led blocs, suggesting
that reasoned dialogue and consensus on core issues of shared security in the OSCE space is possible, despite—or perhaps even because of—the looming threat of conflict between geopolitical rivals. Thus a key question is whether the terms of interaction between Russia and the West today have produced circumstances sufficiently similar to those of four decades ago to once again underscore the need to shift from conflict to cooperation, in which the OSCE could play a central role? Put differently, is the present conflict a new Cold War, with all that would entail, or is it something different?

The Current Crisis and the Cold War in Context

On some levels, the tension between Moscow and Washington in the post-Ukraine crisis period seems quite similar to what existed between the Soviet Union and the United States during the Cold War. On both sides, the dominant tone of political debate and popular rhetoric has shifted from unease or dismissiveness toward the other to outright hostility, often devolving into demonization of individuals, especially the two presidents. As Robert Legvold has argued, the highly propagandized narratives heard on both sides tend to describe the origins of the current crisis in absolutist terms—the other side is seen as solely at fault for provoking and exacerbating the conflict at each stage. Through official and unofficial channels, neither side devotes significant attention to efforts at preserving or enhancing cooperation, even in areas of obviously shared interest, while there is ample pressure from both publics and political classes to impose “tit for tat” punishments on the other side, in a potentially endless escalation of sanctions and counter-sanctions. Finally, the two states are engaged on opposite sides in a series of proxy conflicts in third countries, especially along the post-Soviet periphery and in the Middle East. As in the Cold War, both Moscow and Washington have courted support for their positions from other states, sometimes achieving international alignments or coalitions that are disturbingly reminiscent of Cold-War geopolitical “blocs.”

Yet there are important differences between this conflict and the past. First and foremost, the contacts between Americans and Russians on the level of individual citizens, private firms, and charitable or religious organizations are unprecedented in scope and depth. To be sure, ties between Russians and Americans are hardly universal or fully reciprocal. Yet the generations on both sides who have come of age fully after the Cold War are far better connected to one another than were even the Soviet and US elite a half century ago. Though not necessarily more pro-American than their parents, young Russians are far more likely to speak English, have visited the United States or Western Europe, and have access to an unfiltered window on America through popular culture and social media. Such familiarity with Russian language, culture and lifestyle is not reciprocated on the US side, however among Americans with professional or personal ties to Russia, connections are both more widespread and more robust than they were for even US Soviet experts during most of the Cold War period.

The imbalance in knowledge of one another is mirrored in the overall power imbalance in US-Russia relations since the end of the Cold War. The United States, coming off a quarter century of hyperpower status, is not accustomed to deferring to the interests of other global actors, including Russia. For its part, Russia has recovered considerably from its post-Soviet collapse, yet it still defines its priorities in primarily regional terms, and describes the global system as inherently multipolar. Still, US and Russian interests have been largely compatible during the post-Cold War period, and remain so in many spheres despite serious differences over Ukraine. There is no major ideological divide between the two sides as in the Cold War, with basic agreement on free market principles and even on the essential formula of electoral democracy, despite a serious dispute about the extent to which the state must defer to universal human rights and political freedoms. Lastly, compared to the implicit threat of mutually assured destruction that defined Cold War interactions, there is a low perceived threat that US-Russia rivalries could escalate to direct conventional or even nuclear confrontation. When 2012 Republican presidential candidate Mitt Romney characterized Russia as the top geopolitical threat to the United States, President Obama dismissed that view as a Cold War relic with the quip, “the nineteen
eighties are now calling to ask for their foreign-policy back because the Cold War’s been over for 20 years.”

From this assessment, it would be reasonable to conclude that despite some superficial similarities, relations between Russia and the US today are sufficiently different from the past that they cannot accurately be described as a conflict in the same category as the Cold War. Further deterioration in economic and political ties remains entirely possible, and perhaps even likely, if the crisis in Ukraine is not resolved, yet the greatly enhanced connections between Russia and the West, basic consensus on free market capitalism, and disinclination toward direct confrontation of the past 25 years should exert a moderating influence on these tensions. Unfortunately, this mixed picture of US-Russia interaction carries both positive and negative implications for the OSCE, European security, and the global order.

On the positive side of the ledger, the enhanced mutual understanding achieved in the post-Cold War period, the absence of ideological conflict, and the considerable extent of shared interests, all suggest that a foundation still exists for restoring some degree of balance and productivity to US-Russia interactions. It goes almost without saying that any “new normal” would have to address the Ukraine crisis head on, and probably would entail the adoption of a face-saving exit strategy for Russia from its current intervention, with gradual easing of all but a handful of symbolic US and E.U. sanctions. While this would in no way erase the cleavages that have accrued over Ukraine, it could enable a return to limited pragmatic cooperation around areas of shared interest, including in the OSCE context.

Yet there is also a disturbing downside to the fact that US-Russia tensions today do not fully replicate those of the Cold War. Without the relentless ideological rivalry and near universal geopolitical conflict between the nuclear superpowers as in the Cold War, both Russians and Americans today lack the acute fear of a crisis spiraling out of control that, for half a century, acted as a brake on intentional or reckless escalation of conflict. In other words, even though Russia and the United States still have the capability to destroy one another and the world, the perceived stakes of US-Russia conflict may not be high enough for either side to feel pressured to make concessions to avoid escalation, much less to achieve a renewed and enduring consensus on European security.

The lower perceived stakes of US-Russia confrontation are not only a function of the relatively greater connectedness between Russian and American citizens, businesses, social groups and others today. The perception also depends on individual experience. In the past quarter century, despite frequent disagreement on matters of regional security, trade, or, especially, human rights, Russia and the United States have not come close to the type of razor’s edge crises and proxy conflicts that during the Cold War were a constant reminder of the danger of escalation. The Helsinki process itself commenced in an atmosphere of détente that followed flashpoints in Berlin in 1948, Korea in 1950-53, Hungary in 1956, Cuba in 1962, Czechoslovakia in 1967, and Vietnam from the mid-1960s, each of which could have been the opening salvo of a wider confrontation.

Recognizing that regional or proxy conflicts in which US and Soviet interests clashed raised a serious risk of escalation to general nuclear conflict between the superpowers, by the 1970s leaders in Washington and Moscow concluded that they had to accept a basic framework for coexistence and cooperation in which, though rivalry would continue, maximalist ambitions would be set aside in order to avoid a general catastrophe. Between some Soviet and US leaders, especially Kissinger, Nixon and Reagan on the US side, and Brezhnev, Andropov and Gorbachev on the Soviet side, relatively stable working relationships developed, with occasionally even a positive personal rapport.

At the present time, personal relations between the US and Russian leadership are frosty at best. Even at the height of a “reset” intended to improve US-Russia ties in 2009, President Obama referred to Vladimir Putin as a man with “one foot in the old ways of doing business,” while since the outbreak of the Ukraine crisis, he has declared that Russia’s President is behaving in an uncivilized manner, or is “on the wrong side of history.” Though more careful in his public pronouncements, Putin seems to harbor no particular respect or affection for Obama. Moreover, domestic political pressures on both presidents now favor enhanced confrontation, and both leaders correctly assess that to compromise with the other would
open them to accusations of weakness from political opponents, pundits and the publics at large.

Is a New European Security Consensus Possible?

In light of these considerable constraints, is it possible for Russia and the United States to achieve significant progress on shared security in the Euro-Atlantic and Eurasian space?

As noted above, no major improvement in US-Russia engagement will be possible without progress on the ongoing crisis in and around Ukraine. Such progress would entail, at a minimum, a durable ceasefire to bring the Donbas violence to a halt, with measures to prevent the sides from substantially rearming or preparing for renewed hostilities in the future. As the Minsk framework agreements have rightly concluded, the ceasefire must be accompanied by an internal Ukrainian political process to restore Ukrainian sovereignty and territorial integrity, while enshrining a special status for the separatist regions that all sides can accept.

Though a cessation of fighting and an internal political settlement in Ukraine are urgently needed to defuse tensions, progress between Russia and the West on the broader portfolio of Euro-Atlantic and Eurasian security will also require a broader approach to resolving the regional conflict of which Ukraine is a part. In that context, a framework for compromise might include several key steps.

First, both Russia and the West could agree to a temporary moratorium on competing integration projects in the post-Soviet space. The Baltic States aside, no post-Soviet state has successfully managed such a transition without serious political, economic and security disjunction, while neither Western nor Russian integration projects yet offer a credible perspective for compatibility or even coexistence that is essential for the region’s long term economic success. Competition between European-oriented and Russian/Eurasian-oriented economic, political and security integration projects has had mixed effects for individual post-Soviet economies, but has clearly driven worsening tension between Russia and the West, with disastrous consequences for the entire region. A temporary halt to this geopolitical “land rush” would at least give governments in the region breathing room to prepare their populations and restructure their economies to better accommodate any future integration program. At the same time, a pause would clear the table enough to permit a badly needed direct dialogue between Russia and the West.

The second key step to be addressed through such dialogue should be to restore and reaffirm the foundational idea that borders must be changed only by the mutual consent of the parent country and the regional population, and only by peaceful means. This mutual reaffirmation would implicitly acknowledge Russia’s longstanding objection to NATO intervention in Yugoslavia and subsequent Kosovo independence as an exception to the rule, but also recognize that Russia’s seizure and annexation of Crimea was a clear violation, to which Ukraine and the West will maintain a standing objection. With a restored commitment from both sides, the outliers to a half-century of essentially stable and secure European borders can be treated more productively as disputed exceptions that do not negate the underlying rule, rather than the drivers of recrimination and worsening confrontation that they have become in recent years.

The third key step forward in a framework solution around the Ukraine crisis should be that foreign military forces are not deployed on another state’s territory without that state’s consent. Because so much dispute has surrounded the legitimacy of Russian deployments in the post-Soviet space over the past quarter century, including in South-eastern Ukraine, there is no doubt that Russia would have to offer a concrete gesture of reassurance to the United States, Europe, and its own neighbors that it still considers this to be a tenet of European security. The best opportunity for such a demonstration would be in the Donbas. Despite Ukrainian and Western assertions to the contrary, Russia still has not formally acknowledged that its soldiers are participating in an occupation of Ukrainian territory, yet it has agreed to support the terms of the Minsk cease-fire and disengagement of forces on both sides. In the context of a general cessation of hostilities, Russia could support Ukraine’s initiative for an international peacekeeping mission, in which it could also participate, with a mandate to include verifying the withdrawal of any foreign fighters from the region, and sealing the Russia-Ukraine border.
None of these key principles could gain much traction in isolation. To foster such positive initiatives from either side would also require US and Russian participation in a serious dialogue on the larger problems of European, Euro-Atlantic and Eurasian security looking forward. How might such a dialogue take place?

The best hope is likely a return to the original Helsinki principles, which were first negotiated by regional states in the context of a Cold War rivalry between blocs led by Moscow and Washington. Today, the United States, Europe, and Russia all share an interest in renewal of just such a dialogue, although what will not—indeed what must not—return is the Cold War “balance of terror” that exerted pressure on all sides to participate seriously in the original Helsinki process. The motivation for a new regional security dialogue must instead come much more from Europe itself, where European states must also play a more central role commensurate with their enhanced capacity.

The United States will not be absent from this process. Yet, as the most powerful single global actor, Washington faces an unprecedented array of challenges ranging from defusing traditional and non-state conflicts in the Middle East and East Asia to managing the potentially cataclysmic impact of global climate change and cyber attacks. As a consequence, the longstanding US call to its European allies and partners to shoulder a greater share of the burden in ensuring their own security is now heard with greater frequency and urgency, even as Washington rushes to provide reassurance to its NATO allies. Perhaps more importantly, Europe’s ability to act in a coordinated fashion is also greater than ever, prodded along by the necessity of responding to the continuing Eurozone and Ukraine crises. Much has been made of Germany’s growing comfort with the role of European hegemon, yet Berlin is very unlikely to depart from the pan-European infrastructure it has been so instrumental in erecting and in which it retains such a high financial and political stake.

Despite official rhetoric defining Russia’s unique Eurasian path and increasingly cozy ties between Moscow and Beijing, there is also no reason to believe that Russia will abandon its longstanding desire for an equal role at the top table in managing European security. The US and Europe can be confident that if they are open to the resumption of a serious dialogue on regional security, Russia will at least be certain to come to the table. Moreover, since Russia and various European economies have grown increasingly interdependent over the past quarter century, Russia and Europe should share the recognition that a faltering security order on the continent will deliver severe economic damage to all sides, which will in turn exacerbate destabilizing trends at the extreme ends of both Russian and European politics.

A renewed Helsinki-type dialogue on European, Euro-Atlantic and Eurasian security must certainly be inclusive, with formal representation for every regional state as well as others with compelling interests in the region, such as major trading partners and international organizations. However, in practical terms, the process must also acknowledge the changed reality of regional blocs today, including both the European Union and NATO on the one hand, and the Eurasian Union, Collective Security Treaty Organization and even Shanghai Cooperation Organization on the other. The point of this “big tent” approach is not to drown difficult regional problems in a platitudinous international alphabet soup, but rather to ensure that the dialogue aims at solutions that can actually work against the backdrop of the region’s more significant integration projects and its interconnections with the wider world.

Despite its outsized power relative to any other individual regional state, the US would be well advised not to cast a giant shadow over this renewed dialogue. For one thing, Russia must be confronted with the full significance of its current alienation from most of Europe, and overbearing US leadership would undoubtedly distract from that message. More importantly, if Washington hopes for a durable consensus to emerge, it should be prepared to let Europeans lead the process, and to lend its support, even if some compromises do not fully conform to its own values in all instances. The most important US role will be to underscore the continuing strength of collective security so that NATO allies, E.U. member states, and other partners in the region can be fully confident, rather than fearful, in pursuing a comprehensive settlement that respects Russian interests as well as their own.
Lastly, in addition to seeking consensus at the political level, the state-to-state dialogue should foster and endorse an ongoing process of direct dialogue among civil societies within and around Europe. Such a dialogue is now badly needed to begin to address the deficits of trust and goodwill among ordinary citizens throughout Europe, but especially in the East where Russians and Ukrainians, Poles, Balts, and others are resurrecting rhetoric and imagery from the most poisonous chapters of their shared history. Without a robust European security consensus, reconciliation between and within societies will not take place; but without a civil society dialogue aimed at reconciliation, no security arrangement can long endure.

Conclusion: Helsinki Plus 40

As the fourth decade since the Helsinki Final Act draws to a close, it is clearly past time to begin the inclusive, multi-level dialogue envisioned above. It would be overly optimistic to presume that a renewed security consensus on the Helsinki model could be quickly achieved, nor would the dialogue itself need to conform neatly to any particular timetable. Yet the crisis in and around Ukraine today provides an incentive for urgent action to prevent an even greater catastrophe, which can spur governments and private actors to undertake difficult steps they might otherwise have avoided or delayed.

While immediate steps must be taken to prevent further violence in Ukraine and others must follow to enshrine a longer lasting political compromise, no settlement can be complete without attention to the worsening region-wide tensions between Russia and the West. The best forum for such attention would be a renewal of the type of process that produced the original Helsinki Final Act at the height of the Cold War. Relations between Moscow and Washington have reached a low point in some respects reminiscent of that period, yet the perceived risks of the current confrontation by themselves are not sufficient motivation for the US and Russia to be the driving forces for dialogue. Rather, with support from Washington, Europe must play the leading role, building on its enhanced unity and capacity as it emerges from the existential political and economic crises it has faced over the past several years.

The 40th anniversary of the Helsinki Final Act comes at yet another moment of acute crisis for Europe, and it raises the question whether the community of European, Euro-Atlantic and Eurasian states is prepared to step up to such a weighty challenge. For now, the answer is not clear, but it is not unreasonable to hope that by the next major Helsinki anniversary, this community will have revived and restored a strong consensus on European security which can endure for at least another half century or more. By the time of that more distant future, perhaps the vision of a global order that assures peace, human security, and prosperity will be more than the hopeful abstraction it remains today.

1 Ivan Krastev and Mark Leonard, “The New European Disorder,” p. 1 (ECFR: 2014). It should be noted that Krastev and Leonard are perhaps focusing overly on formal geography when they describe the United States and the Soviet Union as non-European powers. In fact, both powers had been deeply engaged in Europe for most of the last century, all the more so after their shared victory in the Second World War, and Russia and the United States might both fairly be described as European powers—or at the very least, powers in Europe—to this day.

2 The Helsinki Final Act was the final product of the 1972-75 Conference on Security and Cooperation in Europe, held in Helsinki, Finland. It represented a political consensus (as opposed to a legally binding treaty agreement) among the participating states to three basic baskets of principles for European politico-military security, economic and environmental security, and human security.


It is often argued that an acute international crisis is not the best time to reflect on long-term foreign policy objectives. A crisis demands that politicians and practicing experts completely concentrate on achieving immediate goals and dramatically narrows the horizons of long-term planning, forcing leaders to put off many things that only recently appeared extremely important and urgent. During a crisis, tactics dominate strategizing, and decision-making is largely determined by the rigid logic of the events taking place today, rather than the long-term consequences of the widening crisis spiral.

But sooner or later all crises come to an end, and life goes on. As such, the time seems to be ripe to think of how Russia could build a relationship with the outside world “after Ukraine.” Of course, much depends on the outcome of the crisis: on whether it ends in a mutually acceptable compromise or in a long-term chronic conflict between Russia and the West, in a strengthening of the Ukrainian statehood, or in its ultimate collapse. But whatever the final scene of the Ukrainian tragedy, the fundamental questions that Moscow will inevitably face when the curtain finally falls are already evident. The solution to these problems will shape not just the future of Russian foreign policy, but the future of the country itself. Here are just a few that might be of particular significance.

What will be the prime international source of Russia’s modernization?

Throughout the post-Soviet period, Europe (and to a much lesser extent – the United States) remained the main source of investment, technologies, managerial decisions, best social practices and standards for Russia. In fact, this was the case during the Soviet era and throughout the three centuries of the Russian Empire as well. However, it has been suggested increasingly often as of late that Asia could easily adopt this role in the future, replacing Europe and the West at large. Moreover, the Asian continent is regarded as the potentially most important market for the Russian economy in the XXI century. Is this just the rhetoric of the moment or a long-term, well thought-out strategy? If this is the strategy, then what is it based on? Our relations with EU countries have been shaped by many decades of intensive, multi-dimensional cooperation, and even today – despite the sanctions and counter-sanctions, despite energy wars and the plummeting of the Russian national currency - they remain not only the most developed, but also quite unique in terms of their quality (an elaborate regulatory framework, the degree of participation of small and medium-sized businesses, the diversification of forms and mechanisms of cooperation, the size of the Russian diasporas in the countries of the region, etc.). Indeed, have there been any successful projects
of economic modernization carried out in isolation from the Euro-Atlantic core of the world economy? After all, the US, the European Union and Japan have make and still make the core of the external resources for the modernization of the BRICS (Brazil, Russia, India, China and South Africa) countries.

There is little doubt that the relationship with the United States has been frayed for a good long while, and Russia cannot rely on Japan in the present context of a bitter confrontation with Washington. But if we accept the premise that Russia will have to “return to Europe” in any case, then it should do its best today to make this future “return” less complicated and painful. From this point of view, the country’s possible withdrawal from the Council of Europe or the termination of a dialogue with Brussels on energy issues is unlikely to help Russia’s long-term interests. Similarly, thinking about the future, Russia should refrain from emphasizing the “gap in values” with Europe and should put an end to the humiliating portrayal of European leaders as “puppets of Washington,” “political dwarfs” and so forth. The undisguised gloating over the European Union’s current economic and financial difficulties comes off as just as inappropriate, not to mention the endless prophecies of an imminent collapse of the entire “European project.”

It appears more appropriate to explore multiple opportunities for damage limitation in relations with Europe, including maintaining as much cooperation as possible in relatively non-toxic areas (education, research, humanitarian contacts, and so on), segregating successful sub-regional interaction and institutions (the Arctic Council, BSEC) from high level regional conflicts and paving the way for a new stage of the Russian-EU dialogue. Moscow should be prepared for a long and difficult process of rebuilding trust with its Western neighbors, but this task remains one of the key priorities for Russia after the Ukrainian crisis.

What are the realistic prospects of the Eurasian integration?

Integration processes in the Eurasian space are caused by objective and long-term factors. But shouldn’t the dramatic worsening of relations between Russia and the West have a powerful impact on these processes? Can Russia conduct business as usual in very different global and regional settings? Firstly, the experience of other integration projects has shown that successful projects are possible during the stage of economic recovery of participating countries, but not in down times, let alone an unfolding protracted economic crisis.

Secondly, the Ukrainian conflict has created long-term political complications for Moscow even with such close allies as Belarus and Kazakhstan, which cannot but affect their attitude toward economic integration.

Thirdly, it is easy to predict that Russia’s Western opponents who have never been fond of the Kremlin’s integration efforts will now redouble their efforts to, at least, slow down the rapprochement between Russia and its partners, offering the latest a broad variety of enticing economic and political alternatives.

What additional arguments can Russia find to maintain the attractiveness of the integration project to its neighbors under these circumstances? The joint struggle with the crisis is certainly a prerequisite for a successful continuation of the project. But it is not the only necessary condition. It is equally important to offer the partners a clear and convincing picture of the long-term prospects of integration processes. These prospects should not boil down to the mere reasoning that world energy prices will sooner or later rise, and the Eurasian region will prosper again. The matter at hand here is not just restoring confidence in the economic model of our country’s development (and the current model should drastically change to this end in view), but restoring the attractiveness of Russian civilization, without which we are bound to lose all remaining allies and partners.

It also appears evident that The Eurasian integration project cannot and should not be regarded as an alternative to rebuilding a strong partnership with the European Union. It might sound as a joke today, but Russia can successfully lead the process of integration in Eurasia only if it is capable of demonstrating to its neighbors and allies an ability to construct a model relationship with EU, so that neither Kazakhstan, nor Belarus, nor Armenia is confronted with a painful “Ukrainian” choice: to stay with Moscow or to head for Brussels.
How to escape another arms race with the West?

Russia’s current program of modernizing its armed forces was developed and adopted in a fundamentally different economic and political situation: oil prices were high and appeared stable; sanctions against Russia were not yet conceived of; and none of official economic development forecasts anticipated any crisis. Moreover, the West until recently was not preparing itself for a serious military confrontation with Moscow, as evidenced by the stable dynamics of the decreasing military budgets of most NATO-member countries. Today things have changed in a dramatic way, and not to Russia’s advantage. The country faces the challenge of an uncontrolled arms race with the West amidst growing domestic economic problems. The expressed desire of the country’s leadership to maintain the integrity of rearmament plans even at the expense of civilian development plans is quite understandable, but is it possible for the civil economy and defense industry to pursue divergent courses in the 21st century? Shouldn’t Russia rather concentrate on the inevitable optimization of defense spending, making up for the latter’s reduction with a more flexible and ingenious diplomacy, using asymmetric responses to the challenges of its potential opponents?

The resumption of a meaningful dialogue with the West on strategic and conventional weapons appears to be a far from easy task under these circumstances. However, the absence of such a dialogue not only dramatically increases the risk of an accidental outbreak of military conflict (including a nuclear one), but also does not enable to counteract the most dangerous and destabilizing trends of the arms race, not to mention the impossibility of releasing resources so badly needed for the development of the civilian economy and the social sphere. These truisms were well known even during the Cold War, which explains why half a century ago the USSR and the United States began intensive negotiations that resulted in the conclusion of a number of historical agreements, first on the limitation and then on the reduction of the strategic arsenals of both countries. Perhaps, it is time to return to this experience of the epoch of global confrontation between the two superpowers, since any “strategic partnership” between Moscow and Washington in the foreseeable future is out of the question.

However, the short term goal of confrontation management should not become a substitute for a longer term goal of building a strategic partnership – the goal that Russia and US failed to reach during the years of reset. A US – Russian strategic partnership might be a far fetch option within next three, five or even ten years, but it does not mean that we should not try to move in this direction. There are areas that are even now recognized as areas of mutual interest by both sides – nonproliferation, fight against international terrorism, avoiding dangerous regional crises, etc. These areas should serve as the foundation – albeit so far very limited and fragile – for a future cooperation in the security domain.

What to do with the unrecognized states and territories?

Unrecognized states and “frozen” conflicts in the post-Soviet space have more than once created diverse political and economic problems for Russia. But if before the Ukrainian crisis there was some possibility of finding compromise solutions and settling at least some of these problems, today this possibility is close to zero. Moreover, the existing variety of unrecognized entities is likely to include in the near future the LPR (Luhansk People’s Republic) and the DPR (Donetsk People’s Republic), which surpass all the existing state anomalies combined in population and territory. What will this mean for Russia in the coming decades in economic and political terms? What price will it have to pay? And what should the Russian strategy be: a continued stake on maintaining the status quo, or the adoption of certain unconventional steps to reduce Russia’s involvement in these conflicts?

Of course, this isn’t about abandoning support in an instant to Russia’s friends and allies across the borders of the country. But this support should be made targeted, more transparent and efficient as well as less costly for Russia. A gradual change of the Russian approach looks possible and, apparently, even necessary. Likewise, it is possible and necessary to encourage the leaders of unrecognized states to enter into an active and extensive dialogue with their opponents, striving for consistent if slow progress in resolving these conflicts. It is no secret that in all unrecognized states, there are forces that are not interested in any
dialogue and rely solely on maintained and even increased support from Moscow. But should Russian policy place a stake on these particular forces in the long run?

A strategic retrenchment has never been easy for any country; it will not be easy for Russia either. However, the earlier Moscow starts planning it the higher the chances are that such a retrenchment will be orderly, staged and less detrimental to Russia’s core strategic interests. In some cases it can even make Russian positions in its periphery stronger rather than weaker provided that it is handled in a professional and well planned way.

**What kind of migration policy and relations with its Diaspora does Russia need?**

It is easy to predict that one of the inevitable consequences of the current crisis for Russia will be a dramatic increase in the outflow of the energetic and promising professionals abroad. In reality, this trend became apparent already in 2014 when the number of emigrants reached record levels since the beginning of the century. The counter-flow – the return of Russian experts, scientists and entrepreneurs working in the West – is becoming shallow in front of our very eyes. At the same time, the number of migrant workers coming from the countries of the former Soviet Union and abroad is shrinking rapidly. It is worth noting that this situation of social and economic instability, most likely, will render null the Kremlin’s modest success in increasing the birth rate, as the latter usually reduces sharply during crisis periods. Apparently, Russia will soon have to face the most acute shortage of human resources in its post-Soviet history. Moreover, this deficit will affect the entire labor market, from unskilled workers to world-class specialists.

Is the country ready for this radically new situation? Or should it make significant adjustments to the current immigration policy and the practice of interacting with the Russian Diaspora? The ongoing discussions of a possible abolition of the Federal Migration Service and the transfer of its functions to the Ministry of the Interior cannot but make one uneasy. After all, the matter at issue is not just the bureaucratic apparatus games inside the Kremlin, but the place of migration policy in Russia’s general modernization strategy for decades to come. The times of readily available migration resources are over for the country, while the need for such resources, in contrast, is growing. Therefore, the emphasis in Russian migration policy should probably be transferred from the administrative mechanisms of regulating migration flows (the Ministry of the Interior can cope with this perfectly well) to finding solutions to problems of migrants’ adaptation and integration (which requires the combined efforts of the government, business, civil society, educational institutions, media and many other institutions).

It goes without saying that Russia faces a formidable task of ‘selling itself’ to potential migrants not only as a place to make money and to send it as remittances back home, but also as a country of destination, as a land of opportunities, of comfortable social and cultural environment, as a place to settle down and to enjoy life. To become a magnet for migrants Russia has to change a lot in its current economic, social and political practices, to overcome many of its deficiencies, liabilities and national prejudices.

**What changes are needed in the mechanisms of using soft power?**

It must be admitted that the crisis has changed for the worse attitudes toward Russia in most countries of the world. One can argue that the current anti-Russian sentiments and stereotypes are neither justified nor stable, but it is difficult to assume that they will disappear on their own without a sustained effort on Russia’s part. Meanwhile, opportunities for implementing large-scale and expensive public relations-projects like the Sochi Olympics are absent today, and in the coming years they are unlikely to appear. Budget infusions into propaganda agencies for foreign audiences are shrinking, and state-funded places in Russian universities for foreign students and graduate students will probably also fall under sequestration. Increased funding of Rossotrudnichestvo (the Federal Agency for the Commonwealth of Independent States, Compatriots Living Abroad and International Humanitarian Cooperation) and similar organizations is hardly possible. Accordingly, Moscow has to create new, effective and low-cost mechanisms for the
use of Russian “soft power” that will work in a very unfavorable environment.

Perhaps the discussion of this subject should start with an unbiased and objective analysis of Russia’s failures and defeats on this front. Why, for example, has Russia’s “soft power” failed to work properly before and during the crisis in Ukraine, even in respect of a substantial part of the Russian-speaking population? The same question can be raised in regard to many other Russian-speaking communities including these in the Baltic States, in South Caucasus and in Central Asia?

Then, one has to draw up an inventory of the instruments of “soft power” technologies already employed and the methods of their application. It sometimes appears that with regard to “soft power,” Russia is moving not forward, but back to the tried and familiar, although archaic and often openly counterproductive, patterns of Soviet times. The question arises about whom in the future will be Russia’s main target audience abroad: the political mainstream in the West and in the East, or the right and left-wing radicals who do their utmost to undermine this mainstream? Placing a stake on radicals can yield quick and tangible results (especially, given the current political and social instability in many countries around the world), but in the long term this approach may prove much less efficient.

This question is closely linked to another one: what role the Russian civil society is going to play in the country’s foreign policy? The current practices are based on the assumption that non-state actors should act as junior partners of state, limiting their engagement to promoting, assisting, advertizing the general ‘party line’ as well as specific official foreign policy initiatives. Pluralism of positions and opinions - even if it exists inside the country - should not extend beyond national borders. This approach is severely limiting the Russian ‘soft power’ efficiency and has to be reconsidered.

**What should be the basis of a new Russian patriotism?**

Today in Russia the patriotic upsurge is considered to be one of the main positive outcomes of the Ukrainian crisis. However, one doesn’t have to be a sociologist to note that this upsurge is largely due to anti-American, anti-Western, anti-Ukrainian sentiments, rather than to the fostering of Russia’s own rather ambiguous and unspecified values. Whether these anti-Western and anti-Ukrainian sentiments reflect the real picture of the modern world or belong to the realm of dreams and fantasies is a separate topic. But in any case, this foundation of the Russian patriotism is more than shaky, and one cannot exclude the possibility of growing social apathy and cynicism in the very near future, especially amidst rapidly deteriorating economic conditions. In addition, Russian patriotism today is rather a jealous glance at the great past of the country than a bona fide attempt to draw its desired future based on today’s realities.

However, the modernization of Russia is far from possible without the unifying force of civic patriotism. As the experience of many other countries has shown, it is exactly the patriotic feeling that helps to endure losses and hardships, to cope with the challenges and difficulties typical for any period of social and economic modernization. Such mobilizing patriotism looks to the future, not to the past; it has more to do with hopes and ambitions than with memories and grievances, with all the undeniable significance of the latter for the national self-consciousness. It is appropriate to ask what kind of Russia we want to see in ten, twenty or thirty years. What country would we like to leave to our children and grandchildren? Maybe, it’s time to shift the focus from the persistent cultivation of a “besieged fortress” mentality to the democratic social development of our common future?

One of the most urgent tasks for Russian intellectuals and opinion-makers is to offer to the public a new narrative about their country. What does make Russia great? Is it its ability to stand up against the West and the military potential that allows imposing its will on weaker neighbors? Is it a permanent membership in the UN Security Council with the veto powers allowing Moscow to block any decision that does not please it? Or is it something very different, which better fits the emerging pattern of global politics in the XXI century?

... The above questions may seem to some people untimely, politically incorrect, or, conversely, too abstract, and even rhetorical. However, an acute crisis is also the time to take a fresh look not only at
the world around us, but at ourselves too. It is the
time to raise inopportune, politically incorrect and
abstract questions, even if there are no detailed and
comprehensive answers to them yet. Politicians and
practicing experts have become engrossed with the
current crisis, but the society like never before needs
a meaningful debate about the foreign policy strategy
of building a new country. Our external environment
has radically and irreversibly changed and continues
to change rapidly. And it means that the sooner we
begin this discussion, the better we will be prepared
for life “after Ukraine.” As Peter Drucker, arguably
the greatest management theoretician of the XX
century said on another occasion, “the best way to
predict your future is to create it yourself”.
The U.S. Response to Russia’s Assertiveness: Economic, Military and Diplomatic Challenges

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The U.S. Response to Russia’s Assertiveness: Economic, Military and Diplomatic Challenges

AGENDA

March 28-April 3, 2015
Berlin, Germany

SUNDAY, MARCH 29
Participants arrive in Berlin mid-day

Afternoon Educational Site Visits in Berlin
We went to the “Cold War Center: An Exhibition at Checkpoint Charlie”, the site where the old Berlin Wall separated East Germany from the American sector of West Berlin. At the museum met its president, Rainer Klemke, who explained the history of the Cold War and its relevance to current policy challenges the U.S. faces regarding Russia.

Scholarly Commentary provided by:

Rainer Klemke, President of the Cold War Center
Rüdiger Lentz, Executive Director of Aspen Institute Germany

Working Dinner
Scholars and members of Congress explored topics covered in the conference. Seating is arranged to expose participants to a diverse range of views and provide opportunity for a meaningful exchange of ideas. Scholars and lawmakers are rotated daily.

MONDAY, MARCH 30
Roundtable Discussion
An Overview Of The U.S.-Russia Relationship, The Roles Of Nato And The European Union: Challenges, Dangers, And Opportunities

It scarcely needs saying that U.S.-Russian relations are as hostile and confrontational as at any time since a Cold War that most thought was history. In this session we want to stand back and think hard about the larger implications of where the relationship is headed, including the specific dangers raised as well as prospects for an improvement.
• How are we to judge the thrust and impulses behind current Russian foreign policy?
• How serious, large, and long-lasting is the confrontation between our two countries?
• Are we in--or headed toward--a new Russia-West Cold War?
• What are the roles of NATO and the European Union?
• What opportunities exist for altering the trajectory of the relationship? What factors will determine whether they can be seized, including the evolution of other key relationships, such as between the United States and China as well as between Russia and China?

John Beyrle, former U.S. Ambassador to Russia, Washington, DC
Dmitri Trenin, Director, Carnegie Moscow Center, Moscow

Luncheon Remarks

German Perspectives On Russia And Transatlantic Relations

Markus Kerber, Director General, Association for German Industry, Berlin
Jürgen Hardt, Coordinator of Transatlantic Cooperation, Member of the Bundestag, Berlin

Site Visit to the Bundestag

On-site briefings by officials from the Bundestag allowed interaction between Members of Congress and Members of the Bundestag on the policy challenges of Russia’s assertiveness.

Working Dinner

Scholars and members of Congress explored topics covered in the conference. Seating is arranged to expose participants to a diverse range of views and provide opportunity for a meaningful exchange of ideas. Scholars and lawmakers are rotated daily.

TUESDAY, MARCH 31

Roundtable Discussion

The Ukraine Crisis And The Western Response: Diplomacy, Economic Sanctions, And Military Options

The Ukrainian crisis was the straw that broke the camel’s back and propelled the U.S.-Russian relationship over the edge. It remains at the heart of the tension in U.S.-Russian relations. Worse, the crisis itself—both with eastern Ukraine and in the country at large—remains unresolved and explosive. Its course will play a large role in determining the evolution of U.S.-Russian relations as well as the picture for security in Europe.

• What is the status of the ceasefire in eastern Ukraine?
• Is the relationship between the central government and the two eastern provinces (Luhansk and Donetsk) becoming another “protracted conflict”?
• What are the challenges facing the new Poroshenko-Yatseniuk government? How serious is the economic crisis? How deep the systemic political crisis?
• How well has the new government done since the October 26 elections in meeting the challenges?
• Has the dispute reinvigorated calls for missile defense in Europe?
• What is the role of outsiders in the crisis: The United States, European Union, the Contact Group, and Russia?

Steven Pifer, former U.S. Ambassador to Ukraine, The Brookings Institution, Washington, DC
Vitaly Sych, Chief Editor, New Time magazine, Kiev

Luncheon Remarks

Remarks By The U.S. Ambassador To Germany
Ambassador Emerson discussed the main themes of the conference—The U.S. response to Russia’s assertiveness, drawing from his perspective as ambassador to Germany.

John B. Emerson, U.S. Ambassador to the Federal Republic of Germany

Working Dinner
Dialogue with Members of the German Bundestag
Scholars and members of Congress and members of the German Bundestag explored topics covered in the conference. Seating is arranged to expose participants and Members of the Bundestag to a diverse range of views and provide opportunity for a meaningful exchange of ideas. Scholars and lawmakers are rotated daily. This provided a further opportunity for interaction between Members of the Bundestag and Members of Congress on the policy challenges regarding Russia and relations with the U.S. The Members of the Bundestag were:

Niels Annen, member of the SPD
Hans-Peter Bartels, member of the CDU
Stefan Liebig, member of die Linke
Omid Nouripour, member of the Green alliance

WEDNESDAY, APRIL 1

Roundtable Discussion

Putin’s Leadership And Implications For U.S. Policy
In this session we want to probe beneath the headline characterizations of the Putin regime and the course of Russian politics and economics under its leadership. Given the limited leverage the United States has over the course of developments within Russia, it is important that our efforts be calibrated with a refined, accurate reading of Russian realities.

• How accurate is the U.S. “narrative” about Russia?
• What are the major factors shaping the Putin regime’s decisions both at home and abroad?
• How serious are the economic pressures, including those surrounding energy sales, on the regime? What are the potential consequences?
• What are the prospects for democratization in Russia and does it matter to the U.S.?
• What has been the impact of U.S. policy on Russian foreign policy choices? What instruments, methods, and strategies appear to offer the greatest leverage?

_Alena Ledeneva, Professor of Politics and Society, University College, London_

_Sergey Rogov, Director, Institute for the U.S. and Canadian Studies, Russian Academy of Sciences, Moscow_

Luncheon Remarks
Prime Minister Yatsenyuk discussed the main themes of the conference—The U.S. response to Russia’s assertiveness, drawing from his perspective in Kiev.

_Arseniy Petrovych Yatsenyuk, Prime Minister of Ukraine_

Working Dinner
Scholars and members of Congress explored topics covered in the conference. Seating is arranged to expose participants to a diverse range of views and provide opportunity for a meaningful exchange of ideas. Scholars and lawmakers are rotated daily.

**THURSDAY, APRIL 2**

Roundtable Discussion
**Future Prospects For U.S.-Russia Relations**
In this final session the task will be to consider how current U.S. policy toward Russia, focused on the urgent problems of the moment, can and should be informed by and incorporated into a longer-term vision of the goals that we seek in the relationship and an appropriate strategy for reaching them. It will look not only at the near-term issues Congress will need to address, but also at the longer-term implications of the way it chooses to address them.

• How might U.S. policy toward Russia be adjusted to optimize its effect?
• How can U.S. policy better ensure a close coordination of policy toward Russia with European allies?
  How important is it to achieve a maximum coordination of policy with them? What options remain to the United States in areas where coordination fails?
• What are the longer-term goals of U.S. policy toward Russia? That is, where do we want the relationship to be five years from now? Ten years from now?
• How can the United States better integrate current, short-term policy with this longer-term perspective?

_Matthew Rojansky, Director, The Kennan Institute, Woodrow Wilson International Center for Scholars, Washington, DC_

_Andrey Kortunov, President, New Eurasia Foundation, Moscow_

Working Dinner
Scholars and members of Congress explored topics covered in the conference. Seating is arranged to expose participants to a diverse range of views and provide opportunity for a meaningful exchange of ideas. Scholars and lawmakers are rotated daily.
FRIDAY, APRIL 3:

Return travel

Resource Scholars:

Thomas Bagger, Director of Policy Planning, German Foreign Office, Berlin
Robert Legvold, Professor Emeritus, Columbia University
Rüdiger Lentz, Executive Director, Aspen Institute Germany, Berlin
Alex Pravda, Fellow, Russian & East European Centre, St. Antony’s College, Oxford, UK
Andris Spruds, Director, Latvian Institute of International Affairs, Riga
Marcin Zaborowski, Director, Polish Institute of International Affairs, Warsaw