



# RUSSIA in GLOBAL AFFAIRS

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# The Spiral of Russian History

*Fyodor Lukyanov, Editor-in-Chief*

The year 2004 has proven to be Russian President Vladimir Putin's most difficult year since he took office in 2000. Apart from an upsurge in terrorism, which culminated in the horrible terrorist act in Beslan, Putin faced a decrease in economic growth rates, the declining position of Moscow in the post-Soviet space, and a marked deterioration in the West's attitude toward Moscow. As a result of these negative developments, Russia's leadership is forced to make grave decisions. It is no wonder that heated debates have begun in Russia as to whether the president has a development strategy, and if he has, is it adequate to the problems now facing Russia?

The contributors to our journal provide different answers to this question. One of Russia's leading political analysts, **Vyacheslav Nikonov**, says that Putin adheres to a straightforward strategy which can be best described as conservative — with an allowance made for the specificity of Russia's very young democracy, of course. The designers of the present

regime did not have a systemic restructuring plan, argue **Svetlana Babayeva** and **Georgy Bovt**. They hold that the Kremlin has focused all its efforts on a search for ways to preserve its power after Putin's presidency expires in 2008. Journalist **Alexander Budberg** fears that Russia has “lost” the Putin who was bent on transforming the country into a modern developed state.

Businessman **Mikhail Yuryev** blames the numerous problems confronting Russia on “internal foes” who criticize Putin not with a view to changing the regime but in a bid to liquidate Russia per se. Economist **Mikhail Delyagin** believes that Russia's loss of status as a great power, as well as its setbacks in the ongoing competition with the West, can be blamed on the ruling bureaucracy. The analysis of the role of the bureaucratic machinery continues in an article by Russia's most famous prisoner, **Mikhail Khodorkovsky**, who observes that the unique and mixed attitude of the Russian people to their own state is rooted in the past.

In general, analyzing the past is a characteristic trend of Russia's present socio-political context. Many politicians, scholars and ordinary citizens seek to find answers to these contemporary questions in Russia's recent and more distant history. Critics of President Putin accuse him of seeking to restore – deliberately or unconsciously – the Soviet system of government. Many of his supporters view the centralization of power as a return to the traditional Russian (pre-revolutionary rather than Soviet) matrix, which they believe corresponds best to the Russian national tradition. This issue also focuses on Russia's relations with the former Soviet republics. Moscow has been cut to the quick by the loss of its leadership role in the post-Soviet space. It views the developments there, above all in Georgia and Ukraine, as the shameless expansion of the West into a legitimate sphere of Russian interests. Analysts and journalists **Yekaterina Kuznetsova**, **Vadim Dubnov** and **Robert Bridge** examine what has happened to the fragments of the Soviet Union and whether Russia has a chance to restore its influence there. **Sergei Kortunov** focuses on a unique problem that Russia has inherited following the breakup of the Soviet

empire – the Kaliningrad Region, a Russian enclave that is surrounded by countries of the European Union.

Global governance and the formation of a new world order is another highlight of this issue, and we have included policy articles by two Russian authorities on this issue – Foreign Minister **Sergei Lavrov** and foreign-policy patriarch **Yevgeny Primakov**. Specific aspects of the governability issue are analyzed in articles by American scholar **Naiem Sherbiny** and **Tommaso Padoa-Schioppa** (Italy), a member of the Governing Council and the Executive Board of the European Central Bank. Prominent scholars **Alexei Bogaturov** and **Nikolai Zlobin** explore the policies of the United States, the main candidate for the right to rule the world. Finally, the most acute problem of our times – international terrorism – is the subject of articles contributed by **Alexei Arbatov** and **Yevgeny Satanovsky**. Our next issue will be dedicated to a crucial event in Russian history, when, in the spring of 1985 the Soviet Union acquired a new leader, Mikhail Gorbachev, who was also destined to be its last leader. We will sum up some of the results of those two tumultuous decades, and analyze how much Russia has developed since then.

# The Post-Soviet Chessboard



Illustration from the *Ogonyok* magazine, 1948

“Today, we are living in the midst of a situation that emerged after the breakup of a giant state known as the Soviet Union. That state appeared to be unviable given the conditions of a fast-changing world. However, notwithstanding the enormous difficulties, we succeeded in preserving the core of this giant, and called the newly emerged country “The Russian Federation.” All of us anticipated changes – changes for the better. Yet, we find ourselves completely unprepared for many of them.”

*An excerpt from the address to the nation  
by Russian President Vladimir Putin, September 4, 2004.*

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# From Global Controversies to Regional Conflicts

*Mikhail Delyagin*

The disappearance of the Cold War standoff between two ideological superpowers has developed into a conflict between civilizations as the new source of global competition. While the global competition of the past was a confrontation between state military organizations, the competition of the present implies a clash of networking structures oriented at one or another civilization. (The scope of these networking structures embraces financial, public, religious, and criminal organizations, as well as secret services which are acting more and more independently under the pretext of fighting terrorism.) The specificity of the networks blurs the contours of global competition, manifesting itself in scattered and limited – that is to say, regional – conflicts that are protracted, smoldering, and unrelated to one another at the same time. The powerful surge of these conflicts, together with the attention that the world community gives to them, delimitates new zones on the world's great chessboard.

In the past, the competition between the two superpower systems was ideological rather than economic. The struggle was aimed at winning over peoples' souls in order to get as many supporters as possible. Presently, however, global events are being driven by the realization that the scanty natural resources make

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development based on past technologies and past growth rates impossible. The competition between civilizations thus turns into a struggle for resources.

This resource deficit, albeit only hypothetical for many countries at the present time, whips up a policy of expansionism and spearheads it at regions where control over resources is loose and where countries do not have enough strength to develop their mineral wealth. These comprise primarily African nations and the former Soviet republics, including Russia.

### CREEPING PEACEKEEPING

The open formalization and simplification of the mechanisms of managed democracy, created in Russia over the past few years, demonstrate to the West that the newly emerging Russian state cannot integrate itself into the Western system of values in general and the Euro-Atlantic community in particular. Western decision-makers have comprehended this fact and will unlikely try to revive any patterns of interaction that they had with the former Soviet Union or today's China; the Russian Federation is too weak for that. It seems probable that what we will witness are attempts to bring Russia back into a universal condition of formal democracy.

Expanding civilizations are exploring Russian territory differently. In the first place, this is being accomplished economically by engaging Russian partners in multinational corporations which implement projects like the Caspian Pipeline Consortium, or work under production-sharing agreements. Another such method is to exert pressure on Russian projects, such as the export oil pipeline from East Siberia. Furthermore, some civilizations also use networks (drug rings, political lobbies, and religious organizations, primarily Islamic and Roman Catholic), as well as ethnic factors.

Not infrequently, international peacekeeping missions that are activated to help settle conflicts and confront accompanying terrorist activity also become an instrument which serves this purpose. The use of regional conflicts as tools for affecting the system of government was a problematic type of pressure for the Soviet

Union and remains such for Russia. Primarily, these include regional standoffs on the former Soviet territory outside the borders of the Russian Federation, popularly referred to as the former Soviet Central Asia (this region is becoming part of the Broader Middle East), and in the Islamic regions of Russia proper.

A good example is the country of Georgia, where a nationalist euphoria is being generated by its President Mikhail Saakashvili who is pushing for the reintegration of rebellious South Ossetia through the use of force. The numerically small South Ossetian forces will be unable to rebuff Georgia's U.S.-trained crack units which make up its advance guard. This will create an extremely unsavory dilemma for Russian President Vladimir Putin: any efforts to defend Russian citizens living in South Ossetia (56 percent of its residents by official count) would inevitably mean a quarrel with the West, which would throw their support behind Saakashvili.

A choice between the interests of Russian citizens and those of the Western countries will simultaneously be a choice between two groupings within the Russian elite: Western-style liberals versus the proponents of the military and security machinery. The latter may add fuel to the conflict in the hope that Putin will eventually opt for defending Russia's compatriots living in South Ossetia and reject the liberals. However, it cannot be ruled out that Putin, whose foreign policy line copies that of Mikhail Gorbachev, will opt for friendship with the West at the decisive moment.

There can be little doubt that the use of force to settle the South Ossetian conflict would be accompanied by the inaction of the Russian peacekeepers; they will be told to stay away. Thus, the result will be a bloody guerilla war, where the republic will slide into chaos, and there will be endless suffering for both Georgians and Ossetians. If this happens, the introduction of an international peacekeeping force will be the only way out of the situation, and those peacekeepers will most probably wave the NATO flag. South Ossetia is a small region and a large contingent will not be needed there, while the local population, ridden by terror and brainwashed by propaganda, will eagerly undersign the demand for international forces in spite of its patriotism.

Following such an event, any terrorist act in the North Caucasus will arouse waves of demands by the “progressive world public opinion” that multinational peacekeepers be introduced into the region as the only instrument for maintaining peace.

The “terrorists’ swords” will clear the way for NATO forces being activated in the North Caucasus, and its separation from Russia along the lines of the Kosovo scenario will become just a matter of time. The logic of global competition makes Tatarstan and Bashkortostan – both key technological areas that are crossed by energy supply routes from Siberia to the West – the next two vulnerable regions, control over which has vital importance. The Islamic element of those constituent republics of Russia makes them suitable for staging destabilization scenarios as well. Tatarstan’s and Bashkortostan’s dependence on Russia’s strategic rivals will turn Moscow’s jurisdiction over West Siberia into a pure formality then, and a challenge to the Russian identity of Siberia and the Far East may get on the agenda soon thereafter.

To sum up, a refusal (under whatever pretext) to defend the rights of Russian nationals living outside Russia in favor of relations with the West may produce a domino effect. The resultant domestic political crisis may undermine the legitimacy of the president as the key figure of Russian statehood. To thwart such a scenario, Russia must prevent Georgian aggression in South Ossetia by any means.

At this stage, a strategic goal for Moscow would be to bring the process of the Soviet Union’s disintegration to a logical end. This would entail international recognition of the right to self-determination for those peoples living in the post-Soviet area, including those willing to be incorporated into Russia. South Ossetia, as well as Abkhazia and the breakaway region of Transdnistria in Moldova, may also integrate into the Russian Federation on condition that their peoples express the will to do so. In the case of Transdnistria, its integration is possible if Moldova decides to merge with Romania and if the European Union, NATO, and the U.S. provide written guarantees of the region’s immunity as a Russian territory.

Meanwhile, Russia is unable to defend its national interests, nor is it able to respond to the menace of a NATO-led (mostly

U.S.-led) “peacekeeping aggression,” which may jeopardize the territorial integrity and the very existence of Russia.

The tragic inadequacy of Russia’s foreign-policy mechanisms (from the academic curricula for students of diplomacy to the structure of the Russian Foreign Ministry and the Security Council) to pressing domestic and international problems is becoming increasingly apparent. Like generals who are preparing for military conflicts of the past, Russian strategic planning of foreign policy fails to react to the new realities.

The fundamental rejection of a uniform system of elaborating foreign policy priorities lies at the root of a highly fragmentary foreign policy line. This leads Russia to commit remarkable mistakes wherever there is a direct clash of interests; this is the case even in its own backyard.

The situation in Abkhazia provides a graphic example. Russian leaders, who totally lack the ability to analyze alternative positions, or to even adequately train reserve cadres, automatically put stakes on the ruling clan in that region. This clan represents the toughest anti-Georgian position and is the least likely to cooperate with other groups. But even the use of what is known in the former Soviet Union as the “administrative resource,” and the relentless support from Moscow, did not earn the candidate of the “power party” the presidency. Tensions in Abkhazia reached the boiling point, while Russia found itself discredited. As a result, developments may proceed according to the following scenario: the oppositionist and hitherto pro-Russian clans will eventually begin building bridges to the West. There, they will naturally receive a hearty welcome, while Russia will lose Abkhazia the same way it lost Adzharia, to say nothing of the Soviet Union before that. The recent events in Ukraine have graphically demonstrated that the situation across the entire post-Soviet space will be developing for Russia according to this scenario.

#### AN ANTIDRUG COALITION

The disintegration of the Soviet Union, together with the emergence of newly independent states in Central Asia (each having different legal systems), created the perfect environment for the

drug trade. Drug barons have played, or continue to play, a crucial role in the present history of Tajikistan and some other Central Asian states. The Taliban's arrival to power in Afghanistan (with backing from the Pakistani Armed Forces and the financing from heroin revenues) became the last building block in Afghan drug transits to Europe via Central Asia, Russia and, eventually, Kosovo after the latter had been torn away from Serbia's jurisdiction. Like any transit country – especially in this case a country where the social structure is degrading and offering little resistance to drug abuse – Russia is suffering heavy losses. The spread of addiction is threatening the very existence of Russian society. The Russian Interior Ministry has stated the admissible risk level of the addicted population stands at one percent, yet the actual number is at least double that figure. Furthermore, the growing political influence of the drug rings can, in the foreseeable future, trigger a number of bitter conflicts in Central Asia and on Russia's territory proper.

However, no sensible measures have been implemented to combat this real evil (an exception is that direct trains between Tajikistan's capital Dushanbe and Moscow have been cancelled). On the other hand, an "opium train" is still cruising between Dushanbe and the southern Russian city of Astrakhan, while the number of bus routes has increased, as well. The removal of Russian border patrols from the Tajik-Afghan border facilitates the shipment of drugs right at the moment when the liberalization of drug production in the post-Taliban Afghanistan may heavily slash the price of heroin and make it far more widely accessible. In the background of all this, the expansionism of drug networks, so dangerous for Russia and so painful for the European Union, furnishes Moscow with a unique opportunity to take real leadership in pooling efforts for a solution to this problem. More than that, Russia can relatively easily get a mandate from the global community for it to exert some kind of supervision over Central Asia if it so desires. It may even aspire to a political domination in the region in order to defend Europe from an inflow of drugs.

But this will not be a “liberal empire” busy implanting an alien ideology in Central Asia (which is even more alien to that region than it is to Russia) which, under the pretext of defending human rights, would defend the interests of variegated minorities to the detriment of society as a whole. It will be a universally realized categorical imperative that will unite Russia and Europe under the motto of fighting drug networks and international terrorism. One can plainly see the political correctness of such an initiative, and the U.S., our strategic contender, would have no legitimate arguments against it.

In reality, however, the implementation of such a policy is contingent on the requirements that President Putin’s vertically integrated state power a priori falls short of. The administrative reform has paralyzed the entire system of state government for the immediate future and rendered its machinery ineffective. This factor does not allow Moscow to use this historic chance at the present time.

#### CHINESE MYSTERY BOX

Regional problems are also looming over the Russian Far East. Presently, uncertainty surrounds the prospects for the Angarsk-Daqing pipeline that China pinned great hopes on. This casts a shadow over future Russian-Chinese relations in general, especially if viewed in the light of the recent scandal involving the expulsion of the Chinese from the privatization of the Slavneft oil company. Until recently, the Chinese leaders tended to regard Russia as a partner who has enough reliability and who can honor contractual obligations despite certain internal discords and a sometimes puzzling conduct. President Putin’s statement about possible participation of the China National Petroleum Corporation in the management of Yuganskneftegaz, a former YUKOS asset now returned to the state, comes as an attempt to smooth over the negative impression Moscow’s former decisions made on Beijing.

And yet China’s disposition toward Russia may change soon enough. That change will be propelled by the Russian leaders’

inconsistency and connivance at the appetites of some regional governors and at the pressure that Beijing is subjected to by Tokyo. Washington, too, may be pulling at strings behind Japan's back because of its fears of China's further rise. The true impact of a compromise on the one-and-a-half islands that Russia has ceded to China is also unclear. The Celestial Empire may start perceiving Russia as a weak, passive, and half-dependent owner of great mineral riches. Let us recall that the Chinese have historically treated the alien and weak very pragmatically and without any sentiments.

Beijing adjusts its foreign policy to the considerations of a global positioning of forces and global competition to a much greater degree than Russia does. China seriously treats the forecasts which show that the global consumption of crude oil will exceed its production from easily recoverable reserves in the not-so-distant future. China proceeds from the assumption that its strategic competitors are interested in restricting its access to energy resources and that this kind of interest will increase as the amount of easily accessible deposits of fuel decrease. Analysts in China say in private conversations that the failure of the Angarsk-Daqing project might be the first instance of such restrictive tendencies.

If the Chinese leadership develops confidence in Russia as a reliable strategic supplier of energy resources over a period of four to six years, relations between the two countries will remain at the current level. Simultaneously, the Russian government will have to consider the gradual closure of the Chinese market for Russian manufactured goods as China increases its domestic production of import-substitution goods; furthermore, Russia can expect the eventual exhaustion of defense technology exports to China. But if Beijing realizes that it cannot rely on fuel supplies from Russia, it will begin looking for alternatives – from Kazakhstan to West Africa – as well as for its own instruments of impact on its northern neighbor. The story of the oil corporation YUKOS, a major supplier of crude to China, does not help Russia raise a high profile in the eyes of its clients.

China still holds out hope in the new assessments of crude resources in Siberia. The case in point are the reserves undeclared by oil companies and the so-called “sideline pipes” – old abandoned local pipelines that hold many millions of tons of crude; these were regularly concealed and delivered to refineries illegally. But for Russia, the disillusionment of such hopes would mean that a new source of regional tension has appeared.

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The curtailment of Russia’s external influence, which first began in the name of “general human values” (which apparently meant the interests of our strategic rivals), was later dedicated to slashing the budget deficit. In more recent years, this curtailment continued due to the sluggishness and incompetence of the ruling bureaucracy and the selfish interests of the oligarchy dominating the law enforcement agencies. Finally, this policy has ultimately borne fruit: Russia has lost meaningful influence outside the territory of the former Soviet Union. Even those countries where the officials are most benevolent toward Moscow are showing a tendency to deny Russia the right to defend its nationals.

Russia’s weakness in the international arena has sharply narrowed its agenda for talks with the U.S. and European countries. This in turn boosts the significance of regional conflicts. The pressure of global competition is a “great constant” of modern history, and insufficiently strong countries, unable to take part in global processes, have to tackle that competition at a lower, regional level. Those who are reluctant to defend their interests at distant outposts will eventually have to perform the task at close frontlines.



# The Near Abroad: Increasingly Far Away from Russia

*Yekaterina Kuznetsova*

## NO MAN'S LAND

The emergence of 15 independent states on the territory of the former Soviet Union divided the previously single country along borders that were drawn by “nation builders” in the first few decades of the Soviet empire. The breakup process, which was accompanied by chaotic democratization, went forward as the realization of each people’s right to self-determination. Meanwhile, most of the newly formed states were not ethnically homogeneous. On the other hand, peoples who enjoyed certain autonomy in the Soviet years, but did not enjoy the status of a republic, also tried to exercise the right to self-determination.

The breakup of the Soviet Union (and, to some extent, another member of the former Eastern bloc, Yugoslavia) revealed differing points of views concerning the organization of the post-Soviet space between the Russian and Western politicians. The former grieved for their bygone country, and this nostalgia increased as separatist sentiments grew in Russia and its influence on the international arena decreased. The latter tended to support the centrifugal tendencies, interpreting them as manifestations of the democratization of post-socialist societies, which brought the West victory in the Cold War. But neither the Russian nor Western policymakers, unable to overcome their mental inertia,

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made any effort to turn the *terra nullius* (no man's land) that had emerged between Russia and the West into a proving ground for testing new forms of allied relations. Russian leaders competed amongst themselves to devise new concepts of Russia's "key role" in the post-Soviet space, while Western governments sought to outdo each other by recognizing the formal independence of the newly independent states, be it Estonia or Uzbekistan, Slovenia or Croatia.

The similarity of interests between Russian statist and the representatives of those movements that sought independence from the newly independent states caused Russia – partly deliberately and partly by coincidence – to give preference to a special rapprochement with "fragments" of the Soviet empire (former autonomies that had declared their disagreement with the principles concerning the division of the collapsed Soviet Union) rather than to the normalization of relations with its new neighbors. Some forces in Russia sought to preserve their levers of influence on the former Soviet republics by tacitly encouraging separatist policies within the autonomous regions. Later developments showed, however, that it was not the best strategy.

It must be mentioned, however, that Moscow played an important positive role during the early post-Soviet years. For all the contradictions in the Kremlin's policy at the time, Russia made a decisive contribution to the cessation of local wars in Georgia, Azerbaijan, Moldova and Tajikistan, while Russian peacekeeping forces maintained stability in the conflict areas at the cost of their own lives. Nevertheless, Moscow failed to build on this success and suggest effective ways to solve regional problems. Moreover, Russia's objective achievements, far from being duly appreciated, later began to evoke an increasingly suspicious attitude. For example, the authorities of the countries where Russian peacekeeping forces are now deployed no longer regard their presence as a stabilizing factor.

In a bid to distract their citizens' attention from their political and ethnic problems, the authorities of the newly independent states persistently portrayed Russia as a hostile and aggressive

country seeking to restore its past empire. Meanwhile, the rebellious territories, on the contrary, regarded Russia as a potential defender against the expansion of the new centers. Thus, two parallel processes were occurring simultaneously: leaders of the sovereign states denounced Moscow's "expansionist" plans, while the rebellious "fragments" of the former empire consolidated their ties with Russia.

Such a situation could not remain stable. The contradictions were there to stay dormant until Russia defined its preferences, or until the post-Soviet states overcame their economic and political ailments. Kazakhstan and Azerbaijan gradually restored their export-oriented economies and consolidated their positions; the Baltic States assumed a policy of integrating into the European Union; Uzbekistan and Georgia became the focus of Washington's attention; Moldova attracted the close attention of the European Union; and Ukraine became a bone of contention between several powers which sought to extend their influence there. Yet, despite all these changes, Russia did not hurry to revise its policy and objectives in the post-Soviet space.

#### MAN-MADE INSTABILITY

The lack of clear goals caused several obvious setbacks for the Russian leadership.

First, Russia's leaders failed to reach binding agreements with the West on the inadmissibility of the post-Soviet countries' integration into Atlantic organizations. This failure has resulted in the recent entry of the Baltic States into NATO and the EU, and in Ukraine's (and, to some extent, Georgia's) increasingly obvious desire to follow suit.

Second, there were no comprehensive agreements on military and political cooperation between the Russian Federation and the former Soviet republics. This permitted the U.S. to consolidate its positions in the post-Soviet states in Central Asia, as well as to consider prospects for increasing its influence in Transcaucasia.

Third, Russia failed almost everywhere to convert its levers of economic pressure on the post-Soviet countries into concrete

agreements. Such a move could have protected Russia's economic and political interests in various regions, or at least have given Russian businesses control over some local companies.

The Kremlin's support for pro-Russian separatist movements in the newly independent states worsened the general climate in the post-Soviet space, undermined Russia's positions and, to some extent, "delegitimized" its policy.

It must be admitted, however, that the Russian Federation, like no other country, was, and still is, subject to the double-standard policies of the Western powers. Thus, it is difficult to blame Russia's leadership when they attempt to apply similar principles. On the other hand, such an approach may have much graver consequences for Russia than it would for the United States or the European Union.

With regard to those post-Soviet states which are torn by separatist conflicts, Russia has in the last decade been conducting a policy of 'managed instability.' In Moldova and Georgia, for example, Russia is supporting Transdniestria, South Ossetia and Abkhazia in their fight for independence; Moscow has established relations with their governments, and is granting Russian citizenship to people living in those territories. All of these factors have destabilized the situation in Moldova and Georgia. This artificially created instability was "managed" by Russia's military and peacekeeping forces.

Russia changes its position whenever these countries attempt to restore their state sovereignty, while assuring its colleagues from the Near Abroad that it respects the territorial integrity of their states. Attempts by Georgian President Mikhail Saakashvili, for example, to build a 'power vertical' similar to the one being built by President Vladimir Putin in Russia have not laid a foundation for a mutual understanding between Russia and Georgia but, on the contrary, have produced a rather hostile reaction from the Kremlin. And even after Tbilisi extended its authority to the previously autonomous republic of Adzharia, thus demonstrating its determination while forcing Russia to painfully abandon its ally, Moscow's policy in

Abkhazia and South Ossetia has not undergone any changes, nor has it become more intelligible.

So, what is Russia's position toward the ravaged post-Soviet states? What goals has it set to itself? How does its leadership view the future of 'managed instability'?

#### THE LOGIC OF OFFICIAL APPROACH

Maintaining 'managed instability' is a permissible strategy in a situation when making a political choice seems untimely or excessively difficult. But since any instability runs counter to long-term state interests, such a policy can only be temporary.

In my view, Russian politicians have failed to take into consideration this fact. Relying on their lengthy and rather successful experience with the 'managed instability' strategy, they have forgotten that instability is much easier to initiate than overcome. Today, Russia is having much difficulty trying to keep control over the formerly 'managed instability.'

In Georgia, for example, changes in the political situation there have caused things to develop according to a scenario that Moscow obviously had not taken into consideration. After leaders of a new type came to power in Tbilisi, the Kremlin encountered attempts by Georgian politicians to involve outside actors, above all the U.S., in their efforts to settle long-standing conflicts in Abkhazia and South Ossetia. The possibility of American involvement in the affairs of the post-Soviet countries sparked alarm in Russia's official circles. Nevertheless, this wake-up call did not prompt the Kremlin to assume any new approaches that could be aimed at solving these problems; actually, its actions only preserved the problem.

Even more alarming is the fact that in some cases Russia does not demonstrate a lack of interest in promoting stabilization, but rather an inability to independently ensure it. Moscow's failure to settle the Transdniestrian conflict (its plan was rejected at the last moment by Moldova) clearly showed the limits of Russia's political capabilities. It cannot be denied that the failure of the Russian initiative was not due to the presence of some controversial points

in the documents (even many Western diplomats pointed to the advantages of the ‘Kozak plan’), but because the draft agreement had not been coordinated with European structures, namely the Organization for Security and Cooperation in Europe and the European Union. Moldova was the first and, apparently, not the last country where the ‘dog in the manger’ policy failed.

This failure highlighted a basically new trend for Russia: it had lost its monopoly on peacemaking activities in the post-Soviet space. Chisinau, which wants to abandon Russia’s patronage, does not question individual points in Moscow’s settlement plan, but rather the attempt to establish a Moldovan federation where Transdnistria would retain extensive powers. The Moldovan government does not want to restore the state’s integrity at “any cost,” i.e. the cost set by Moscow. Instead, it is looking for Western, primarily European, states to be involved in the settlement process. The West, however, is not in any hurry to heed the calls of Moldova’s leaders to exert direct pressure on Russia. However, who can guarantee that the situation will not change at a later date?

If the present policy toward the former Soviet republics persists, Russia’s foreign policy in the post-Soviet space may be made subordinate to the interests of two other global actors – the European Union and the U.S., which are now building up their political and military presence in this region. Moscow realizes this possibility, and the recent intensification of its policy in the former Soviet Union reveals its desire to give a ‘symmetrical’ answer to the European and U.S. challenge.

Since the breakup of the Soviet Union, Russia has sought to prevent the significant growth of the influence of third states (or their alliances) on the post-Soviet space. This explains Moscow’s reservedly negative attitude to various geopolitical events, such as NATO expansion or the emergence of American military bases in Central Asia, and even to the intermediary efforts of international organizations (the Parliamentary Assembly of the Council of Europe, the Organization for Security and Cooperation in Europe, and the European Union) in conflict areas of the former Soviet

Union. But for more than a decade Moscow has been unable to advance any diplomatic moves that could counter these ongoing processes. During the last three years alone, at the height of the global war against terrorism, Russia has voluntarily yielded to the United States – its main ally in the antiterrorism coalition – leading positions in Uzbekistan and Kyrgyzstan where the Americans have deployed their military bases.

These bases inspired hope in the Central Asian states not only for greater independence in their foreign policy but also for reduced economic dependence on Russia; the political dividends that cooperation with the U.S. brings are obvious. Furthermore, the regimes established in the post-Soviet states of Central Asia can hardly be described as democratic. U.S. support has untied the hands of the authoritarian-oriented political leaders of those countries, permitting them to justify the repression of political opponents and a discontented public by the need to combat terrorism.

Lately, however, Bishkek and, most notably, Tashkent have been showing signs of disillusionment: when Kyrgyzstan and Uzbekistan joined the antiterrorism coalition, their governments obviously hoped for more than what they received. The cooperation with the U.S. has proven incapable of solving all the regional problems, since that cooperation has not involved much economic aid. Expectations that the establishment of foreign military bases in the newly independent states in Central Asia would come with American investments have not materialized. In 2002-2003, the United States provided U.S. \$420 million in aid to Uzbekistan – in military supplies and free services in the military education sphere. The lease of the Gancy air base in Kyrgyzstan by the U.S. annually brings \$45-50 million to that country's national budget. This money is not insignificant but it may dry up if the U.S. ceases to view the war against terrorism as its priority. Furthermore, it cannot serve as a basis for long-term economic cooperation between the United States and the Central Asian countries (which is indirectly proven by the fact that foreign direct investments in Uzbekistan's economy in 2003 stood at a mere U.S. \$70 million).

Meanwhile, even in the early 1990s when Russia was passing a painful period of economic reforms, it continued to provide financial support to the former Soviet republics. The provision of technical credits and the rescheduling of old debts was a common practice at that time. Perhaps the new sovereign states took this for granted, but in reality this was simply a goodwill gesture on the part of Russia. Incidentally, Russia has never received those debts: after long and difficult negotiations, they were formalized as state debts – only to be recognized as repaid under various pretexts. For example, in the case of Kazakhstan the debt write-offs were considered to be compensation for ecological damage from spacecraft launches at the Baikonur launch site; in the case of Ukraine it was payment for the basing of Russia's Black Sea fleet in Sevastopol. One more country, Uzbekistan, has never acknowledged that it owes Russia any money at all.

Russia's role in the economies of the former Soviet republics is incommensurable with that of the U.S. America accounts for a mere three percent of the Central Asian countries' trade, while Russia's share in the aggregate foreign trade of Kyrgyzstan, Tajikistan, Kazakhstan and Uzbekistan now exceeds 46 percent. Furthermore, Russia buys approximately 80 percent of Central Asian oil and gas, thus accounting for nearly two-thirds of their export revenues.

Why then is it so difficult for Russia to turn its economic strength into geopolitical might? In response to America's political "carrot" Russia could well use an economic "stick." After all, was it not the United State that set the trend of responding to political disagreements with economic measures (the reader may recall sanctions against Cuba, Libya and Iraq, not to mention the threats to ban the import of French goods to the U.S. after Paris denounced the American invasion in Iraq)? If Russia stops giving in to the authoritarian leaders of neighboring countries, while refusing to silently tolerate their unfriendly actions, it will still continue to be the locomotive of these economies. In any case, Russia will remain the main market for their noncompetitive goods and the main channel for the export of their hydrocarbons.



A policy of concessions does enormous damage to Russia's standing as a regional power. This country, which possesses exclusive levers of economic pressure on all its neighbors, is, nevertheless, gradually losing its say in addressing regional problems.

Moscow's unconditional support of dubious regimes, remission of debts, and disregard for repeated violations of human rights in general and the rights of ethnic Russians in particular (for example, in Turkmenistan) only serves to undermine Russia's positions. Furthermore, Moscow's policy instills confidence in the leaders of neighboring states that Russia can be manipulated and its interests ignored. The belief that the anti-democratic post-Soviet regimes simply cannot do without Russia has turned out to be an illusion. The complete isolation of Belarusian President Alexander Lukashenko, for example, by Western countries has not made him dependent on Moscow, nor has it forced him to be more considerate of Russia's economic interests.

#### PLANLESS DEVELOPMENT

Presently, Russia still remains a key player in the post-Soviet space. The majority of countries recognize its special interests in this region, as they recognize Russia's priority in settling crisis situations there. However, these countries no longer include those that have been the target of Russia's policy. Georgia's new leadership, for example, views Russia as the main obstacle to solving the problems in Abkhazia and South Ossetia, while in Abkhazia even ordinary people criticize the Kremlin's attempts to interfere in the election campaign in that unrecognized republic. In Moldova, its leader, who sympathized with Russia at the beginning of his presidency, now accuses Russian peacemakers of impeding in the peace process. However, the Russian authorities do not take the trouble of amending their policies, while Moscow's efforts to keep the former "sister republics" under its influence may force those countries to turn to those who will offer them a more intelligible scenario for future development.

At the present time, such a turn can still be prevented. To this end, Moscow must radically revise its doctrine concerning rela-

tions with the Commonwealth of Independent States. It would be logical to begin this revision with the Caucasus, since it is there that Russia's domestic and foreign policies are closely intertwined, therefore, mistakes in one of them inevitably affects the other.

Russian-Georgian relations will remain the core element of Russia's foreign policy in Transcaucasia for a long time. Georgia is expected to become a testing ground for Russia's new political approach to the post-Soviet space – if it is ever worked out. Since Mikhail Saakashvili came to power, Moscow has stepped up its contacts with Georgia, but will they evolve into a consistent strategy? Will they produce the desired effect? Can Russia treat its partners as equal participants in any future dialog? Will it be able to rise above its special interests in addressing regional problems? Finally, is Moscow still capable to find unorthodox give-and-take solutions?

Today, the answers to these questions are not obvious. The aggressive position of “renovated” Georgia seems to be more forward-looking than Russia's aging defensive strategy. Tbilisi has already announced its priorities and, unlike Moscow, actively uses any international forums to win public support for its efforts to solve the problem of the breakaway autonomous republics. Its plan for the settlement of the conflicts, made public by President Saakashvili at the September 2004 session of the UN General Assembly, came as one more victory for Tbilisi in the information war with Russia for Abkhazia and South Ossetia. The plan actually proposes that Abkhazia and South Ossetia follow in the footsteps of Georgia which changed its political elite in free (although not quite democratic) elections. It suggests first building confidence between the population of the rebellious republics and the rest of Georgia through direct contacts between nongovernmental organizations. At the second stage, all interested parties would ensure local security, that is, demilitarize and decriminalize their areas and reveal all “gray” zones along the Russian-Georgian border. The political settlement, to be achieved at the third stage of the settlement plan, would give the rebellious republics broad autonomy and restore Georgia's territorial integrity.

Of course, one may feel skeptical about the efficacy of this plan, but not because it was resolved without Moscow's participation. Over the last decade, Russia has not put forward a single settlement plan and has usually played the habitual role of judge (which it may well want to continue playing).

### THREE PLOTS, TWO OPTIONS

It is absolutely unclear how and when Russia will enter the play, so it should at least try to model possible scenarios for its future actions.

The first scenario is aggressive. Russia's ambiguous position on the rebellious autonomies in Georgia and Moldova suggests that Moscow may be considering a possibility of their joining the Russian Federation. The Russian leaders have repeatedly said that the entry of Abkhazia and South Ossetia (let alone Transdniestria which does not have borders with Russia) to the Russian Federation is impossible. In reality, however, Russia has been purposefully consolidating its ties with the rebellious republics. The majority of people there have been given Russian citizenship and now they enjoy all the rights of Russian citizens, including the right to social security. It remains unclear how this was done, as it was against the requirements of either the previous or the present law on Russian citizenship. Obviously this move had political implications and attested to Russia's involvement rather than neutrality.

Factors prompting Moscow not to adhere to the principle of territorial integrity of neighboring countries include heavy investments in the rebellious republics made by Russian financial and industrial groups and individual influential businessmen. If these territories are brought back under the jurisdiction of their states, property that was acquired in contravention of local laws may be confiscated or nationalized. That is why, for as long as the Russian leadership is interested in keeping this property safe, one can hardly expect that it will agree not to prevent the restoration of the integrity of the sovereign states.

Legal grounds required for the breakaway autonomies' entry to the Russian Federation can be an appeal of their peoples,

approved in a referendum, to the people and the government of Russia with a request to admit them to the Russian Federation. So far, Russia has been restraining such impulses, although broad sections of the population in those territories (mostly Russian citizens) would like to see such an outcome.

If things develop this way, however, Russia's relations with Georgia may become strained, and the situation in the whole of Transcaucasia would be destabilized. One cannot rule out that it may cause the domino effect in the Caucasus. Armenia, Russia's closest ally, may declare Nagorno-Karabakh, occupied by it, its own territory. In this case, the entire region is likely to get involved in a large-scale war.

Another scenario would provide for Russia's determination to take a direct part in the political processes in the rebellious republics in order to cause the local leaders to enter into negotiations with Tbilisi or Chisinau on terms advantageous to Moscow. These terms would inevitably imply the inviolability of Russian property, the immunity of Russian investments, guaranteed protection of Russian citizens, a regime of economic preferences for Russian investors, etc.

In this case it would be helpful to agree on a 'principle of direct dialog' implying that the autonomies' problems would be solved exclusively in Moscow and Tbilisi or Chisinau and that preliminary consultations with representatives of the republics would be held behind closed doors in Moscow. If Moscow and the regional centers establish direct communication, then there would be no need for intermediaries from among third states and international organizations. Such localization of conflicts would bring tangible benefits to the parties involved. Russia would acquire a privileged status of guarantor of stability (since only Russian peacemakers can guarantee the rights of Russian citizens on the territories of Georgia and Moldova), and the republics would have a real chance to restore their territorial integrity.

Basically, this scenario presupposes an active trading in concessions and willingness to yield in minor issues for the sake of overall gains. Although Moscow does have political advantages

over Tbilisi and Chisinau, it will have to recognize the formal equality of the partners and take a tough stand with respect to its quasi-vassals in Tskhinvali, Tiraspol or Sukhumi. Therefore it must be ready to make unexpected and unorthodox moves.

For example, why not declare Ossetia indivisible, proclaim the unity of the Ossetian people and merge both North and South Ossetias into a special territorial and administrative entity, like Andorra which is governed by vicars who represent the bishop of Seo de Urgel, Spain, and the president of France? This scheme could be followed up by declaring Ossetia a free economic zone and granting preferential treatment to Russian and Georgian investors. A unified Ossetia, with its parts formally belonging to different states, would serve as a bridge between Russia and Georgia. This option cannot be applied in Abkhazia and, especially, in Transnistria which does not have a common border with Russia. Yet, like in the case with Ossetia, the key to the conflict's settlement can be found only if the Russian leadership shows an inventive approach and discards old stereotypes or, at least, displays its desire to break political deadlocks.

In the meantime, the attitude of the rebellious republics' leaders to such a scenario is of secondary importance. Regular visits to Russia by the heads of the autonomies and their meetings with the highest officials in Moscow underscore the special nature of their relations with the Russian leaders. So the inability to convince them of the need to correct the political course and start negotiating with Tbilisi and Chisinau will be the most persuasive argument against the present policy of the 'managed instability.'

Finally, it should not be ruled out that Russia may decide to consolidate its influence in the post-Soviet space by appealing to international organizations or acting through regional integration associations. Such an approach may become the basis for the third scenario.

In this case Russia should take a special position and distance itself from both parties involved in the conflict. In a situation like this, searching for parties that could mediate between the negotiating partners along with the Russian Federation and be guaran-

tors of compliance with agreements, would not be something culpable (after all, no one in this country has censured Russia's co-sponsorship, together with the U.S. and the European Union, of the Middle East peace process). This approach would bring about a basically new alignment of forces that would be most favorable for moving the process to the diplomatic sphere.

Together with the U.S. or the European Union Russia could act as an active peacemaker. It would not have to decide against its own presence in disputable regions then and it could avoid pressure from local anti-Russian politicians seeking to push it out from the region. The reputation that Russia would thus earn in the eyes of the other co-sponsors of the settlement process would probably be an even more significant gain than all benefits of peace in the immediate proximity to its borders.

It should be noted that the independent (outside the CIS) development of the Baltic States, which has led them into the European Union, proves that Europe uses its influence in the Near Abroad, which is common to it and to Russia, much better. Moscow realizes that the entry of a unified Moldova to the EU is much more likely than the entry of Transdnistria to Russia. Why, then, does Russia seek to preserve the obviously hopeless status quo? There is no answer to this question yet, so there is no need to overestimate the chances that the third scenario can be implemented.

#### IF NOT US, THEN WHO?

The number of possible combinations and strategies that Russia can employ or build in the post-Soviet space is in no way limited to the aforesaid three scenarios. That is why it is no use guessing what line of conduct the Russian authorities will choose. Of more importance today is that Russia's policy toward the post-Soviet space has a number of obvious flaws which must be removed without regard to whether the strategic direction of this policy is changed or not.

In relations with the post-Soviet countries the Russian leaders have a strong tradition of orienting themselves to local state offi-

cialists of “Category A,” i.e. people who at the given moment occupy the highest posts. In all fairness, such an approach is not typical of only states with an authoritarian model of government, to which Russia belongs, but also of countries whose adherence to democracy is beyond doubt, such as France, for example. In the latter case, however, this approach does not presuppose providing a ‘friendly candidate’ with an additional ‘administrative resource,’ sending (quite openly) legions of political consultants to a foreign country, or rendering other dubious services. The ‘revolution of roses’ in Georgia (as well as the elections in Abkhazia and ‘orange revolution’ in Ukraine) revealed the truth that is unpleasant to Russian politicians: the unwillingness to establish ties with the second and third echelons of the so-called national elites results in a loss of control over developments. If the present political course persists, the “strip of estrangement” along the Russian borders will only expand.

Helping post-Soviet states to restore their integrity would bring Russia more dividends than the hopeless and costly support for the unrecognized autonomies. Ensuring Russia’s economic interests, providing guarantees for the property of Russian companies, preserving dual citizenship for the population of those territories, and letting Russia protect the interests of its citizens seems to be a fair price for Moscow’s assistance. For the time being, Russia keeps levers of influence in the post-Soviet space, although it has been increasingly difficult for it to restrain the political activity of other actors. If Russia is interested in weakening other countries’ influence in regions adjacent to its borders, it can also make it a condition for its support for the central authorities of the former Soviet republics.

New paradigms and new strategies are expected of Russia. If Moscow fails to offer them to its neighbors, then they will be proposed by others. Politics, like Nature, abhors a vacuum – and, above all, a vacuum in one’s mind.

## How do Russians view their country's policy toward the post-Soviet states?

According to a poll conducted in October 2004 by the Levada Public Opinion Monitoring Center, very few Russian people (7 percent) believe accusations that Russia is pursuing an imperialist policy toward the post-Soviet states. "As regards Russia's role in the post-Soviet space, most Russians have a settled opinion of its positive influence," says Leonid Sedov, head of the Levada Center. Approximately 41 percent of Russians believe that their country "seeks to maintain order on the territory of the former Soviet Union and is a guarantor of peace and stability." Furthermore, 42 percent of the respondents are convinced that Moscow is "pursuing its own policy and does not interfere in other countries' affairs." Interestingly, the poll was conducted in the heat of the Russian official propaganda campaign that said "Yanukovich is a good boy, and Yushchenko is a bad guy." In other words, the respondents could not but notice Russia's "non-interference" policy toward Ukraine. Yet, more illustrative is the fact that 70 percent of Russians do not consider Ukraine to be a foreign country, that is, they deny Ukraine its sovereignty. Only 18 percent of the respondents think that Russians, Ukrainians and Belarusians are different peoples, while a majority (79 percent) believes that they are "three branches of a single people." With this in mind, talk of the "interference in other peoples' affairs" is irrelevant.

In this respect, a focus group research conducted by the Public Opinion Foundation in Moscow was rather illuminating. Below is an excerpt of one particular discussion concerning the future of the post-Soviet states.

**Participant 1:** All must unite and live happily ever after.

**Moderator:** Who all and with whom?

**Participant 1:** All of the former Soviet republics.

**Participant 2:** And live the same way they live in the United States.

**Participant 1:** That's right, unite and form sort of a united states.

**Participant 2:** Yes, we must form the United States of Russia. Many states in America have laws of their own, so let the former Soviet Republics also have laws of their own.

Mass psychology specialists maintain that such an attitude toward the sovereignty of Russia's neighboring countries is quite natural coming just 13 years after the breakup of the Soviet Union. According to research by the Levada Center in November 2004, 71 percent of Russians regret that the Soviet Union broke up, while 65 percent think that it was the result of an objective course of development that could have been avoided only if the Soviet Union had a different leadership. Thus, any political move by Moscow aimed at promoting closer cooperation with the former Soviet republics is viewed by many respondents as a step toward the restoration of the Soviet Union, and is thus approved of.

For example, almost fifty percent of the Russian people, who spoke favorably of the common economic space agreement between Russia, Kazakhstan, Ukraine and Belarus in 2003, explained their positive attitude as nostalgia for a "large family." "The Slavic people have always lived as a single family and must continue to be united." Another frequent response was "they [Kazakhstan, Ukraine and Belarus] are Russia's children and must live with their mother." Only 10 percent of the respondents would advance economic arguments. However, a different opinion was also recorded: almost one-fifth (18 percent) of Russians are against unification with any CIS country. Furthermore, among people with a higher education, the figure is higher – 26 percent, that is, one-fourth of the respondents. This group of people believes that Russia should first sort out its own problems before it initiates any talks about unification.



# The Orange Color of the Bourgeoisie

*Vadim Dubnov*

Kiev's 'orange revolution' coincided almost to the day with the first anniversary of the 'revolution of roses' in Tbilisi. The past year was also marked by the 'mini-revolutions' in Georgia's break-away republics of Adzharia and Abkhazia. The wave of change in the post-Soviet space is gaining momentum and may well become for Russia and other members of the Commonwealth of Independent States a repetition of the 'velvet revolutions,' which shook Eastern Europe in the late 1980s. Those years saw the end of an epoch which had exhausted its historical potential; the leaders were not susceptible to change, and even their most loyal associates chose not to defend them. Similarly, in November 2003, the Tbilisi police, as well as the security forces of former Georgian President Eduard Shevardnadze, stepped aside before the crowd.

Yet, although there is a temptation to perceive the 'orange revolution' in Kiev and the 'revolution of roses' in Tbilisi as a continuation of the East European 'velvet revolutions,' in reality they are not. Unlike Prague of 15 years ago, the post-Soviet mutiny is not ripening amongst dissidents, intellectuals and students, nor are the oppositional parties responsible for setting up the tents in the central squares. Naturally, no changes are possible without a wave of popular discontent with the government, but genuine tectonic changes take place inside the ranks of the ruling elites.

A change of power in conditions of free competition offers a chance for all groups and political forces to fulfill their ambitions.

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The reluctance of the ruling regime, however, to relinquish its power, or extend its existence through a successor, dashes these hopes. The realization that there is an absence of prospects generates resistance, in which street support acts as a trump card. The bureaucratic revolutions of the early 21st century are not popular uprisings that change the social order of a country. In a way, they are new versions of the bourgeois revolutions of the 17th-18th centuries, as the most active part of the ruling class feels that the frameworks of the existing political and economic system are already too narrow for it.

#### THREAT FROM WITHIN

The post-Soviet model of power rests on the controlled transfer of authority; this is the essence of ‘managed democracy.’ These kinds of systems are very stable, and the millstones of the *nomenklatura* mechanisms easily crush any charismatic amateur. Incidentally, this is one of the reasons why the post-Soviet opposition is so unimpressive. Public oppositional activity appears to be so hopeless for successful self-expression that those who could theoretically become a Russian Václav Havel or Lech Walesa [Czech and Polish dissidents turned presidents] prefer to engage themselves in other spheres instead – business, science or journalism, or to simply emigrate.

The threat to bureaucratic stability, however, lies in the depths of the regime itself. Such regimes, even those that have succeeded in building ‘power verticals,’ have to constantly realign their elements to maintain an inner balance. This policy works for some time, until the regime launches “Operation Successor,” which becomes a critical factor. The selection of candidates to the role of successor is a very painful process. Inside the system a new elite is growing, which does not want to continue playing by the old rules of the game.

Some members of the new elite (like Mikhail Saakashvili, a formally loyal follower of Shevardnadze) simply do not have enough patience to wait for their official nomination. Others (like Boris Yeltsin, Akezhan Kazhegeldin, Kazakhstan’s ex-prime minister, or Victor Yushchenko) have been cast aside by the authori-

ties. Still others (like Chisinau Mayor Serafim Urekyan) feel the regime's instability and go into opposition, while maintaining their high posts.

The challenge sent to the authorities may be quite moderate, but it becomes a clear signal for the *nomenklatura*. The stronger the regime's pressure and the greater the risk to give away its intentions, the more tensely the *nomenklatura* waits for this signal. The former Minister of Foreign Economic Relations of Belarus and former ambassador to Latvia and Finland, Mikhail Marinich, was barred from participating in the 2001 presidential elections in his country and later arrested – but not because he stood a chance to win. This was a clear signal to the Belarusian elite that said: “Don't even think about challenging us!” In countries where disloyalty is not suppressed like this, everything may collapse overnight, as happened in Adzharia. The outward signs of Aslan Abashidze's absolute rule did not save him from the panic flight of the *nomenklatura*, an event which decided his fate.

In fact, the smooth transfer of power has so far only occurred in Russia and Azerbaijan. In Central Asia and Belarus, i.e. in countries where the construction of the 'power vertical' has been completed, their leaders have guaranteed for themselves a lifelong right to re-election. This right, however, does not guarantee their eternal rule because the local bureaucracy, placed into such narrow constraints, is experi-



Holiday celebrations in a Galician town.  
*A. Gatsuk Newspaper, 1878*

encing the same inner processes that occur in countries with freer systems.

Shevardnadze paid a high price for the inexcusably long delay in drawing up a cast of candidates to be his successor. This might have served as a lesson for Leonid Kuchma, but the Ukrainian president did not have enough time to make use of it, despite the fact that the looming succession problem had been realized in Kiev almost three years before, when the ruling regime's vote-rigging powers failed to prevent the Yushchenko-led Our Ukraine coalition from winning parliamentary elections. It became clear then that the regime would not be able to create a serious challenge to Yushchenko in the remaining time. Nevertheless, Kiev considered several options. One of them was the "Russian way" – nominating Vladimir Radchenko, the then head of Ukraine's Security Service, as Kuchma's successor. Kuchma, however, rejected that option, as he doubted the would-be successor's loyalty.

A year before the elections, Kuchma sought out the Kremlin's reaction to his possible third presidency. Moscow, tired after repeatedly explaining itself to its Western partners with regard to another "fraternal" president (Alexander Lukashenko of Belarus), did not agree to that variant. Thus, Ukraine began to implement a scenario of its own: Kuchma would take the post of prime minister, whose powers would be essentially extended, while the functions of a new president would be reduced to representative ones. Characteristically, the political reform, in accordance with which this scenario was planned to be carried out, was thwarted by Victor Yanukovich who was not interested in playing the role of an understudy.

Three years ago, studying the pre-election lists of Kuchma's and Yushchenko's parties – the real and potential parties of power – was a captivating occupation. While Kuchma's list would include a governor, for example, Yushchenko's list would include a vice-governor or ex-governor. Things were the same with ministers and big business figures. Kuchma's list included an oligarch who pinned his hopes only on the incumbent authorities, while Yushchenko's list included a candidate for the oligarchs, whose

only obstacle to the top of big business was the ruling regime. The new president's closest associate, Petro Poroshenko, was, incidentally, one of the founders of the Party of Regions which was behind Victor Yanukovich. In other words, the new people coming to power in Ukraine are not terribly different from those whom they are replacing. The situation is not the same as Vaclav Havel replacing Gustáv Husák in Czechoslovakia, for example, or even Algirdas Brazauskas replacing Petras Griskevicius and Ringaudas Songaila in Lithuania.

## TWO PROJECTS

The extensive record of the post-Communist transformations has shown that the desire to be free from external dependence is the most efficient stimulus for liberal reforms, which, however, are very painful. "Away from the empire!" was the main slogan of the 'velvet revolutions' in Eastern Europe.

The takeovers of power in all the republics of Transcaucasia in the early 1990s took place under the same slogan, while the first president of Ukraine, Leonid Kravchuk, came to power largely due to the support of the nationalist Rukh movement. Rukh was not remotely a liberal movement, nor were all the other people's fronts, including Lithuania's Sajudis. Unlike regular parties, these people's fronts do not need profound programs or an intelligible ideology. They are created with only one purpose: to defeat the ruling regime; thereafter, they become the material for normal political structures, as happened in Eastern Europe and the Baltics. Occasionally, however, this process fails, as was the case in Ukraine, Belarus or Transcaucasia, where the initial impulse of escape proved not enough to make a breakthrough into a new reality.

Developments in the autumn of 2004 illustrate what transformation this anti-imperial impulse has undergone. The Ukrainian political scientist Oles Doniy believes that the 'orange revolution' is not what is generally viewed as the conclusion of the political process which began with the student protests in 1990, and continued with the protest movement under the slogan "Ukraine without Kuchma" in 2000-2001. Doniy believes that the recent

developments are a continuation of a very old competition between two projects in Ukraine – “Russian” and “Ukrainian.”

The Ukrainian consciousness is traditionally divided. On the one hand, the Ukrainians want to regain the independence they once lost; on the other, they gravitate toward empire, in which Ukraine was always a cornerstone and an important component (but never a colony). Accordingly, the “Ukrainian project” was until recently devised to spite Moscow: the Ukrainian language as a form of self-assertion, together with the endless debates on language, the Crimea and the Black Sea fleet. The “Russian project” was intended to preserve Ukraine’s former orientation to Russia and thus reflected the habits of the post-Soviet *nomenklatura* and the peculiarities of its business.

At the same time, both projects are actually Ukrainian, and their presence does not mean the country’s division, although the problem of its political and geographical heterogeneity does exist. These projects also have a rather distant relation to the problem of language and self-identity which, in turn, no longer depends on the language very much. Between the censuses of 1989 and 2001, the number of Ukrainian citizens who consider themselves Ukrainians increased by three million people, although the majority is still Russian-speaking.

The Yushchenko-Yanukovich confrontation in 2004 was a remake of the 1994 confrontation between Kravchuk and Kuchma. The rivalry between the former Ideology Secretary of the Ukrainian Communist Party, who accidentally became an exponent of the interests of the more nationalistic part of the elite, and a representative of the former Soviet military-industrial complex, who inspired hopes for the revival of a great country, ended in Kuchma’s victory (i.e. in favor of the Russian cultural project). Kuchma’s role in that project was very negative, as Russian influence in Ukraine began to be strongly associated with a corrupt and undemocratic regime due to his policy. Therefore, businesspeople and representatives of the bureaucracy who were not needed by this regime, yet sought their political self-determination, inevitably came to the only existing alternative – the “Ukrainian project.”

Today, competition between the two projects continues, but their content is changing. As the Ukrainian state is developing, the “Ukrainian project” is gradually becoming valuable per se, while the issue of confrontation with Moscow is receding into the background. Those who voted for Yushchenko proper, or simply against Yanukovich, did not necessarily vote “against Moscow.” Similarly, the supporters of Yanukovich were not casting a vote “for Moscow.” The “Ukrainian project” is gradually being transformed, albeit with difficulty, into a civil state project. The “Russian project” is not against the Ukrainian state either, but it relies on other, more Soviet principles of state construction.

Whereas ten years ago the “Russian project” was advanced by Leonid Kuchma, for whom Moscow was a habitual center of governance, Yanukovich and his business patron Rinat Akhmetov, the leader of the Donetsk group, are guided by other motives. They owe all their achievements exclusively to independence, or perhaps to two kinds of independence – that of Kiev from Moscow and that of Donetsk from Kiev; they understand perfectly well that the second kind of independence would have been impossible without the first one. Their business is based on subsidies from Kiev, on the monopoly blessed by Kiev (on mutually advantageous terms, of course), and dumping exports to the West. Such things are impossible in Russia today.

And even in Donetsk, where the people are believed to support the idea of reunification with Russia, things are not quite that simple. The majority of Donetsk residents consider themselves Ukrainians. Some time ago, it was at the Donetsk coal mines that Rukh and even the Helsinki Group set up their first East Ukrainian organizations. Miners came to Kiev to express their solidarity with student protests and even warned Kuchma against attacks on Yulia Timoshenko, the then vice-premier in charge of the fuel/energy sector, who decided to bring order to the coal-mining industry.

Yushchenko’s victory has sparked a color-changing process among the bureaucracy. Businesses, sidelined by the previous

regime, have sensed an opportunity for restoring their positions. Almost every regional leader who stood with the “white-blue” team of Yanukovich-Akhmetov now has an “orange” opponent. Yanukovich is opposed by the leader of the Donbass Industrial Union, Vitaly Gaiduk, for example, while the “white-blue” chief of the Kharkov administration, Yevgeny Kushnarev, is opposed by Kharkov Mayor Vladimir Shumilkin, and so on. The new elite, which was formed under the conditions of Kuchma’s Byzantine system, is gradually discovering that a state where one need not spend energy on endless maneuvering between clans and interests offers much more political opportunities.

#### THE *NOMENKLATURA*’S NEW GOAL

The “contest of projects,” like the one in Ukraine, is actually occurring in all the CIS countries, and a preference is being given to an ideology which until recently could be called “national,” but which now could be described as a “civil-state” ideology. Since the choice of alternatives is not wide, these projects objectively gravitate toward the European model. In the early 1990s, the *nomenklatura* realized what benefits that sovereignty (a “flight from empire”) could bring; likewise, today the bureaucrats have realized the opportunities they will have if their state successfully develops and is recognized by the West as a “friend.”

Late February will see elections in Kyrgyzstan, where the opposition is wearing yellow and officials are rapidly growing “yellow,” too. The outcome of the elections in that country, however, is not evident. In Moldova, by contrast, only a miracle can save the ruling Communists from the “yellow-orange” offensive, led by Chisinau Mayor Serafim Urekyan. In Kazakhstan, many veteran members of the elite are ready to support a *nomenklatura* riot. The Belarusian *nomenklatura* is waiting for a signal, as well, and President Alexander Lukashenko is going to encounter great difficulties at the next presidential elections, despite the perfect ‘power vertical’ which he has built; who will lead the opposition is the only thing that



remains unclear. Mikhail Marinich will be released from prison only in five years, however, no one expects the “Belarusian project” to be victorious so soon anyway.

Political scientist Dmitry Furman once wittily described the CIS as a “community of presidents helping each other.” They could engage in heated debates over any issue, but all their differences — be it the Pankisi Gorge or the Black Sea Fleet — moved into the background whenever the phantom of an “Operation Successor” began to loom above any one of them. The breach made in this united front by Mikhail Saakashvili is steadily widening, and one should not blame Russian political technologists or Kremlin strategists for this situation, as this process is absolutely objective. From a foreign policy perspective, there is nothing dramatic about it. After all, what Moscow sees as the ghost of future isolation may turn out — if Moscow displays a sound approach — a stimulus for catching a slowly departing train, especially since there are no other stimuli in Russia for change, nor is there a “contest of projects.” On the contrary, all possible alternatives have receded into the background, giving way to only one project — that of a vague revenge. Only the pickets of protesting pensioners can be viewed as a resemblance to something “orange,” however much it may seem like a parody. Such movements can hardly serve as a decent political niche for equidistant products of the *nomenklatura* disintegration.

Thus, Russia may end up being one of the last post-Soviet countries to undergo a bourgeois revolution, and even then it will be a managed revolution, just like the present democracy.

# Ukraine: Check or Checkmate?

*Robert Bridge*

*“Eurasia is... the chessboard on which the struggle for global primacy continues to be played, and that struggle involves geostrategy – the strategic management of geopolitical interests.”*

*Zbigniew Brzezinski, 1997*

Ukraine’s Orange Revolution, which swept away the crumbling edifice of President Leonid Kuchma’s 10-year-old political fiefdom, was a profound civic movement and a classic example of people’s power. That epic story, however, will be forever tainted by a conspicuous footnote: the story of Victor Yushchenko’s ascendancy is not complete without understanding the role that outside powers played in the election process, and how that participation did more to injure democracy than preserve it.

The following is not meant to deny the Ukrainian people their due in toppling a clearly corrupt political regime (one that may have had a hand in the death of dissident journalist, Georgy Gongadze, for example, as well as other possible crimes). Rather, it is meant to shed light on the problem of international meddling in local politics – a risky game that could backfire at the expense of democracy.

Western commentators insist that U.S. interest in Ukraine’s recent presidential election was an altruistic gesture with the purest intentions; it merely wanted to crack open the blackened windows of the former Soviet frontier to some democratic sunshine, to the benevolent breeze of the Western hemisphere, and

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other such poetical pretensions. In other words, the West had no ulterior motives whatsoever for casting its hefty weight behind NATO-friendly Victor Yushchenko and his orange brigade. Moreover, Western aid to Ukraine was only marginally responsible for toppling the other Victor, citizen Yanukovich, from his Kuchma-built political pedestal.

It would be heartwarming if this was really the whole story, but unfortunately it is not. Geopolitical analysts have been touting the strategic importance of Ukraine for many years, and now that the big-game trophy has finally been mounted above the fireplace, the West argues that its primary concern all along has been the oppressed people of Ukraine. Yet, NATO's unfurled map, complete with little red flags across much of Europe, continues to overshadow those lofty democratic ideals.

The premier Western analyst on geopolitical affairs, Zbigniew Brzezinski, recently reasserted the strategic importance of Ukraine for fulfilling his slightly deranged dream of America becoming “the first, only, and last truly global superpower.” (After all, even Hitler had enough sense to put a 1,000-year limit on his Third Reich empire fantasy.)

In an interview with Kiev's *Weekly Digest* in May, Brzezinski conceded that Ukraine “is certainly not a pawn; it may not be a queen, but it certainly is an important element on the chessboard — one of the most important.” One does not normally make allusions to the greatest game of strategy when deliberating on the question of democracy; that is because democracy in Ukraine, while certainly important to the Ukrainians, is only of secondary



A Ukrainian handicraft shop in Kiev.  
*The Soviet Union* magazine, 1947

importance to foreign geopolitical strategists. Democratic rhetoric merely opens otherwise closed doors.

Yet most Western commentators, not to mention the house-broken Western media, ignore this more problematic side of the debate, despite the fact that several U.S. congressmen, some of whom are red, white and blue-blooded Republicans, are fiercely opposed to any sort of horseplay in Ukraine, and elsewhere.

Ron Paul, a 'traditional' Republican congressman from the state of Texas, told the House International Relations Committee that American taxpayers should not be supporting election campaigns halfway around the world. Now there is a novel idea.

"Simply, it is none of our business who the Ukrainian people select to be their president," Paul told his fellow congressmen. "It is up to them to work it out." Obviously, even in the U.S., it is no longer enough to just quack like a duck about democracy and fair elections.

Paul is feeling the heat of the new political realities now blazing over the American horizon. The unilateralist policies endorsed by the U.S. neo-Conservatives, unprecedented in the history of the Republican party for its hawkish tendencies, are not only redrawing the political map in the U.S. — they are frightening a lot of folks around the world and giving rise to unprecedented levels of anti-Americanism. Thus, considering the brash policies of George W. Bush's first term, the international community feels a bit compelled to scrutinize as never before the true motives behind U.S. activities abroad. After all, even the guardians need guardians, as the mess in Iraq has proven.

While the actual amount of U.S. financial support in Ukraine's "democratic movement" — brought to you by the U.S.-Ukraine "strategic partnership" endorsed by Brzezinski — remains a mystery (figures range from tens of millions to over one billion U.S. dollars), there is no doubt that the amount was staggering. But Westerners have become numb to the million-dollar sticker shock that is required to prop up candidates, while political opportunities are increasingly reserved for the super-rich (the combined wealth of John Kerry, John Edwards, Dick

Cheney and George W. Bush, for example, has been estimated at around half a billion dollars); such a war chest in a place like Ukraine, however, would buy a lot of campaign pins and balloons, not to mention smart Western consultants, ads and dubious exit polls – the raw material of any campaign victory. Theoretically speaking, it would even be possible to employ a not insignificant number of university students – who incidentally made up the bulk of Yushchenko’s campaign ‘volunteers’ – with such massive infusions of hard cash.

Michael McFaul, a senior fellow at the Hoover Institution who should know better, forwarded the question in an article for *The Washington Post*: “Does this kind of intervention violate international norms?” McFaul insists the answer to his question is “not anymore.” (In another one of these dangerous question and answer sessions with himself, McFaul answers: “Not to my knowledge” when asking himself: “Did the U.S. government fund the Yushchenko campaign directly?”)

But this only begs a further question: Should the United States, as the self-anointed solitary superpower, merely follow “norms” like the latest MTV fashions, or should it strive to honor time-proven principles? McFaul bawls in his article that tinkering in democratic due process “occurs everywhere now,” so the almighty U.S., to follow his logic, should indulge itself with a candidate or two, as well. After all, to follow principles is so, you know, old fashioned and Greek sounding. So, when you suddenly find yourself a big, bad superpower, principles, not to mention allies, tend to get shoved aside in order to make room for haphazard norms.

Is the Western hemisphere really doing democracy any favors by getting itself entangled in foreign elections, especially in a ‘sphere of interest’ that is already the subject of intense debate between Russia and the EU? The only answer can be no. If the U.S. could prove beyond a doubt that its interest in the Ukrainian elections (for example) was purely plutonic, then there would be no problem. Unfortunately, given the obvious sensitivity of the region, this is mission impossible. Thus, the result is democracy becomes the unintended victim in this geopolitical game of charades.

Once again, it is only necessary to consider the scholarship of Zbigniew Brzezinski, who really did write the book on U.S. geopolitical strategy in *The Grand Chessboard*, to understand why relatively small Ukraine received more attention from U.S. government-sponsored assistance programs than the entire African continent combined.

The geopolitical wizard does not mix his words when he defines what role NATO – which will inherit a toll-free road from Lisbon to the Russian border should Ukraine become its 27th member – plays in U.S. geopolitical strategy.

“Indeed, a comprehensive U.S. policy for Eurasia as a whole will not be possible,” Brzezinski warns, “if the effort to widen NATO, having been launched by the United States, stalls and falters.” It should be added that since these words were penned (1997), Brzezinski has demonstrated some low-level alarm at the willingness of the Bush administration to ‘go it alone.’ NATO, while not yet redundant, is presently idling at a dangerous crossroads. Russia, however, smells danger, and has placed great emphasis on its nuclear strategic forces – just in case. This, of course, is enough to trigger another arms race.

Brzezinski then offered up some strong advice for the fledgling European Union as it continues to absorb new member states. Those nations “that are in a position to begin... accession talks with the EU should automatically also be viewed henceforth as subject in effect to NATO’s presumptive protection,” Brzezinski writes. Thus, every nation that is subsumed under the EU banner falls under the *de facto* guardianship of Washington, as opposed to Paris, Berlin, Brussels, or (please stifle your laughter) the UN Security Council.

Obviously, there is no place in Brzezinski’s international order for a military contender to the U.S.; even the multi-nation EU will be dependent on U.S. military superiority for its ultimate survival.

In the long run, Ukraine may find itself dependent again, as well.

# Devising a “Big Russia”?

The post-Soviet space has again made it to the top of the agenda of Russia-West relations. Besides the domestic political trends in Russia, which evoke apprehension in the West, the increased focus on the former Soviet Union has been brought about by several long-term factors. These are, above all, the world's increased tendency toward integration and Russia's post-crisis reconstruction.

## **'BIG RUSSIA' CONCEPT**

Over the last decade, the expansion paradigm has justified itself as a method of progress under the conditions of globalization. The extension of large international “hubs” has put neighboring countries, not involved in the integration processes or “unintegratable,” into the periphery and/or made them feel the “pressure” of their situation. The desire to be integrated into the expanding international structures is a natural reaction of the small and, especially, weak, countries that feel their internal

instability and external vulnerability. Unintegratable Russia felt the “pressure” in full and was threatened to become part of the periphery, especially after the 1998 financial crisis. However, several factors brought about a basically new situation in recent years. These factors are:

- the increased need for Russia as an active actor in the field of international security following the 2001 terrorist acts in the U.S.;
- high economic growth rates and economic reforms carried out in 2001-2003;
- record high oil prices which have remained so for a long period of time;
- and, finally, political stabilization.

On the one hand, Russia felt itself strong enough to seriously consider an expansion scenario – an absolutely traditional scenario for this country – as an optimum variant of development. On the other, Moscow viewed its cooperation with the West, the commonality of their

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Excerpts from the forecast prepared by the **Institute of the World Economy and International Relations** in cooperation with the **Chamber of Commerce and Industry** and the **Foundation for Prospective Studies and Initiatives**.

interests in combating terrorism, and the growth of their mutual confidence in 2001-2002 as guarantees that the restoration of its positions in the Commonwealth of Independent States would not evoke serious attempts to restrain it (especially as the U.S. focused its attention on Iraq, and the European Union on its forthcoming enlargement.)

It seems that in 2004 Russia made a claim to a 'Big Russia' concept (analogous to the Greater Middle East and the Wider Europe).

Big business in Russia actively caused Russia to integrate with the world community and was its main instrument. Russia's integration efforts focused on the economy, which determined the position and style of Russian policy.

By the end of 2003, however, Russia's position began to change under the impact of the following factors:

- the possible change of the ruling elites in some major CIS countries as a result of elections;
- active discussions concerning the future of 'Euro-East' in the EU and the U.S.;
- fears (caused by these discussions and actively peddled by some influential politicians in the Kremlin administration and political technologists close to it) that the CIS

countries may do an about-face and seek integration into European and transatlantic structures and thus become permanently lost for Russia's integration plans;

- persisting security problems, above all, in the South and Southeast;
- the 'Chinese factor.'

These circumstances prompted Russia to focus on the following two areas in its policy:

- the consolidation of economic and military-political integration structures (the Common Economic Space, the Eurasian Economic Community, the Collective Security Treaty Organization, and the Shanghai Cooperation Organization);
- a policy of supporting political figures who were believed to advocate integration with Russia.

The first factor, in its economic aspect, began to be viewed as a financial and economic instrument and an incentive of the second factor. By the end of 2004, Russia had a long list of achievements in the CIS and an equally long list of setbacks.

#### **CENTRAL ASIA**

Russia has consolidated its military-political positions in Central Asia, where Moscow now has two military bases – in Tajikistan and Kyrgyzstan; these provide a counterbalance to the



U.S. and NATO military presence in the region.

In the economic sphere, Russia accounts for 46 percent of the aggregate foreign trade of Kyrgyzstan, Tajikistan, Kazakhstan and Uzbekistan, and 80 percent of all oil and gas exports from the region. Interestingly, in Ukraine, Russian capital controls 83 percent of the oil-refining industry, 66.7 percent of nonferrous metallurgy (and 90 percent of aluminum production), 20 percent of ferrous metallurgy, 36 percent of energy distribution, 33 percent of machine-building and banking, and up to 20 percent of the gas industry. Yet, in contrast to Central Asia, this extensive presence in the Ukrainian economy has not been transformed into any remarkable achievements for Russia.

Despite the employment of all possible resources, the results have been very contradictory, which not even a different conclusion to the recent presidential elections in Ukraine would have helped.

There are several reasons that make Russia's presence in Central Asia different from that in Ukraine.

First, Russia and the Central Asian countries face a daily threat to their integrity, national sovereignty and stability due to terrorism. Moreover, the threat of separatism/terrorism in

Central Asia comes not only from the outside – it has taken root inside the region. Therefore the Russian military presence in the region is a stabilizing factor.

Another reason, the significance of which is growing, is the fear of the Central Asian elites in the face of the "establishment of democracy" following the Iraqi model – especially since financial and economic expectations, raised by the American presence in the region, have not materialized. For the Central Asian countries, strengthening interaction with Russia is one of the easiest and most reliable ways to avoid a change of power and the "establishment of democracy," which may bring about a long-term destabilization in the region and have unpredictable consequences. The United States seems to understand this.

In view of the aforesaid, Russia's reliance on the traditional elites in the region is logical and inevitable. Yet, if Moscow wants to preserve its influence in Central Asia, it will have to make a comprehensive analysis of the situation in the region and display a flexible approach to the establishment of relations with new political forces that will replace the present ruling elites.

The third strategic long-term factor is the general concern of Central

Asia, Russia and the United States over what role China will play in Northeast Asia, the Far East and the whole of the Asia-Pacific Region.

### **CAUCASUS**

Chechnya remains the main source of the threat of terrorism in the region. Assistance to Russia (e.g., by Azerbaijan) or lack of assistance (e.g., from Georgia) in addressing this issue represents a kind of touchstone for Russia's relations with the countries of the region.

In 2004, the aggravation of the "frozen" conflict in South Ossetia; the replacement of Aslan

Abashidze's regime, despite Russia's active support, in Georgia's breakaway republic of Adzharia, together with the rise of a new regime there that is loyal to Tbilisi; and, finally, the acute political crisis in another breakaway republic in Georgia, Abkhazia, brought about by elections in which Russia again played an active role – all these factors attest to:

- the high level of instability in the conflict-prone region;
- the topicality of the problem of unrecognized territorial entities;
- the absence of a well-balanced strategic line in Russia toward the region.

While Russia remains – with certain reservations – a really stabilizing factor and the only effective peace-keeping force, it is at the same time extremely vulnerable to well-founded accusations of supporting separatism. The extensive use of double standards by the West cannot serve as a justification, the more so as an explanation, of Russia's actions because separatism poses a serious threat to Russia itself. The factors behind Russia's policy include the wish to preserve its military bases and protect Russian investments, particularly in Abkhazia. A further aggravation of the situation in Abkhazia would make the preservation of the status quo there difficult if not impossible.

Give-and-take solutions, which would take into account Russia's military, political and economic interests, can be found in negotiations with legitimate actors, and most importantly, with the new Georgian leadership. The developments of 2004 have shown that reliance on illegitimate regimes, as well as on politicians who selfishly pursue personal interests, cannot serve as a reliable instrument for implementing Russian interests. The problem of unrecognized territorial entities cannot be solved overnight; it requires a well-

planned multilateral approach and negotiations, especially in the conflict-prone Caucasus.

Russia's relations with the Caucasian states depend on many factors and primarily on the state of their ruling elites. The smooth transfer of power to Ilham Aliyev in Azerbaijan helped preserve the status quo there, which was one of the main prerequisites for developing relations with Russia and their format. In 2005, there are no grounds for changes in the position of Armenia's leadership as well, since Russia's presence in the region is the main guarantee of security for Yerevan. Yet, even though the general level of stability in the region is preserved, it remains doubtful that the Nagorno-Karabakh problem will be solved any time soon.

Finally, a new elite has come to power in Georgia, and one of its slogans calls for the establishment of partner relations with the West. The year 2004 showed that it is the change of elites, accompanied by new styles and methods of government and new slogans, but not by any fundamental changes in the social and economic situation in these countries, that poses the greatest difficulties and problems for Russia.

#### **'EURO-EAST'**

The problems of terrorism and separatism have less relevance for Russia's relations with the East European members of the CIS. The only exception is Transdnistria, a breakaway republic in Moldova. Attempts to solve this problem (the "Kozak Plan") in late 2003 were thwarted by the Moldovan government.

Russia's relations with Moldova offer an illustrative example of its policy of reliance on "pro-Russian" politicians. The key role assigned by the Kremlin to Moldova's future president Vladimir Voronin, who made pro-Russian pre-election statements, did not bear fruit, which was obvious by the collapse of a Transdnistrian settlement.

Nevertheless, the political differences between Moscow and Chisinau have not prevented Russian businesses from privatizing the most profitable industries in Moldova.

In mid-2004, Russia made special efforts to consolidate the CIS integration structures, above all, the Common Economic Space for Belarus, Kazakhstan, Russia and Ukraine, and proposed new terms for its partners. In particular, Russia suggested levying a VAT on Russian energy exports by the importer coun-

try. According to expert estimates, this measure would earn Ukraine, for example, an additional U.S. \$800 million (in 2003 prices) a year in budget revenues. Moscow's departure from an economically motivated pragmatic strategy to a policy of building an integration space with a Russian nucleus "at any cost" was particularly manifest in its relations with Ukraine and Belarus.

The main reason behind Russian efforts to increase CIS integration was the wish to prevent the integration of Ukraine and Belarus (as well as Moldova) into the EU structures. By the last half of 2004, both Russia and the West began to view the processes in the east of the CIS largely as a "competition of integrations," in terms of "zero-sum games." The political crisis in Ukraine, where the presidential elections began to be perceived as an open rivalry between Russia and the West in promoting their own candidates, only aggravated the situation and complicated efforts to find a way out.

The aggravation of the situation in Ukraine was not inevitable. The structure of Ukraine's trade and economic ties and relations with

major Western countries and institutions (the EU and NATO), the state of public opinion, and the record of both presidential candidates, especially with regard to relations with Russia and Russian capital, did not give grounds for regarding the situation as void of alternatives. Moreover, in spite of the crisis and irrespective of the outcome of the elections, the Ukrainian policy of the last few years will hardly change in the near future – largely due to the fears of the country's continuing division. The same reasons, however, will cause a slow-down in integration with Russia. In other words, there is little chance that the main goal – which caused Russia to make unprecedented efforts during the election campaign in Ukraine – will be achieved.

The main reason for the political crisis in Ukraine was the incomplete replacement of the ruling regimes and elites in the post-Soviet states. Undisguised attempts to slow down or, on the contrary, to accelerate this process aggravate Russia-West relations, which are a major factor of development in the huge expanse of the CIS.

# Kaliningrad: Gateway to Wider Europe

*Sergei Kortunov*

Of the numerous unsolved problems plaguing relations between Russia and the European Union, the Kaliningrad issue occupies a special place. For example, the new rules for Russians who wish to travel by land between “mainland Russia” and the Kaliningrad Region, in effect from January 1, 2005, are a new reminder of this problem. From now on, Russian citizens can visit Kaliningrad only if they have a foreign passport.

Meanwhile, nothing has been done to settle unresolved issues: either in 2002, when the Russian president’s representative Dmitry Rogozin showed “deep concern” about the residents of Kaliningrad; or in 2003, when the Kaliningrad issue was discussed during the Russia-EU summits and when the Russian president visited the region, or later. Some may recall the presidential ‘Shuvalov commission’ which cited the economic development of the Kaliningrad Region among Russia’s six national priorities, or the establishment of an interdepartmental working group in the autumn of 2004 on the Kaliningrad Region, headed by presidential aide Sergei Yastrzhembsky. However, there has been no breakthrough in the overall situation; the region remains as neglected as it was in former years. The State Duma has not yet discussed the draft of a renewed federal law on a “special economic zone” in the Kaliningrad Region, which was submitted to the Parliament more than four years ago. This cloud of uncertainty surrounding

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the region's economic prospects prevents Russian and foreign investment in local businesses.

The way in which the region's development programs are being implemented shows that the federal center has not yet decided what functions the region should fulfill in the national division of labor, what role it can play in the country's foreign trade, and what should be done to develop the region. There is the impression that Moscow does not have a geopolitical understanding of the Kaliningrad Region's role, nor a long-term economic strategy. Furthermore, there seems to be a lack of well-formulated military interests in the area.

No wonder the major countries of the European Union have taken a wait-and-see approach to the situation. Many correctly believe that time is on the EU's side: if Moscow continues to do nothing, the Kaliningrad Region, like a ripe fruit, will fall into the EU's hands on its own accord.

#### STRATEGY OF COMBINING INTERESTS

There are two opposing points of view as to who must display initiative in addressing the problems arising between Russia and the EU. Russia believes that since these problems have been created by the enlargement of the European Union they must be solved by the EU. However, some EU officials argue that the EU must continue to enlarge, without paying any heed to Russia or its Kaliningrad Region.

Both approaches reflect old stereotypes and can produce nothing but a cold confrontation. A report by the Kiel International ad-hoc Group of Experts on Kaliningrad said that the best strategy between the EU and Russia would be to share the responsibility. This approach alone will allow the development of the region to begin, as well as become a pilot project for EU-Russian cooperation. Within the framework of this project, the parties could implement the latest economic and foreign-trade formulas, as well as cooperation mechanisms. Three groups of interest — federal, regional and pan-European — must be clearly formulated and then harmonized.

Moscow's approach to solving Kaliningrad's problems rests on several basic principles: Russia welcomes the enlargement of the EU, which creates additional opportunities for mutually advantageous cooperation; Russia has proclaimed its participation in the formation of the Wider Europe and its integration into the Euro-Atlantic economic, judicial, cultural and security space as a top priority; Moscow regards Kaliningrad as a special region and is thus creating special economic conditions for it. At the same time, Russia does not seek any special terms for its integration and is going to firmly uphold its national interests.

Russia's general economic interests have been formulated in the federal target program *The Development of the Kaliningrad Region for the Period Until 2010*, which is aimed at creating conditions in the area for its "stable social and economic development through extending export-oriented businesses and achieving living standards comparable with those in adjacent states."

The primary interest for the region is raising the population's standard of living. Local resources, however, are not enough for boosting the region's social and economic development. According to estimates of the Institute of Economics of the Russian Academy of Sciences, the Kaliningrad Region needs U.S. \$36 billion in investment before 2010 to at least approach the EU countries in the level of development. Russia's federal budget cannot afford to allocate such an amount, while foreign investment in the region over the last decade has not exceeded U.S. \$65 million. The disproportion in economic development between the Kaliningrad Region and its neighbors has been quickly increasing since 2000 when Lithuania and Poland, as candidates for admission to the EU, were admitted to the EU's new special programs — SAPARD (Special Accession Program for Agriculture and Rural Development) and ISPA (Instrument for Structural Policies for Pre-Accession). These programs are intended to help candidate countries catch up with EU environmental standards, as well as to upgrade and expand their links with the trans-European transport networks.

In Soviet times, the Kaliningrad Region gave priority to the development of machine-building, pulp-and-paper production,

food (fish) and amber industries. Today, the region is not leading in any of these sectors, except, perhaps, the amber industry; it is not competitive on either the European or Russian markets. The regional authorities tend to overestimate Kaliningrad's role as the only non-freezing port and a major sea transport hub on the Baltic Sea. The region is largely oriented to Moscow and actually maintains no ties with other countries of the Commonwealth of Independent States or even Russia's northwest, not to mention other regions.

Kaliningrad's average annual GDP growth rate is higher than Russia's average (9-11 percent), while Russia's growth rate is higher than that of the Baltic States, Poland and other countries of the European Union. Nevertheless, the developmental disproportion between Kaliningrad and its neighboring countries continues to increase. If this trend continues, it may decrease the region's investment attractiveness still further and have other negative consequences. The Kaliningrad authorities have requested special financial and technical aid that would help the enclave cope with its unique position and reduce its growing socio-economic gap in comparison with its neighboring countries. As another additional step, Russia should press for the extension of the EU's development programs to Kaliningrad.

International interests (or rather the interests of the EU countries) have two major aspects. On the one hand, these countries seek to prevent the emergence of economic, social, ecological and political tensions inside the EU. On the other hand, they would like to use Kaliningrad as an economic link between them and Russia (the regional market proper is much less important due to its small capacity). The EU's primary goals for cooperating with Kaliningrad are the solution of problems pertaining to public health, the municipal economy and the environment, and the development of democracy, local self-government, and transparent small and medium-sized businesses capable of integrating into the European economy and market. The level of the region's development in these spheres is not sufficient for its full-scale participation in the pan-European processes. The format of the



Special Economic Zone set up by Russia in Kaliningrad to stimulate the region's economic relations with the EU countries, is described by the latter as unproductive and, perhaps, even incompatible with the requirements of the World Trade Organization. With regard to Kaliningrad, the European Union seeks to solve, above all, local tasks, specifically to minimize 'soft risks' (real or imaginary) in the sphere of security, such as organized crime, illegal immigration, drug trafficking, communicable diseases (AIDS and others), and the environment. Quite often, however, the scale of these problems is grossly exaggerated.

At the current stage, the European Union will hardly contribute heavily to the region's development. The EU members and large private investors have taken a wait-and-see position (the provisions of the EU's TACIS program with regard to Kaliningrad are only for monitoring the overall situation while developing a European lobby in the region). Moreover, the EU has levers for "fencing off" the region by means of customs and border barriers, which it may implement at any moment.

The EU's economic and legal strategy toward Kaliningrad has the following major aspects:

- extending the EU technical norms and standards to the region;
- bringing the region's legal regulations into line with those of the EU;
- creating a transparent transport space in the region;
- incorporating the region's power system, which receives power primarily from mainland Russia, into the European power system;
- delimiting zones of natural resource management, above all, fishing zones;
- reducing social tensions along the EU borders;
- integrating the region into the European Information Space.

These measures are intended to transform Kaliningrad into a bridge for Western technologies into Russia, as well as yet another region of Europe (the European Union holds that the "Europe of countries" will become a "Europe of regions" in the 21st cen-

tury). Thus, the region will be gradually absorbed by the EU, dissolving into “Euro-regions” and “transport corridors.” The EU is ready to fund (and already is funding) related measures. So, it looks as if the European Union is a more important factor than Russia for building the region’s future.

And still, the strategic approaches of Russia and the EU have more in common than mutually exclusive points.

#### KALININGRAD SEPARATISM: MYTH OR REALITY?

The European Union has no territorial claims to Russia at the official level, and this is a major prerequisite for the further development of political ties between the two parties. The European Union regards the Kaliningrad Region as an inalienable part of the Russian Federation without reservations. Characteristically, “radical” solutions to the Kaliningrad problem, which include the region’s separation from Russia, are usually forwarded by Russian politicians. One such proposal suggests an association between Kaliningrad and the EU, as well as the creation of a common market. The latter would imply the removal of trade, manpower and capital barriers; the euro could also be introduced in Kaliningrad. This model cannot be implemented, however, without revising the region’s current political and legal status, which would bring about its isolation from mainland Russia. The EU admits that this variant is politically unacceptable to Moscow.

At the same time, Kaliningrad may be vulnerable to the danger of “creeping revenge” on the part of Germany. Among unofficial concepts, there is a proposal to establish a “Baltic Hanseatic Region” which would include the three Baltic States and a “Euroregion Königsberg.” This concept is aimed at creating political, economic and legal conditions over the next few years which would be followed by the question of granting Euroregion Königsberg membership in the EU, thus following in the footsteps of its immediate neighbors Lithuania, Latvia and Estonia. Russia’s participation in this project has not been proposed at all. To all outward appearances, the authors of this concept believe that the

economic development of Kaliningrad under Germany's wing will create a political situation where a hypothetical Euroregion Königsberg will have enough legal autonomy from Russia to make an independent decision concerning its entry into the EU.

In November 2004, the opposition Christian Democratic Union/Christian-Social Union (CDU/CSU) parties in Germany's Bundestag called into question the expediency of Kaliningrad remaining within the Russian Federation. In a parliamentary document addressed to Federal Chancellor Gerhard Schröder, the deputies described the Russian region as the "Königsberg area" and asked the Chancellor to assess their "considerations" concerning the idea of the region becoming a Euro-entity named Prussia. Point 14 of the document asked: "What is the Federal Government's attitude to the idea of establishing a Lithuanian-Russian-Polish Euroregion that geographically would correspond to the historical province of East Prussia?" The deputies also wanted to know the government's opinion about a proposal to convene a conference under the EU's patronage in order to discuss the "economic future of the Königsberg area," which would be attended by representatives of Russia, Lithuania, Latvia, Estonia and Poland, as well as Kaliningrad and Germany.

Although such views and concepts have no official status (in November 2004, the federal government of Germany turned down the odious interpellation from the opposition and reiterated its recognition of Russia's sovereignty over Kaliningrad), the aforementioned document was signed by 71 Bundestag deputies from the CDU/CSU, which may come to power in the next elections. The deputies believe that the Kaliningrad's return to the zone of German influence is just a matter of time and that Moscow's inactivity will introduce a "natural solution," thus presupposing the beginning of restitution in the broad sense of the word. To counter this tendency, Russia must pursue an intelligible, responsible and active strategy.

Equally worrisome is the fact that some Lithuanian politicians are even more resolute about the status of Kaliningrad than politi-

cians in Germany. They refer to the city of Kaliningrad as ‘Karaliaucius’ and the whole of this Russian region as ‘Lithuania Minor.’ *The Encyclopedia of Lithuania Minor*, published in the United States and distributed at various international forums, designates the Kaliningrad Region as a “Russia-occupied Karaliaucius area of Lithuania,” as an “ethnic land of the Balts” and part of their “historical heritage.” Georgs Bagatis of the Baltic Unity organization says the presidents of the Baltic States must make a joint statement acknowledging the occupation by Russia of the “Königsberg area.” He wants the statement to be submitted to the United Nations in order to win international recognition of the fact that the decisions of the 1945 Potsdam Conference allowed Russia to govern the region only temporarily.

Lithuania’s parliamentary politics reveals its desire to isolate Kaliningrad from the rest of Russia, while isolating Russia from the integration processes in the European Union. This was made evident from the September 10, 2004 resolution of the Lithuanian Sejm (parliament) entitled *On Cooperation with the Kaliningrad Region*. The resolution asserts that the EU’s plans to facilitate the transit of people and shipments between Kaliningrad and Russia run counter to the interests of Lithuania. In fact, Lithuanian deputies would like to repudiate the agreements between Russia and the EU on visa-free transit by non-stop trains and the provisions of the April 27, 2004 Joint Statement on the Enlargement of the EU [which envisage the conclusion of a separate Russia-EU or Russia-EU-Lithuania agreement on the regime of customs transit between Kaliningrad and mainland Russia – Ed.].

The separatist trend in Kaliningrad proper is represented by the minority Baltic Republican Party led by Sergei Pasko. The party’s main platform is the inability of the regional and federal authorities to “propose adequate and radical solutions to the problem of the development of this Russian exclave in the changing geopolitical conditions.”

First, Pasko suggests establishing a Baltic Republic in the region, which would have the status of Russia’s associated member and which would, simultaneously, integrate into the European

Union as an international legal entity. Each Kaliningrader would have dual (Russian and EU) citizenship.

Pasko also proposes to conclude a new treaty on the delimitation of powers and matters of competence between the federal center and the Kaliningrad Region.

The party believes that its time will come in the next few years after the living standards in Lithuania and Poland have significantly risen due to their entry into the EU, while the same standards in the Kaliningrad Region will fall sharply. Then, Pasko says, a referendum on sovereignty could be conducted in the region (Such a referendum would contravene the Russian Constitution, as “the status of a Russian Federation entity can be changed by mutual agreement of the Russian Federation and the entity of the Russian Federation.” Therefore, the sovereignty issue can be decided only by a nationwide referendum.)

Everyone agrees that “Kaliningrad separatism” is a myth and that there are no psychological, social or economic prerequisites for separatist tendencies. Nevertheless, separatist sentiments are widespread among young people. A recent public opinion poll (conducted anonymously) revealed that almost 60 percent of the Kaliningrad Region’s population below the age of 28 favors separation from Russia. According to Kaliningrad Governor Vladimir Yegorov, Kaliningraders travel to the west six times more often than they travel to the east. Over 90 percent of young people have already repeatedly visited Poland, Lithuania and Germany, but they have never been to Russia. At a March 5, 2002 conference with Russia’s prime minister, members of the Kaliningrad Region administration even demanded that Moscow draw up a state program for acquainting young Kaliningraders with Russia (!).

While contacts with Russia are complicated, they are easier with foreign countries; or rather they used to be until recently, as these relations are growing more complicated, too. The local population is beginning to suffer from an “exclave syndrome” due to the region’s spatial isolation from both Russia and the neighboring countries. Deputies of the Kaliningrad Region Duma argue that the factors behind the anti-Russian sentiments in Kaliningrad

are the passive policies of Moscow, which is delaying the consideration of an amended law on the Special Economic Zone, as well as fears that Moscow may abrogate the region's economic exclusiveness.

The only possible political solution to the Kaliningrad problem in the light of the EU's expansion is the region's participation in the integration processes that will develop in the course of Russia-EU interaction. This will be only the first stage on the way toward making Kaliningrad a region of Russia-EU cooperation, and it is this model that will open prospects for future progress. At the same time, Kaliningrad will not become an international legal entity. The activities of regional bodies in the sphere of international relations will be coordinated by the federal center.

The Kaliningrad Region must be recognized as an entity of the Russian Federation and, simultaneously, an object of the EU's economic activity. Ideally, it should be turned into a large-scale multinational economic project. To this end, Russia and the EU must conclude a special agreement (treaty) on the development of the region as an object of international cooperation. Unfortunately, the EU countries have not yet agreed with Russia's proposals for signing such a document, considering the relations between the two parties within the frameworks of the 1994 Partnership and Cooperation Agreement sufficient. As a result, the visa issue — a technical issue per se — has acquired a political connotation.

In fact, the main danger lies in the possible weakening of the region's ties with Russia. This possibility is irrespective of the EU's intentions, and may be simply a byproduct of the European Union's enlargement, which is being implemented without taking into consideration Russia's vital interests. The real threat is not the region's separation from Russia, but rather it becoming a depressed territory; any decline in development rates would be very undesirable for the region itself and for Russia as a whole. From the EU's point of view, the emergence of a crisis region in the center of a prospering Europe, working toward aggravating instability, would not be the best variant, either. Therefore, Russia

and the EU must work out a joint strategy for the region's accelerated economic development, and focus their efforts on the solution of problems pertaining to the basic infrastructure (transport, telecommunications and power engineering).

Europe must make a choice and give answers to the following questions: Does it view Russia as a partner or as a potential threat? Is Russia a supplementary part of the European economic complex or is it a potentially dangerous rival? Does Russia stand as part of European civilization, or a burden to it?

In turn, Russia must reiterate its vision of a binding document that could ensure the region's future development, and propose to its Western partners that they express their views on each of the document's points. As the report of the Kiel International ad-hoc Group of Experts on Kaliningrad said, "the emergence of such a concept lies very much on Russia's shoulders." The report, however, also said that, "it is also a challenge to the EU, which needs to provide substance to the slogan about 'Europe whole and free' instead of sliding into a 'Fortress Europe' that would be conducive to the creation of isolated and unstable outsiders."

#### IN SEARCH OF STRATEGIC APPROACH

The Russian government is to make a political choice among a limited number of possible scenarios: a policy toward a "creeping exchange" of the Kaliningrad Region's territory on some or other terms; an optimization of the current situation; and, finally, a radical and breakthrough strategic maneuver. The choice of a scenario can be made only after Russia sets itself a strategic goal and its leadership, the regional administration, businesses and the public reach a mutual agreement.

Efforts to solve new problems caused by the EU's enlargement must focus on Kaliningrad's development as a region of Russia-EU cooperation, while consolidating the internal base of regional development and increasing the region's role in the Russian economy, especially in serving its foreign economic ties.

The long-term economic significance of the Kaliningrad Region lies in the benefits of its enclave position in the European

Union. This status is the region's special resource, and it would be a mistake for Russia not to use it in its interests. If this realization is made at the federal level, Kaliningrad will become a priority development region for Moscow which then can make the following moves.

First, the permanent upgrading and renovation of the federal target program *The Development of the Kaliningrad Region for the Period Until 2010*, taking into consideration problems caused by the EU's eastward expansion and by Russia's entry into the WTO. Extra expenses on these purposes, to be incurred by regional enterprises and organizations, should be financed by the federal center.

Second, the adoption of an amended law on the Special Economic Zone (SEZ) in the Kaliningrad Region. The amended variant must reflect the European and global tendencies toward greater freedom in the movement of goods, services, capital, and manpower resources, and must be in line with other legislative acts (especially the Customs and Tax Codes). The new document must also take into consideration the terms of Russia's expected entry into the WTO, so that the import-substituting enterprises opened in the region have a chance for development.

The situation of uncertainty, which is characteristic of the present stage in Kaliningrad's development, calls for improving the SEZ mechanisms and drawing up a new federal document which would be broader in content and establish economic, political and social conditions for regional development. This may be a federal law on the Kaliningrad Region which would fix federal policy toward the region. The exclave status is a political category; therefore, the region needs a special economic and political regime.

Third, considering and implementing (notwithstanding the resistance of local businesses) proposals for setting up an investment and finance corporation, a guarantee fund or other structures, presumably international ones, which would ensure the funding of the federal target program and other investment projects on the regional market. It is advisable that the founders of such a corporation (fund) include federal and regional bodies of



state power, municipalities, large Russian and foreign investment banks and, possibly, representatives of the EU Commission.

Fourth, the establishment of a special international analytical center in the Kaliningrad Region, headquartered in Kaliningrad, for harmonizing federal, regional and international interests. Within its frameworks, an international group of lawyers would bring into line the European and Russian legal norms to form a single legal space in Europe.

Fifth, coordination bodies should be set up to address regional problems, guaranteeing that the federal target program be implemented under the supervision of federal institutions. This should be done by both the federal center (for example, a Council on the Kaliningrad Region under the Russian president) and by the European Union. Such a move, however, may not be necessary if the regional governor is made more responsible to the president by the reform of the executive power system in the Russian Federation.

Making the Kaliningrad Region open to the EU and Russia would give it the opportunity for attracting new resources. In order not to lose control over the region, Russia must ensure a large and permanent Russian presence, strengthened by visits by politicians, businesspeople, experts and ordinary Russian citizens from other Russian regions. Such visits require an adequate transport, legal and social infrastructure and, most importantly, motivation.

Specifically, Russia should turn the Kaliningrad Region into a showcase highlighting the achievements of its regions, as well as a zone for contacts between Russian and EU citizens. This may become a mega-project for the whole of Russia's northwest; the Kaliningrad Region's development will be based then not on the construction of new large industrial enterprises, but on the presentation of existing enterprises of the Russian regions, together with their products.

This proposal can be accomplished by building a large exhibition and business center in the Kaliningrad Region ("Euro-EXPO"), which would serve as a key strategic solution of the region's problems. The center could be gradually put into opera-

tion between the years 2005 and 2010, eventually covering a total area of 300,000 square meters. The construction should be given the status of a presidential program.

The exhibition, which should be coordinated as an annual event, could be held simultaneously with a large investment congress. To this end, there should be a standing executive body in the region, supported by the regional administration, and delegated the required authority by the federal center.

This measure, fully meeting the letter and spirit of all the fundamental federal documents on Kaliningrad and the Russia-EU agreements, would be a major public relations program for Russia. The very beginning of its implementation could stop, once and for all, any talk of regional separatism.

Such an exhibition would bring benefits to the EU countries, as well. A preliminary study has revealed an interest on the part of the EU business circles in promoting such a program. There could very well be a historical role for Kaliningrad in the development of contemporary Russia. It could become a model for a new “assembly” of the country with a view to ensuring its full-fledged inclusion into the Common European Economic Space and, through it, into the international division of labor in a global world. There is no sense implementing this “assembly” by restoring the former national economic complexes, as the former system would be ineffective given the conditions of the international market.

Russia must act in accordance with the latest principles of the postindustrial global economy of the 21st century, while relying on all available resources. The European Union Enlargement Commissioner Günter Verheugen said at a June 2004 conference in Vilnius that the EU would like to see Kaliningrad serve as Russia’s western gateway to Europe. Concerted efforts by the Russian regions, the federal center, and the public and private business sectors, required for the implementation of “Euro-EXPO,” which would match the scope of Russia and the Wider Europe, can make this mega-project Russia’s gateway (not just a “window”) to the Wider Europe.

# Whither Putin?



“ Russian 19th century historian Nikolai Karamzin concluded that “the toughness of Russian laws implies their optional observance.” The atmosphere of what a political technologist close to Putin has branded as “Totalitarianism Lite” has not changed anything in that Russian tradition. ”

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# The Putin Strategy

*Vyacheslav Nikonov*

Russian President Vladimir Putin remains a mystery for many people. There is a popular joke in Russia that he has finally decided on a Korean model for his country's development, but has yet to decide which of the two models to choose. His opponents deny the president and his team the ability for strategic thinking, or view their policies as a return to the totalitarian past. Putin's supporters have never seen a complete strategy, yet apparently they are ready to support the president even without the benefit of a strategy.

## DOES PUTIN REALLY HAVE A STRATEGY?

I believe that it is possible to see a strategy in Putin's actions. Some people may not like it, however, and I myself do not consider it ideal. At the same time, in light of the sequential logic of his actions, Putin is attempting to solve the top-priority problems confronting Russian society.

I do not think that Putin had a strategy when he, quite unexpectedly for everybody including himself, became prime minister and prospective "heir" to the Russian presidency. At that time, Russia was facing a pile of problems which were unprecedented in scale for any country. In December 1999, Vladimir Putin, at the time still a prime minister, published his first policy article enti-

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tled *Russia at the Turn of the Century*. In it, he wrote bluntly: “Russia is going through one of the most difficult periods of its centuries-old history. Perhaps for the first time in the last 200-300 years, it is facing the real danger of finding itself in the second or even third echelon of world states.”

Putin was not exaggerating.

Two days after the article was published, Boris Yeltsin resigned from his presidential post.

### INITIAL REALITY

Putin found himself in the position of an heir who, upon reading the will, discovers that he has inherited a million debts.

The new Russian president was suddenly responsible for a country which in the previous eight years had lost half of its economy; furthermore, it had just passed through a severe financial default. Russia was a backward country with a budget comparable to that of a large American city, with over half of its population living below the poverty line. Many Russians had not been paid their salaries or pensions for months.

Finally, the economy was overburdened with many social commitments inherited from the Communist times, which no country, not even richest, could cope with. Big business, which had received property worth billions of dollars from the Kremlin, ruled the country via Yeltsin’s “Family.” This powerful group appointed ministers, adopted convenient laws, elected governors on the territories it controlled, and enjoyed unlimited access to state resources, but it never developed the habit of paying taxes.

Actually, Russia was not governed at all. It could be described as a democracy only by a person with a very rich imagination: the regime was a strange mixture of anarchy and oligarchy, with only occasional democratic headway. There was no common legal space in the country. None of the numerous Russian regions experienced any visible economic reform or democracy, but incompetence, nepotism, irresponsibility and embezzlement could be found with the naked eye.

Russian society, which had suffered from the “lost country syndrome,” was absolutely disoriented. People were weary of reforms and only desired some semblance of order from the authorities. During this time, there was a real possibility that the Communist Party would stage a comeback. The country lacked a normal system of political parties, which is the backbone of any democratic state.

At the time, Russia was fighting a war that it did not want. War was declared on Russia by Wahabi radicals who wish to build a caliphate that would stretch from the Black Sea to the Caspian. Beginning from at least 1999, Russian federal troops in Chechnya faced not just rank-and-file Arab mercenaries, but Arab commanders as well. The Russian forces, responsible for providing for the nation’s security, experienced many setbacks. These were due to the underfunded special services, disorganized military reforms and a ragged and demoralized army; nuclear-powered submarines were rusting in port, while the strategic nuclear arms were alarmingly degrading. The Gorbachev-Yeltsin breakthrough to the West had stalled. The task required by the government, therefore, was to rebuild a dismantled state. It would be difficult to name a more difficult job than this.

#### GENERAL CONCEPT

Putin’s original strategy rested on the pragmatic goal of fighting for Russia’s survival. That goal outweighed all ideological considerations. At the same time, the president understood from the very beginning that a serious modernization breakthrough was needed. Russia’s main strategic goal was to become a modern great power that would be economically strong, technologically advanced, socially developed and politically influential.

This strategic goal could be achieved only after Russia had:

- completed the most fundamental revolution of the late 20th century which destroyed the Communist Soviet Union, and stabilized the political system on the basis of democracy and free markets;
- created a state mechanism capable of implementing the required reforms;

- formed a normal economic environment that could ensure long-term economic growth;
- created favorable international conditions for its internal development;
- overcome the societal atomization and begun the process of consolidating the Russian nation.

#### WHO ARE WE?

Putin has not proposed any new national idea, but he has resolutely abandoned the old Communist idea. Whatever the liberal critics of Putin may say, the president is making a firm break with the totalitarian past. Putin suggests that society look for landmark concepts in Russia's history to create a new identity, and there are examples of this taking place today: The main Communist holiday – November 7, the day of the 1917 October Revolution – has been abolished, obviously at the president's suggestion. From czarist Russia, we have inherited the two-headed eagle borrowed by Ivan III from Byzantium; furthermore, Russia has recently re-introduced November 4th celebrations – the day of Moscow's liberation in 1612, which coincides with the day of the Kazan icon of the Mother of God; then there was the introduction of the state tricolor, borrowed by Peter the Great from the Dutch. From Soviet times, we have inherited the national anthem – or rather its music, which was composed by Alexander Alexandrov during the country's liberation from Nazi troops; the anthem now contains post-Soviet lyrics. Putin places much more emphasis than his predecessors on traditional civic values: patriotism, morals, family and religion. He is a believer, and Orthodox principles are not an abstract notion for him.

The new Russia, although changing, has established a strong connection to its former self.

#### COMPETITIVE ECONOMY

Putin understands perfectly well that no Soviet recipes can help him fulfill his primary task of implementing a qualitative leap forward in economic development. His economic program is very

simple – and very ambitious. Putin wants to make Russia compatible with the global economy, and create a normal, globally accepted economic environment which is attractive for domestic and foreign investments into the economy. These measures must boost economic growth and double the GDP within ten years (although Putin has never specified the starting year for this decade). Economic growth is the focal point in Putin's strategy.

In fact, President Putin launched a new round of market reforms, which had never been completed in the early 1990s. What his team has done for reducing taxes, opening the economy for global competition in order to meet WTO membership criteria, and for carrying out social, pension and public utilities reforms is far beyond the intentions of the reformers from the early Yeltsin times.

At the same time, Putin's strategy provides for equal, and possibly even stronger, state control over several strategic economic sectors, of which the fuel/energy sector is the most important for Russia. There will be no nationalization program (incidentally, it is only the Anglo-Saxon countries where the energy sectors are not the property of the state). At the same time, state-owned segments of the economy will not be reduced either; rather they will increase, taking into account the prospects of Yuganskneftegaz.

The relations between the state and business have been complicated considerably by the YUKOS case and, on a broader scale, by the relations between Putin and the oligarchs. In Russia, one often hears the question: "Who of the oligarchs will be the next one?" Since his first days in office, the President has sent several unequivocal "messages" to big business. The first one was: "Pay taxes and display social responsibility." The second message was: "The federal policy is the Kremlin's business." The third message was: "There can be no saints among the oligarchs." All of these points have been "appointed" in one way or another by the Kremlin, and often in violation of the law. Therefore, oligarchs can be sacked if they ignore the first and second messages; the disfavor, which befell Boris Berezovsky, Vladimir Gusinsky and Mikhail Khodorkovsky, seems logical on this account. These individuals made obvious attempts to destabilize state power, while caring little to observe the



law and pay taxes. The answer to the question “Who will be next?” is obvious: the one who will follow suit.

### COMBATING POVERTY

Eradicating poverty in Russia is one of Putin’s most ambitious goals. Economic growth, the reduction of unemployment, and the repayment of overdue pensions and wages have reduced the number of people living below the subsistence level to 18 percent. By the end of Putin’s second presidency this figure is predicted to decrease to 10 percent. Although Russia is still far behind the developed countries as regards the standard of living, it has already broken loose from the poverty trap, in which almost a majority of the Russian population found themselves in the 1990s.

This is happening amidst a sweeping social reform, which, judging by public reaction, has been the most painful for Russia. The essence of this reform has been to revise the state’s excessive social obligations which are not backed financially. No country can afford to pay allowances or provide benefits to two-thirds of its population. The main principle of the new social policy is to provide support only for those who really need it, and to increase the size of allowances paid to such people from the money thus saved. Another principle is the monetization of fringe benefits.

### GOVERNABILITY

It was not unheard of for Boris Yeltsin to fail to show up in his office for months at a time. The Family, an extra-institutional center of power, played a much greater role than all the constitutional institutions taken together. Thus, Putin’s strategy is to restore the governability of the country with a heavy reliance on those institutions – at the expense of their autonomy.

For the first time in the post-Soviet era, there are working pro-presidential majorities capable of passing reformist laws in both chambers of the Federal Assembly. This parliament has proclaimed the right to land ownership, introduced the world’s most liberal tax system, which includes a flat income tax rate of 13 percent, and has begun to create a normal social infrastructure.

The administrative reform, launched in the spring of 2004, has proven to be the most sweeping reform ever conducted by a Russian government since Russia's first prime minister Sergei Witte held office. The obvious Westernization of the Cabinet (the number of ministries and their functions have almost coincided with those in the American government), the delimitation of powers between the legislative and purely executive departments, and the tangible reduction in the number of their CEOs has brought society closer to the president's goal of "debureaucratizing" the economy. Yet, it is too early to trumpet these achievements. Like any other reorganization, administrative reform plunged the government into a stupor when it was first initiated. This does not mean, however, that this reform is not needed or that it has failed, or that the country's leadership does not have enough will to carry it through.

The president continues to emphasize the need for turning the judiciary into a full-fledged and truly independent branch of state power. He argues that this can be accomplished by sharply increasing the salaries of judges, which would make them immune to administrative and financial pressure.

### THE VERTICAL

Putin's strategy in the field of federative relations is aimed at preventing the state's disintegration. Initially, the top priority of this strategy was to bring regional legislation into line with federal laws and the constitution. This goal was effectively achieved by means of a new power institution — the plenipotentiary representatives of the president in the newly established seven federal districts. The plenipotentiaries also helped to re-establish Moscow's control over local federal executive bodies, which in the 1990s had been swayed by regional governors. The Kremlin initiated the process of consolidating the numerous administrative entities of the Russian Federation — an absolutely justified move from the administrative and economic points of view. The latest — and most controversial — stage in the federative reform has been a transition from the direct elec-

tion of governors to their election by the legislative assemblies of the Russian Federation entities upon their nomination by the president. Putin's statements, in addition to what I have heard from people in his team, suggest seven reasons explaining the logic of this move.

First, many of the previously elected governors proved to be incompetent and inadequate. Several failed to report to their office for weeks because of their addiction to alcohol, while others were directly connected with criminal clans.

Second, elections have a tendency to sharply aggravate the situation in the multinational regions and bring ethnic conflicts to a head. Candidates often represent individual ethnic groups, and when one emerges victorious in an election contest it is perceived as a defeat by the other ethnic groups. Furthermore, as the term of office of several officials comes to a close in flashpoint regions (for example, in the North Caucasus, where leaders such as Valery Kokov, Alexander Dzasokhov, Magomedali Magomedov have brought stability to the area), these individuals might have been followed by the election of extreme nationalists. Such a scenario could lead to the resumption of hostilities.

Third, Russia has seen no reformist or liberal-minded governor elected after 1996. Putin is more pro-reformist than 95 percent of the governors and 90 percent of the population.

Fourth, too many governors directly represented the interests of individual financial groups. Only several (Alexander Khloponin in Krasnoyarsk, for example) invested in their own regions, while a majority redistributed resources away from the local population in favor of the corresponding companies.

Fifth, in some of the regions, the governors' family clans have taken the entire local economy under their control (or have made attempts to do that).

Sixth, the inefficiency of the governors has forced the federal center to form a parallel system of executive bodies. This aspect is directly related to the war against terrorism. Governors nominated by the president and approved by regional assemblies will have levers of control over the law enforcement system.

Seventh, international practices have provided arguments against the practice of electing governors by the population. There are three federations in the world where governors are elected in such a way. The United States is the only successful exception, while the record of the other two federations – Mexico and Brazil – cannot be described as such.

Putin's strategy assigns a great role to local self-government. The 1993 Constitution has created a very intricate and unviable structure of governance; actually, the Constitution has omitted the local government level, and bills drawn up by Dmitry Kozak are intended to restore this function. Further reforms in this field must create an adequate financial base for solving people's vital problems at the level where they most often arise and where they must be addressed – in the regions and in each individual settlement.

#### THE CREATION OF POLITICAL PARTIES

Putin is sincerely convinced that Russia needs large, full-fledged political parties. The creation of such parties will be built along two major avenues. First, it will be necessary to restore the authorities' affiliation to a particular political party. During those years that were committed to the eradication of the "damned legacy of the Soviet Communist Party" unprecedented laws were adopted, such as prohibiting top state officials from joining any party. After the executive office, together with the State Duma, are made party-based, it will become possible to noticeably increase the incentives for the consolidation of the political parties.

The second avenue is the transition to elections to the State Duma solely by party lists, which has recently been proposed by the president. For all its disadvantages, the proportional representation system permits the creation of major political parties within a short period of time; and large, nationwide parties will consolidate the state's unity and prevent regional separatism.

Obviously, the president sees no problem in having a large dominant party that can consolidate the core of the pro-Putin electorate and the administrative elite, as well as carry out reforms and ensure the continuity of his policy. It seems that Putin would

like to see the transformation of the Communist Party of the Russian Federation into a modern social democratic party. Yet, while the Communist leaders continue to resist the changes, the chances are growing that the Communist electoral niche will be gradually filled by other leftist and national-patriotic groups. The president has never created problems for liberals at elections; The Union of Right Forces (SPS), Yabloko and other liberal parties are the authors of their own failures as they have never been able to unite. The liberal electorate in Russia is too small to support more than one serious liberal project, and if the liberal parties come to understand this, they will undoubtedly have a future.

Presently, it is the advocates of Chechen extremists and their patrons – regardless of their political slant - who the Kremlin administration cannot tolerate.

#### NATIONAL SECURITY

Putin has been emphasizing the need to strengthen the national security organizations – the armed forces, special services, and law enforcement agencies. The top priority of the defense reform is increasing the professionalism of the armed forces. This means increasing the number and improving the quality of the permanent readiness units. Conscription will be preserved, but the mandatory term will be reduced to one year. The main emphasis is on compact and mobile special units, and the development of deterrence forces as an absolute guarantor of the security of the country; Russia still has relatively weak conventional armed forces and armaments.

Only consolidated special services and law enforcement agencies can protect the country from the threat of terror and organized crime. The government is planning to drastically overhaul the security organizations by re-equipping them, better coordinating their efforts, and eradicating corruption in their ranks. The arrests of “werewolves in police uniforms,” which many have described as a populist campaign, in reality reflect a long-term policy. Finally, there are plans on the table for increasing officer salaries.

Chechnya remains Russia's most acute problem – and will continue to be so for some time. Moscow's strategy consists in combining antiterrorism operations with measures to create and broaden a sphere of influence for the legitimate secular authorities. This move will aim to improve their coordination under the aegis of the governing bodies of the Southern Federal District, rebuild destroyed houses, and create jobs for the population of the war-ravaged region. The invasion of Ingushetia and the seizure of a school in Beslan serve as reminders that we are still very far from the real completion of the counterterrorism operation, not to mention genuine peace. Nevertheless, progress has been made: last year, human rights activists recorded dozens of times less human rights violations in Chechnya, which means that life there is becoming calmer. The operation in Chechnya will continue until final victory has been achieved, whatever effort this may require and despite whatever objections the West may have. To this end, I can definitely say there will be no more Khasavyurt-like deals.

### STRATEGY FOR PEACE

Putin's foreign policy strategy at the beginning of his second presidency was marked by a high degree of continuity. The developments in Ukraine, however, may introduce drastic changes into it.

From the very beginning, Putin has been conducting an independent and active multi-vector policy of a pragmatic “father of the nation” who is concerned, at the same time, about the greatness of his nation. While perceiving that the general weakness of the country remains the greatest threat to Russia's security, he regards foreign policy, first and foremost, as an instrument for creating favorable conditions for economic development, improving the investment climate and promoting Russian business interests abroad. His pronounced pragmatism presupposes setting foreign-policy tasks that the country is able to fulfill. The President is undoubtedly an integrationist, which has been adequately demonstrated by Russia's participation in the international organizations it has already joined (the United Nations, G8), or entry into orga-

nizations to which it may be admitted in the future (the World Trade Organization, the Organization for Economic Cooperation and Development). Putin will not orient himself to one particular pole of the contemporary world, but will keep his hands free for contacts in all directions.

In Putin's system of priorities, the countries of the Commonwealth of Independent States have held – and will continue to hold – a prominent place. Putin's favorite brainchild of recent time is the Common Economic Space embracing Russia, Ukraine, Belarus and Kazakhstan. The prospects for this project, however, may be seriously threatened now that Victor Yushchenko has come to power in Kiev, as he is a strong opponent of this project.

Russia's relations with the West have revealed naturally limiting factors. The main one remains the fundamental impossibility of Russia's entry into the major European and Transatlantic organizations – the European Union and NATO. These organizations do not care to see Russia among their members, and, most likely, Russia has no need to seek its membership. Moreover, the emphasis that the West places on the human rights issue, as well as the “gap in values” between the West and Russia, serve as more stumbling blocks in Russia-West relations. Putin does not believe that he has any problems with building a democratic society, and he will not accept criticism on human rights. Meanwhile, the development of Russian democracy will not correspond to Western ideas about this process for quite some time.

The developments in Ukraine represent the latest complication for Russia. Moscow views what has happened there not only as an unconstitutional coup, but also as a large-scale geopolitical operation to overthrow the regime of a CIS country which is an ally of Russia. It seems that relations between Russia and the West may be in for the most serious crisis in recent years.

Under the circumstances, Russia is destined to remain an independent center of power and one of the few global actors that have preserved their sovereignty, as well as their personal view on global developments.

## WHAT IS TO BE DONE

There are flaws in Putin's strategy, however, and its implementation is going to face many difficulties. One of the flaws is the lack of a clearly formulated long-term strategy, and this factor sets a rather narrow time horizon for Putin's policy.

The main factors for economic development are a climate of confidence between the authorities and businesses, an increased capitalization of Russian companies, and the freedom of the people's energy and initiative. Many of the necessary reforms – for example, in the banking and public utilities sectors and natural monopolies – have stalled, as has the introduction of a mortgage system. Much more investment must be made in education (above all, in the secondary schools), public health, and human capital where quality is a decisive factor in the global competitiveness of the state.

The main problems in politics are the following:

- improving the mechanism for preparing, making and implementing decisions;
- corruption;
- the quality of the administrative elite;
- stepping up the work of the government;
- explaining state policy to the people;
- ensuring the representation of regional interests in the federal bodies of power.

Russia must start a real integration of the post-Soviet space, wherever possible, and think of a new agenda for its relations with the leading Western countries and their allies.

The Russian president's job is still one of the most difficult ones in the world. But Russia is no longer the country it was five years ago. It is a more consolidated country with a much more effective state.

What is Putin's strategy?

How can Putin's strategy be described from an ideological point of view? Liberals criticize this strategy for not being liberal, whereas the Communists criticize it for not being leftist. Both are right.



Putin's strategy is built on the principles of the free market, a strong state and its security organizations; on an open, independent and active foreign policy; and on respect for traditions, continuity and patriotism. According to any of the classifications accepted in the world, such a set of principles is rather characteristic of right-wing politicians and conservatives. There are many respectable people among them — from Winston Churchill, Charles de Gaulle and Konrad Adenauer to Ronald Reagan, Margaret Thatcher and Jacques Chirac. Like Putin now, these politicians were also often accused of having anti-democratic and authoritarian tendencies.

Personally, I don't think there is a threat of authoritarianism in Russia, and this is not simply because there are numerous critics of Putin who defame him in the media without risking their freedom, health or wellbeing. Authoritarianism, in its classical forms, is a rigid legal or quasi-legal regime which requires absolute subordination. Figuratively speaking, the man in the center pushes buttons which activate signal lamps throughout the country, and then everyone hurries to fulfill his orders. In Russia today, the button-pushing does not have such an obvious effect. The signal lamps have burned out a long time ago, or someone has removed them, the wires have been sold as non-ferrous scrap, and there is no saying about the "diligence of incorruptible officials." All these factors allay fears that authoritarianism can be built in Russia in the foreseeable future — even if the president had such a goal. Moreover, Russian society has begun its development from a state which some people describe as complete chaos. The contemporary Russian regime is an unconsolidated democracy with elements of the still continuing chaos. Democracies never emerge already developed. Considering Russia's record of the last 1,000 years, it seems that we are expecting too much from the 13-year-young Russian democracy.

Putin's strategy is not authoritarianism or anarchy, but a well-functioning and effective democracy, which is developing in line with an unchanged Russian Constitution.

# The Great Watershed Year

## The Putin that we lost

*Alexander Budberg*

In early October 2004, a Russian national newspaper published an address of congratulations to Vladimir Putin on the occasion of his birthday by the president of Russia's National Olympic Committee, Leonid Tyagachev. I will take the risk of assuming that Russian newspapers have not carried texts of this kind for the past twenty or so years. The last time that a sports official gave so much thanks to a national leader for his support of athletes or extolled so much praise was during the rule of Leonid Brezhnev. It seemed that such senseless and distasteful adoration had long ago become a thing of the past, but it appears that such practices have been committed to memory only temporarily. Old ways are returning, it seems, and what is most regrettable, no one seems to be surprised by it. Ministers, members of parliament, law enforcement officials, and businessmen queued up to repeat Tyagachev's patriotic deed. They fell short of his eloquence, but subscribed to the tendency.

The tragic events in Beslan are now history, while Russia confronts a clear and simple fact: the country has changed dramatically over the past twelve months. This change is not just a matter of the endless applause drumming on the president's ears or the government's stated eagerness to sacrifice the division of powers, independent courts and immunity of private ownership for "political rationality." Nor does it have anything to do with its readiness to revive

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old fears. The real change involves the very social situation in the country: freedoms are disappearing. State-run television, for example, has become a perfect match for its Soviet-era predecessor, while the print media will likely be next in line. Everyone is moaning over Russia's shortage of qualified personnel in virtually all areas, but it appears professionals are simply not needed. One of Russia's best TV reporters, Leonid Parfyonov, has been literally banned from the screen. Raf Shakirov, an extremely talented and professional newspaper editor, has been fired. Russia's main statist and outstanding politician, Alexander Voloshin, now idles away his time at the RAO UES energy corporation, to say nothing of Russia's former successful businessman, Mikhail Khodorkovsky.

Russian society is obviously going through an abrupt turning point, and the most capable and notable personalities are once again unwanted in their homeland. What is needed is some form of aggressive mediocrity; just one look at the mute members of government and parliament, and now the regional governors, provides convincing proof of this. The idea of a civic society, a vogue of the recent past, has transformed into the judgment of numerous loyalists who are vigorously tipping the FSB on anything that looks suspicious, while the FSB is fully unprepared for it. And civic valor has come to mean taking an oath to "consolidate forces around the President," not responsibility or legality.

Mediocrity has settled upon one-sixth of the Earth's land surface, and this is the main outcome of the Great Watershed Year. The situation brings to mind what Russian science fiction writers, the Strugatsky brothers, stated in their novel *Hard to Be a God*: "Where mediocrity triumphs, power is taken by the dark souls." It is much more important, however, to understand exactly what happened and where the fatal mistake was made.

#### A TRAGEDY OF MISTAKES

Vladimir Putin continued to commit mistakes throughout the year. The administrative reform ended up in conspicuous failure, and officials in both the presidential administration and in government had to admit it. The reason for the failure was not due to incompetence,

but rather a gross miscalculation was made at the stage of planning. The reform initiative was centered on the idea of separating the different levels of power. It implied that the ministries would determine policies and coordinate activities in the specific areas which report to them; the government services would have controlling functions, while the agencies would steer practical actions in line with ministry-defined policies which are supervised by the services. The main idea was to fix independence of all the government entities from each other. It meant that a ministry was not supposed to do “manual jobs” or deal with any specific details of arising problems – its task was to map out strategies. The head of an agency would not act on the minister’s will; otherwise the minister might succumb to the temptation of writing strategies and manipulating assets which were allocated for the implementation of these strategies.

Naturally, the ministers revolted against that idealistic model, since everyone wanted to manipulate situations as they arose. A fatal compromise was the result: the cabinet members got an opportunity to interfere in the activities of the government services and agencies. The latter became subordinate to the ministries, if not turning into their actual departments. This ruined the reform at the initial stage.

A huge and painstaking reorganization of the government machinery was thus void of any good sense. Moreover, the general situation with governability, together with any efforts to achieve a breakthrough, deteriorated badly. The ministers slipped back into the position of deputy prime ministers, while the turnover of documents and the decision-making process became slower than before. A breakthrough could scarcely be expected, when, for example, officials in many new services did not receive their salaries for half a year. However, this was not because money was absent, but because it could not be decided what ministry a particular service should be ascribed to.

Thus, the revolutionary plan collapsed because of last-minute hesitations; it seems that somebody braked slightly at the eleventh hour, rendering redundant all of the efforts.

It seems that such apprehension also lies at the root of the mistakes in the lifting of social privileges. This lifting, taken per se, is

a progressive and correct step, and the idea has been discussed for a long time. It was clear that a window of opportunity for such an unpopular move would open right after the presidential election, but ministers and other top-ranked officials had failed to make the appropriate computations by the time this opportunity actually emerged; the prime minister apparently feared an awkward situation and avoided responsibility. Thus, three different figures for a single provision would be named on just one day. Not even a simple cost estimate was drawn up to show how much each financial privilege cost the federal budget, or how allocations had been made by regions. Despite years of long talking, nothing was ready on time.

In such a situation a genuinely resolute step would have been the suspension of a decision. To get the whole thing off the ground without a workable mechanism is tantamount to dooming the budget to plunder and the people to torment. Postponing the date for lifting privileges would be most reasonable in a situation where the appointees to government posts have proven themselves to be professionally inadequate. Yet, as it often happens in Russia, an order was given to implement the reform at all costs.

The next error involved the elimination of governor elections, where the fight against terrorism offered a good pretext for changing the country's political system. Previously, Putin seemed to be a man who was capable of protecting the green shoots of a new democratic Russia which everyone had painfully nourished for over 15 years; but today the Russian president is different. Putin did not abrogate democracy in 1999, when Russia's unity was in a far greater danger than now and when the regional barons had flocked together in the Fatherland party. He acted upon clear principles of democracy at that time, observing the division of powers and aligning local laws with the federal Constitution and legislation. But five years after the start of his presidency, the old half-feudal principles were proclaimed the pillars of Russia's unity. Following the Beslan tragedy, the leader gave up — by his own will — the major gains of the past few years which could have laid the foundation for a renewed Russia. Having gained power, he signed an end to the election of governors, thus curtailing even a semblance of democracy in the political system.

The United Russia party, staffed by the *nomenklatura*, is now called upon to consolidate the country the way the former Communist Party of the Soviet Union, also staffed by the *nomenklatura*, was supposed to do. Is there any difference in this arrangement?

After Beslan, Putin made yet another dramatic mistake. Nothing was said openly and candidly about the kind of reforms that were apparently needed in the law enforcement agencies which displayed a glaring lack of organization during the crisis. The Beslan tragedy revealed the inability of the security service heads to handle their duties, and nobody accepted blame. The security services proved that they were unable to coordinate a single stage of the antiterrorist operation, while leaving the hostages and servicemen of the Alfa and Vypel task force units pay with their lives for the mess.

In the wake of Beslan, the failure to publicly confess to the weakness of the state, together with the silence about whatever plausible antiterrorist measures or reshuffles in the security services were required, further demonstrated Putin's weakness. Yeltsin, by comparison, although being in a far shakier position than Putin is today, fired his security chief Sergei Stepashin and interior minister Victor Yerin after terrorists seized a hospital in Budyonnovsk in 1995. Putin did not dismiss anyone, while the usual excuse — “No one else is more qualified than the present staff” — sounds rather childish. No one will be worse than these guys. And the essence of the presidential duties is to search for those who are better qualified. A period of five years is long enough to train from scratch an expert on disaster situations, which are now occurring with increasing frequency.

The irresponsibility of the generals will inevitably cause a new major failure of the security services. Or, has caused it already, if one considers the Pumane case which smells of a secret police provocation miles away. The reluctance to disturb the black box of the secret services reveals yet another Putin's weakness. It means that his trust of the security system is every bit as wanting as his trust of the business community. He feels secure only if he places his friends into positions of power, or his collegemates who owe everything to him — but whom the professionals do not respect very much. The problem is that this approach makes fighting with terrorism impossible.

## A NO-RETURN POINT

Putin committed enough mistakes over the past year to shake any country, and yet they did not mark ‘a point of no return.’ That event was marked by the arrest of Mikhail Khodorkovsky, which really pushed everything downhill.

Its economic consequences are obvious. The Economics Ministry said that Russia was expected to receive about \$4.5 billion in the form of direct foreign investment in 2004, but a report in late August said capital flight to other countries might stand at around \$17 billion instead; after September the figure was predicted to rise. That the country lost over \$20 billion became clear as daylight in August, in fact. Whatever the wise men of the Russian Finance Ministry say about the increase in U.S. discount rates, 90 percent of the blame for the losses is attributable to the YUKOS case. It filled the country with fears which, in turn, prompted businesspeople not to make long-term plans for Russia, but prepare “emergency landing runways” abroad instead and keep hard currency revenues there, too.

In addition to the economic aftermath, Khodorkovsky’s arrest marked a turning point in Russian domestic policy. The relationship between the President and the oligarchs was initially based on the understanding that big business cannot dictate to the government, but the nation needs big business, and it can be successful only under conditions of independence and freedom.

Right from the start, Putin removed oligarchs Boris Berezovsky and Vladimir Gusinsky; he carried out this move accurately, without overshooting the mark at the same time. The authorities bargained with Gusinsky and did not confiscate property from Berezovsky. Everything was done to make the blackmailing oligarchs recognize the new reality and exit from the scene; at the same time, Putin did not sow the seeds of fear throughout the Russian business community.

Putin maintained a balance for several years, while confining his actions to certain limits. This ability proved to be one of his strong features. On the one hand, the balance helped the state power to become stronger and, on the other, it enabled the formation of bourgeois state institutions that had never existed in Russia before.

By deciding to arrest Khodorkovsky, Putin upset the balance that he had built with his own hands. He chose to return to the favorite Russian methods, where political reasons overshadow all principles and laws and where fear and indulgence toward the stealing executive become the primary instrument for the ruling sovereign for reaching his goals.

After YUKOS was flayed, any talk about the division of powers, independent courts and the supremacy of the law has become meaningless. When something is sold at one-third of its actual price, it simply means that the item was stolen. When the state sells Yuganskneftegaz, YUKOS's main upstream subsidiary (which had assets between \$15 and 17 billion) for a meager \$9 billion and in very strange circumstances, while refusing to accept the tax arrears that YUKOS ostensibly accrued, this signals that the authorities understood they were committing a robbery. And to blame just one person makes no sense since all of the ideological groupings seated near the throne — from Sechin and Ustinov to Kudrin and Gref — are pilfering YUKOS's assets.

This disgraceful scene, where the state ordered the destruction of Russia's biggest corporation, must make any proponent of a strong state fall silent. As experience tells us, any attempt by the bureaucrats to put things in order ends with large-scale stealing. This is quite in line with the Russian saying: "The law is like a poke — it makes a hole wherever you strike." The bureaucrats crush all that is new and efficient just to stuff a few more suitcases with bribes.

The collapse of YUKOS represents not only a defeat for Khodorkovsky, it provides a balm to the heart for people like Berezovsky who have the right to say now: "Well, didn't we warn you before?"

#### PRESIDENTIAL SECRET

Why did Putin back down? It should not be forgotten that he restrained himself for quite a long time, ignoring the provocative behavior of YUKOS's executives and the attempts of his own aides to get him drawn into that horrific campaign. So why did he go back on everything that he declared to be his goals during his first term of office?



Strictly speaking, there can be only one answer: the President, seemingly resolute and confident of his strength, has proven to be too feeble. He has no clear plan of what he would like to achieve and how, what should be built and in what sequence. His resolute look conceals inner confusion and diffidence.

This weakness became noticeable back in 2001, when the mass media published transcripts of telephone conversations from the chief of the presidential administration staff, Alexander Voloshin. Of course, Voloshin's phone calls could only have been bugged by one of the secret services; Putin pretended not to have noticed anything. Russia has deep-going traditions of bugging, and yet publishing the contents of a taped transcription is considered to be a federal offense. Putin did not dare find and punish the malefactors then. Unofficially, the Kremlin's former security boss, Alexander Korzhakov, was blamed in the scandal. However, Putin, by not acting as a strong boss of the secret services, displayed his weakness and dependence on specific personalities.

Putin's weakness is also manifest by his incredible appointments of particular officials. Quite conscientiously, he appoints to leading positions weak persons incapable of independent decision-making: Mironov, Gryzlov, Fradkov, Patrushev, and many others are fledglings from Putin's nest. By gathering inferiors around himself and selecting members who follow the principle of a teenage street gang leader — "Everyone is against us, the whole world is an enemy, never surrender your friends, but bash aliens" — makes for a weak presidency, not a strong one.

The bad turns and errors of the past year are not only distasteful; they are the cause of serious concerns. The government is rapidly turning into an ossified *nomenklatura*. Its political skills are degrading at a high rate, as shown by the recent developments in Abkhazia. It vests hopes in the use of force and television propaganda, and diligently scrapes off the legitimate opportunities of feedback; to do otherwise would force the authorities to consider people's interests rather than dupe and bribe them. This heightens the possibility of a crisis, since only flexible systems can produce stability. As for Putin's power vertical, it is tightening. It does not conceal the authorities' diffidence, but makes the whole system fragile.

One may get the impression that Putin is materializing the ideas that might have seemed promising in 1999 and 2000. Although many of them do sound reasonable, the country has changed dramatically in those four years, and in many respects credit for this must go to Putin. If so, quoting again the Strugatsky brothers, we would very much like to put him “into the same rank as Richelieu, Nicker, Iyeyasu Tokugawa, and Monk.” However, the President’s abrupt about-face that has crossed out everything he has done in the past, shows him as a doctrinaire rather than an outstanding politician proceeding from real life.

The result makes him look more like the Russian Emperor Nicholas I, not Richelieu. A historian once said of the Russian emperor: “He believed he was responsible for everything happening in the country, wanted to know and manage everything, were it a quarrel between the chairman of local nobility and a governor, or the construction of a police station in a provincial town. The fruitless efforts to embrace the universe and to put it into a symmetric order exhausted him. The diversity and chaos of life hampered the implementation of his doctrines, drove him into despair, and he had to channel all his efforts into inventing tools for harnessing the frenzy of things and people so that his principles could blossom. Consequently, he sought to pin down every national to his or her place and demanded blind obedience from both chief and workers.”

The end of Nicholas I’s epoch is well known. Russia lost time for modernization and wasted the energies it gained from the victory over Napoleon. Attempts to conserve the “order of things” resulted in a total loss of everything. Russia’s internal policy of the time was a reign of mediocrity and highly corrupt bureaucracy, whose “blind obedience and moral deviations” became illustrative for the authors of history textbooks worldwide. The best people of the time opposed the regime, and the best personal qualities of the emperor had no impact on the essence of his epoch.

Nicholas I’s rule resulted in Russia’s defeat in the Crimean War; Russia recovered from the loss, but appears to be unable to make up for the lost time.

# Manual Governance

*Svetlana Babayeva, Georgy Bovt*

A Russian political insider was recently heard commenting: “Well, here we are! The whole system is being remodeled for just one goal – 2008. Everything: business, media, government, all basic decisions.” Another individual, who was equally well-connected, added: “Perish the thought of any breakthroughs before 2007.” After a pause, he said: “Or afterwards, for that matter.”

From these comments it would seem as if Putin were a lame duck president whose goal is to survive until the end of his second presidential term in order to earn two positions – the history books for himself and the Kremlin for his successor. Yet things are not at all that simple. Right before our eyes, “Operation Successor” in Ukraine has slid off its designated track. The incumbent Russian president has not yet put period to the formulation of his own course. He has constructed a regime, but not a course. Furthermore, the early start of “Operation Successor-2008” seems to indicate that the organizers have little confidence that they will eventually reach their goals. And there are two questions that still do not have clear answers: “Who will the leadership pass to?” and “What will be passed on to him?”

At first, the system repressed free thinking and free action, since these activities bordered on sacrilege. Freedom survived, however, but thinking and actions were eliminated. Then the sys-

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tem produced a series of androids and placed them in key positions, because it suspected the Homo sapiens and anthropoids that had occupied these positions previously of being unreliable or having oppositionist tendencies. The androids took the posts and said they were ready to serve fervently, but they needed managers to govern their motions. The governors' typical comment was: "Well, what do you want from androids?" Soon, others wanted to govern the androids as well, not to mention the assets that had been placed under their control; but they did not know how to govern. They did not know how to put oil into the engine, what broken parts needed to be replaced, or when maintenance tests should be taken. The system was short of qualified operators to govern all the new android parties, and the performing operators came from different schools. As a result, the technology requirements for the workshops were eased and simpler operators were hired. The end product was expected to remain as sophisticated as before, however, and it was then that the system went faulty.

#### A RIGID CENTER MEANS CHAOS IN THE PROVINCES

The mode of governance set up over the past four years was from the very beginning aimed at maintaining a hierarchic subordination. This stands in contrast to self-regulation that permits a certain amount of internal freedom. This sort of freedom remained beyond the vision of the "regulators," who interpreted governability as a meticulous control where all problems are duly kicked upstairs. This stirred memories of the Soviet era, when the Communist Party's Central Committee and its Politburo supervised absolutely everything, from the personalities of television commentators to the appointment of directors of all, even small, manufacturing enterprises.

*Where* did this come from? Was it rooted in a mistrust of democratic institutions, embedded in the gene code of the elite, especially the one that came to power in 2000? Did it stem from the underdevelopment of civic society, which is desperately trying to hatch out of a conglomeration of social leeches that were

denied a moral heritage from the past and the power to look into the future with confidence? Was it caused by a mistrust of the man on the street, who has for centuries been scorned by the authorities in this country? Did it grow from an overt revulsion of the oligarchs – the carryovers from the past who “lack the sense of social responsibility and political (moral) scruples?” Or was it the product of a homegrown myth that says people from among the closest associates can accomplish great missions with clean hands, cool heads, and enthusiastic hearts?

One way or another, it has happened – the country has been switched to a manual mode of operation. From the very beginning, the Russians were ready to sing – while substituting Lenin’s name for Putin’s – Soviet-era songs about “youth, revolution and spring.” Russia intuitively opted for “a strong arm” that would spare it the horrible responsibility for adapting to the “harsh times” associated with Freedom.

Many were glad to accept an “enlightened authoritarianism” that had nothing to do with authoritarianism, much in the same way it had nothing to do with a self-regulating democratic system. “Overt rigidity of the centralized mechanism of governance generates chaos in the provinces,” an architect of the regime confessed recently. In Russia, such a mechanism has always presupposed lawlessness in the regions, which the central government was always unable to control. Recall 19th century historian Nikolai Karamzin’s conclusion that “the toughness of Russian laws implies their optional observance.” The atmosphere of what a political technologist close to Putin has branded as “Totalitarianism Lite” has not changed anything in that Russian tradition.

#### POLITICAL IMPROMPTUS

The designers of the present regime did not have a systemic restructuring plan. In the initial phase, the intellectual and analytical bolstering of the future course was confined to the liberal economist German Gref’s program. Presently, Gref is the only remaining element of that project, and no one can tell how long he will be left untouched. The community of experts is complain-

ing that its services are unneeded by the government and is sending appeals to people in the top government offices in variegated reports. But there is no reply. The authorities have dropped their former habit of asking the experts and researchers for any sort of analyses. The process resembles a street with one-way traffic, i.e., analytical reports are sent to the upper echelons and vanish there. The authorities either distrust the research community or they fear that the researchers may suspect something regarding their plans. The fear of information leaks is imbedded in their subconsciousness. As regards the net of political institutions, there is only the idea that they must be *governable* and capable of reacting to the challenges of our times, but their activity must not provoke too much criticism for being undemocratic.

The lack of a plan forced the authorities to improvise. They contemplated introducing the direct election of senators, something given much publicity recently. But they thought it over again and started appointing senators instead – and not the guys from your own neighborhood but strangers.

They pondered a *de facto* appointment of governors. But what's the sense of it? Just because they got tired of propelling the regional elections? They entertained with the idea of federal districts. After just a few years it would become obvious that something was wrong with that concept.

A government formed by parties? But this idea apparently ran into the problem of assembling the cabinets and was shelved. How about a two-party or one-and-a-half-party system? In order to have an extra card up the sleeve, the masterminds bred a smaller Rodina (Homeland) party in addition to the major United Russia party. But how can you build a multiparty system if the upper echelons, or the elite, who are devoid of all ideas and principles, proved equally incapable of building a party as the grassroots? What is more, the architects themselves do not know yet what role or form a party must have, and they are unprepared to delegate whatever reasonable functions and responsibilities to it.

For instance, what role will the parties (or a specific party) have in nominating the Successor? Or in mapping out the gov-

ernment's new platform? What if something goes wrong and the party breeds its own logic? What if it organizes primaries and elects a First Secretary who will then become a General Secretary? The thought of letting things slide sends chills down the spine, and that is why everything has been switched into the manual mode of operation.

“Indeed, Putin’s conduct is the one of an absolute monarch,” a top official from the Kremlin remarked frankly. “But you have to govern all that manually and on a daily basis if you want to keep it under control. Forget about any system in the next 20 to 30 years, until the time when people who are 18 to 20 years old today come to power.”

A few elements of that paradigm have been copied from the Russian Empress Catherine the Great, who introduced a clear administrative division of the country into provinces, but that was in the 18th century. Some of the initiatives have been borrowed from the times of Alexander II – trials by jury, army reform (conceived in the wake of the Crimean War, which has parallels in our days in the form of the Afghan and Chechen Wars). The system also carries indicative traces of Soviet power, as ‘telephone rule’ (i.e. the strength of private connections and personal agreements) dominates over formal legality which is democratic on paper. Even the American experience has proven to support our case – there, too, senators were not directly elected until 1912. Finally, Russian officials cited France when they mentioned the importance of setting up a Public Chamber.

Those constructs did not have an ideological backbone from the very start. “The consolidation of the vertical power structure” cannot be viewed as ideology, since it is a technological thing. Outside observers may get the impression that someone is trying to replace the farcical democracy of the 1990s with authoritarianism. If that is true, the latter also smells of a farce, while many political players acknowledge the presence of a restraining factor (and worse, a factor that is decomposing the system from within) – the absence of a new, non-Soviet ideology. The more aggressive the jingoistic rhetoric becomes, the more deceitful it sounds when

aired by certain people in the midst of blossoming corruption. There is no nationalization of the economy, and apparently there never will be. Instead, there is a repartitioning of property in favor of those who were less lucky at the previous stages of privatization.

#### A CAR IN A SNOWDRIFT

Whether or not the goal of making Russia more governable existed in the beginning — including the use of traditional Russian tactics to scare the thievish elite — that plan has obviously flopped. The first sensations of fear have passed, largely because the system does not work. Difficult decisions were made, some initiatives followed, stinging statements full of metaphor were issued, but things failed to progress. The situation resembles a car stuck in a snowdrift, where the driver steps on the gas with all his might. The wheels are spinning, and the tires are giving off smoke, but the car is only digging deeper and deeper into the snow.

Those who should have been frightened have instead acquired the widespread conviction that it is possible to buy over the government for everything. The methods are simple and were already well-tested in the 1990s. First, there are kickbacks. The 10-percent standard of a decade ago is gone, as 20 percent has become the norm. Incredibly, it may go as high as even 50 percent, formerly unheard of. Then, if the deal is especially large, it has been reported that up to 80 percent of a cut is possible. Next, there are “voluntary” contributions to non-budgetary funds existing in virtually all government agencies, particularly within the law-enforcement agencies. This ensures a level of affluence for the top bureaucrats, which seriously reduces their interest in administrative reform.

“Desirable” programs get sponsors on orders from above. Corporations must include representatives of “shakedown” organizations in their boards of directors, or simply enter them into their payrolls. The institution of “assigned experts,” well-forgotten since the Soviet times, is rising from the ashes. “The state has ceased to exist as such,” says a Russian business magnate who espoused the ideas of liberal enthusiasm until fairly recently.



“Law-enforcement officers are engaged in just two things – political hounding and economic racketeering. The so-called market of judiciary services – however insulting this term may sound to colleagues of Constitution Court Chairman Valery Zorkin – is thriving. I have ten cases in the Arbitration Court, and only one of them is outside the realm of judiciary services.”

The problem is not just that corruption has leached U.S. \$30 billion to 40 billion out of the normal economy. The problem is that such “indulgences” have substituted for “political donations.” This perverse practice has a motto: “Grease where required and enjoy a sound sleep.” The huge group of people to whom “everything is allowed” has not vanished – there has simply been a change in its composition. Former fright has been replaced by a feeling of impunity of the money-grubbers who rush to “settle all their affairs before sunset.”

“Government as the main strategy planner must eliminate social stresses and it has a duty of thinking in strategic terms,” says a well-known Russian political functionary. But there is no such thinking now, he admits. Even the most cautious people in the Kremlin administration have stopped raising their eyes toward the ceiling and communicating silently with the aid of handwritten notes. Nor do they mince their words to describe what is happening. This is obviously the main achievement of the past few months, although a dubious one. Everyone has come to realize that neither fear of some anger from above, nor presidential ratings, are able to solve the country’s problems and make viable the system that is entirely grounded in those ratings.

## CHANGING TEAM

### OR PONDERING THIRD TERM OF OFFICE

Immediately following the Beslan nightmare in early fall, experts and analysts wondered if that horrible moment would become an abrupt turning point in the present political system, beyond which it would be difficult to maintain political stability, high ratings, and a sense of awe before the power machinery that was oriented to them. Those assumptions are off the agenda now, as the Beslan

wound is beginning to heal. However, the sense of stability will be getting increasingly weaker. People close to Putin say the hostage crisis dealt a huge blow to him, especially when he saw all of it with his own eyes.

None of the radical actions that his aides mulled over in the first few weeks after the crisis was ever initiated. The authorities did take some steps, but of a different nature. Commenting on the events in Beslan and on the President's subsequent initiatives, a high-ranking government functionary said: "Such risks erode the government's viability. The recurrence of similar crises subjects it to a test of strength which it may ultimately fail one day." "The inactivity – mere words, menacing intonations or indecisiveness – wears out the supports of political stability and turns them into a construct made of tin: it may be glistening, but is very unstable."

A leading political scientist who watched the Beslan tragedy, as well as the President's initial reactions to it, pessimistically commented: "When you watched him speaking to the people responsible for resolving the crisis, you could read in the look of his eyes that the regime was almost crumbling." But the expert was apparently too quick to bury the regime. Countries do not turn upside down and people do not change overnight, and no one is going to overturn or change them coercively. And yet the political tunes in the wake of Beslan contained some new notes. More importantly, the President himself was aware of those notes. He admitted the country had been unprepared for new challenges, the law-enforcement agencies and the judiciary were corrupt, and society required much work in order to make it more mature. Presently, there is no firm proof that the new tunes will eventually make up a well-composed melody, but the very fact that someone tried to produce them at all deserves notice.

"We're past the point of no return," goes one of the popular opinions. "We're close to that point," say others cautiously. But what is there after this? Many believe Putin has two options: to reshuffle his team radically or to begin preparations for a third term of office, since his present team will never let him abandon his post after a second term. "Putin can't fire anyone," said a

highly placed politician, one of those always standing in public view. “The problem is he has no system. The reason is because formerly his closest allies and team members most commonly occupied only top positions. There was always a layer of inconspicuous people below, who made the system function somehow. But now the grouping of allies and team players has become so populous that they already occupy the second and third tiers of power, too. Their real skills are vague, however, and the system has begun faltering.”

Yet most experts agree that at this stage even those alarming tendencies do not pose a major threat to the regime. The situation in Russia does not remotely resemble what transpired in Georgia a year ago or in Ukraine now, although the Kremlin’s response to the events in Ukraine was grave. The threat of a different kind is looming over the regime — it may simply stop functioning. After all, weakness in power is never forgiven. “The weak are always beaten,” was one of Putin’s favorite sayings. Weakness is what he fears most of all.

This is a consequence of his unbearable loneliness borne out of an almost pathological mistrustfulness; a lonely person at the top. But such loneliness is suitable for a czar, a monarch who suddenly realizes that his suite consists of personalities of secondary importance who will never be his equal. In contrast, a person elected by the nation is not a hostage of nature, the state system or dynastic traditions. His strength lies in his team, the people he finds trustworthy and can rely on to a greater or smaller degree. He can treat some of his team members as his equals. That is why rotations occur, as people who did not live up to expectations are replaced. But what if there is only suspicion and loneliness instead of trust? Does it matter who surround the leader? That is how the vicious circle of loneliness appears — the absence of equals one can rely on, and the growing apprehensions that they may rise up one day (you never know who may have claims to the top position). Downstairs there exists unto itself a hybrid suite and team.

Putin places the blame for most dramas and misjudgments (or allows others to convince himself of it) on weakness. He then opts

for a stronger stance and assumes an additional personal responsibility for it. Such escalations can be justified only if one's subordinates are capable of fulfilling the tasks at a new, tougher level, thus helping the leader, and if their efficiency is not called into question. But this does not seem to be the case at the present time.

#### EVERLASTING POLITICAL OBEDIENCE?

As if trying to clear away the undergrowth that has filled the political arena, many government officials and their associates suggest that an adjustment of the system has already begun in the run-up to "Operation Successor-2008."

Several years ago, a high-ranking Kremlin functionary, who ventured to expound on the government's plans, produced more confusion than understanding, as his explanation seemed totally unrealistic. "How do you hope to achieve all that?" he was asked. He joked gloomily, saying: "Well, through bribing, blackmail and threats of murder, of course." A few years have elapsed, and here we are: the methods he mentioned jokingly have been employed almost in full. The political system is tuned to a wartime mode during times of peace, but what if a really problematic situation should arise? What methods will be enacted in that case?

Government officials admit that the system is shaky and that the President's rating remains the pillar of almost everything. "But while the ratings grow exponentially, they may fall overnight," they must admit. Analysts fear that an unexpected dramatic event may play the role of a rock, into which the stability may suddenly disintegrate like a crystal vase. They have visions of a Russian Watergate that will catalyze the outburst of a spontaneous or accumulated disenchantment of different groups of the population. This situation will play into the hands of one or another part of the seemingly consolidated (but practically disunited) elite which may be discontent with the current scheme of things. Its claims may be variegated but they will add up to collective disdain, thus signaling an end to political obedience.

That is why the authorities are seeking to protect themselves against problems that may occur after 2007, rather than against

ones that may possibly arise within the next three years – a period bearing no apparent menace. A system based on the condition of “suspended uncertainty” is being built with exactly that goal in mind. Uncertainty – primarily regarding the universal efficiency of manual governance – is the main condition the Kremlin political technologists aim to achieve as they lay the groundwork for a new political construction. Uncertainty gives rise to fear, and fear breeds a willingness to please. The latter must be done without realizing any particular goals, which are a matter of personal guesswork.

Total mistrust produces the desire to extend personal control over everything. In 1917, the Bolsheviks sought control over the postal services, telegraph and telephone networks, and bridges. Today, these are replaced by financial assets (revenue-generating industrial sectors and corporations), administrative resources (levers of power of different categories), the mass media, and last but not least, the institutions that may become channels of public sentiment. The latter group includes political parties, nongovernmental organizations, the election system in general, and those mediums that reflect singular instances of public approval or protest – meetings, manifestations, marches, etc. Furthermore, one must control appointments to all more or less crucial positions and business transactions. It seems as if the fears of the Yeltsin epoch, which have taken the form of obsessive nightmarish images of “anarchy, permissiveness, and the ruining of statehood,” have returned to haunt us; they are perceived as the main menace to the country and its future. However, “the rescue of statehood from ruin” cannot serve as a program of action for a long period of time. This policy is defensive in essence and not a creative one.

#### READINESS LINE - 2008

The masterminds of “Operation Successor-2008” keep the focal point on the state system rather than society as such.

##### **A system of layers.**

The first layer consists of **financial resources**. They are plentiful, since nothing poses a danger to the global oil market at this

time. Businessmen have finally been explained the ideology of communicating with the government. There is no faith, however, in the reliability of this layer, despite “pledges of commitment to the name of the Russian Union of Industrialists and Entrepreneurs.” One manager from a resource corporation stated: “This means, in fact, that the government will be gradually taking over the key corporations and spheres of business so as to accumulate controlling stakes in them, or the most faithful people will be delegated to executive positions there.” These businesses include, first of all, the top revenue-earning companies, such as Gazprom and RAO UES, oil companies, defense manufacturers, and partly the machine manufacturers. Gazprom’s ongoing expansion into the oil sector, its merger with Rosneft and the takeover of YUKOS assets fall in line with that tendency.

The tendency of personal loyalty has become the main principle for selecting cadres to executive corporate positions, as opposed to professional skills. This tendency has a reverse side, too: it has an immediate impact on corporate efficiency which, at the very least, is not growing. Furthermore, tension between the government and big business spoils the economic climate in the country.

In 2004, business activity in Russia – primarily in the realm of investment – decreased against the background of a favorable world market situation. Investment in the oil sector fell 20 percent. The GDP grew a mere 6.7 percent versus the possible 9 percent – a realistic figure given the high crude prices. The stock market stagnated, as many blue chips slid to the status of trading instruments in the hands of speculators with access to the government’s insider information. “Scared money” continued to flee the country. Capital flight grew by a factor of several times to U.S. \$8-9 billion. The problem concerning the legitimacy of privatization, far from being resolved, has deteriorated still further. The two cornerstones of any market economy – the effectiveness of contract law and guarantees for private property rights – are subject to permanent politically motivated manipulation. “I’m quick in thinking and will get even quicker,” a sophisticated Russian businessman said about whether or not the YUKOS scheme would be applied to other

businesses. He also said many businesspeople are fervently attempting to answer the question concerning where they should live — in London, Paris or Zurich. Executives of medium-sized businesses are following in the oligarchs' footsteps in that respect.

A federal minister said the other day: "It's not YUKOS as such that worries the investors, it's the changing vector of the government's involvement in the economy." He added after a pause: "The problem of how the political situation will develop is far more serious now than how the economy will develop."

The second layer is **the administrative resource**. The reaction to Putin's "September political revolution" was a far cry from a harmonious chorus of approval. Dissonance was heard for the first time since Putin became president — not so much in outward objections as in doubts expressed. The Kremlin even sent a weak signal that corrections to its proposals were possible. These corrections were included in the final draft of a bill on the "appointment/election" of governors. Sources close to the President said his allies had no unanimity on the feasibility of the September initiatives. What is more, the watershed line did not coincide with the former, habitual division between the Yeltsin Family and Putin's St. Petersburg associates.

A reasonable question comes to mind: Will the state machinery be as monolithic in a couple of years from now as it seems to be today? People close to the Kremlin say that processes have begun in the presidential team, testifying to its non-uniformity. At this moment, they have the traits of "petty griping," as one politician put it, but rumors are circulating that contentions, albeit practically imperceptible at the moment, have appeared among important players on the Russian political scene.

Putin's closest aides have been showing signs of their displeasure with the president, namely with the absence of clear-cut decisions on his part. Add to this the fact that no one can be confident that the allies, now being largely placed to executive posts in various corporations, will not defend only their own interests when the zero hour arrives. Or that those interests will be in line with "the party line."

The third layer is **the mass media**. The population is being entertained, attracted and instructed — but never really informed. Foreign news reports on television have been reduced to details about U.S. losses in Iraq and the retelling of marginal stories. The audience is not told about life abroad anymore, but about the pleasures of living here. Developments abroad are limited to explosions, fires, and floods. Developments here range from harvesting to the commissioning of new apartment blocks. They talk about the re-emergence of peaceful life and the construction of a water park in Chechnya. Or they broadcast a presidential meeting, a presidential visit, or someone giving accounts in front of the president. Also, there are concerts, quiz programs, and reality shows. On really big occasions, we will see Ukrainians (most commonly described as a “mob”) in orange scarves “destabilizing the already tense situation” instead of “working or continuing their studies.”

A new trend — presenting documentaries about the recent or distant past — has appeared on the federal television channels in the past few months. An outsider may get the impression that they are tapping historical fact in a search for foundations that can be turned into new symbols of a renewed country, thus helping to build bridges to the future. Back in the 19th century, philosophers would urge the Russians to look for their country’s future in its past, but this advice does not work well somehow. Either the researchers are ill-furnished, or their choice of past material is simply wrong.

The media are obedient to the degree of being sterile. This brings up a reasonable question: Will sterility be instrumental in performing key functions, like the promotion of the next successor? Sociologists have begun pointing to new tendencies in public opinion, however, proving that the sterile media have limited opportunities.

Public opinion researchers say in private that the voters have “grown somewhat tired” of their leader, and if the ratings were to become unstable, bringing a future successor into office would prove difficult since the slogan “Putin supports him” may not



work then. These details may seem to have secondary importance, but they may grow over into a tendency. Let us recall that Putin failed to act as a pre-election enticement in both Abkhazia and in Ukraine. Moreover, the Putin factor had the opposite effect. This happened for the first time throughout the post-Soviet space, and it appears that the Kremlin political technologists have noticed it, too. That is why Putin is expected to address a major news conference in the Kremlin upon the outcome of the year, but there will be no nationwide online question-answer segment, when his communication with the people is broadcast on outdoor screens across the country. The people behind the Kremlin walls have apparently decided to be less obtrusive in communications: the President can answer any question, but people have realized that his answers are not always translated into life by his subordinates.

#### HERITAGE

Putin's rule may go down in history as a time of lost opportunities or as a replica of the 1970s, a period of quiet and moderate affluence. In fact, those options are quite similar.

At present, there is no answer to the question "*Who* the successor will be?" More importantly, however, there is no answer to the question "*What* will he inherit?" The authorities have not offered a single nationwide program to date that could be hailed as a change of the economic structure and the very paradigm of life which still remains Soviet life in essence. To date, the basic reforms that the President made landmarks of both presidential terms have not acquired tangible forms. The political stability and high ratings mostly repose on high oil prices, which generate a consumer demand growth and a per capita income increase by six to eight percent a year. But this is largely due to imports. None of the key reforms launched after 1999 have reached a degree that would make it possible to show any concrete results to the voters.

The resource of global markets, together with Putin's own popularity, may last until the end of Putin's presidency, but economists suggest that the next leader will inherit a complex legacy: too many solutions are put off "until a suitable moment"

for the sake of stability. Putin cannot but realize this, and this may predetermine the search for a successor along the following guidelines.

First, the successor must embody the continuity of course, on the one hand, and the guarantee that he will not change the elite abruptly, on the other.

Second, in the case that the political or economic systems should develop problems, the successor will have to refrain from blaming his predecessor and cope with them on his own. Attempting to choose a strong successor on the one hand, and an obedient successor on the other, may be Putin's main dilemma.

The President and his associates may be unable to find a way out of that systemic trap, and many experts believe the presidential office will not let him go in that situation, insisting that "the gains made between 2000 through 2008" be defended. He will be forced to stay – perhaps, as the head of a government formed along the party principle, if not as president. In Ukraine, where "Operation Successor-2004" slid off the predetermined track, a similar decision has just been taken. But if Putin wants to leave the presidential post in a dignified way, he will have to change all his people in one stroke, like Yeltsin did in 1996, and take risks with totally different people – of a different mold, age, professional and mental orientation. "Putin won't do it, though, he is not that type of a person," said a well-known political analyst.

Meanwhile, most of the Russians who voted for him do not believe the stories about a naked king. They go on thinking that he is the person they need and that his weighty word will get into the annals of history. Some time in the future, surely.

# Property and Freedom

*Mikhail Khodorkovsky*

The destruction of YUKOS is nearing its finale. I did my best to avert a situation where the government's dislike of me personally would affect the company's minority stockholders, employees, and the country in general.

Six months ago, I offered to sell my stake and thus pay off claims against the corporation. But the authorities chose a different method. They chose to enforce a selective application of law, the retroactive introduction and use of legal norms and their interpretations, not to mention the trampling of the business community's early trust in the arbitration courts and the government as a whole.

The well-coordinated and totally unscrupulous actions of the tax, law-enforcement and judiciary agencies (as well as corporations beating around the government), and the pressure on YUKOS managers and employees whose only guilt was that they reported to Khodorkovsky, leaves not a trace of doubt that the entire affair was plotted on contract. Hundreds of people have been interrogated, and many have been charged with incredible accusations. Some of the people, including women, are being kept in jail. What for? A clear message is being sent: don't meddle with the wrecking of YUKOS, and, furthermore, provide more damaging information about Khodorkovsky.

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The author is a private individual and a citizen of the Russian Federation. The article was published in Russian in the *Vedomosti* newspaper, No. 239 (1279), December 28, 2004.

It is clear as daylight that the YUKOS affair involves more than just economic interests since the methods chosen to satisfy them deal a blow to the government's credibility and the national economy, while those who engineered the campaign seem to ignore such trifles.

Today, the problem is not the fate of YUKOS – its rescue seems improbable. Another problem is looming large. It is the lessons that the country and society will draw from the YUKOS story where the final chord appeared to be the most senseless and destructive for the country's economy since the beginning of Vladimir Putin's presidency.

#### THE TYRANNY OF PROPERTY

Over the past twelve months, the U.S. \$15 billion of YUKOS assets that *Forbes* magazine wrote about have declined to almost zero, and will continue to shrink until it finally does hit zero. I realized from the very beginning that things would turn out that way, and I requested that the corporation and its minority stockholders would be unaffected. I felt personal responsibility for the 150,000 employees and their 500,000 family members, not to mention the 30 million people who live in the rural and urban areas that depend on the consistent operation of YUKOS' enterprises.

I feel bad about the tens of thousands of YUKOS' stockholders who believed at one time that they could entrust their money to Khodorkovsky and his team.

Until recently, we had every right to say that their trust was justified. When my team joined YUKOS in 1995, the company was losing money and it had a six-month wage debt and overdue liabilities exceeding U.S. \$3 billion. YUKOS had operations in only nine Russian regions; its output of crude totaled 40 million tons a year and was declining.

In 2003, the YUKOS network embraced 50 Russian regions, while its production volume reached 80 million tons a year, with a consistent tendency for further growth. The company paid reliable and large wages – up to 7,000 rubles in the European part of Russia and up to 30,000 rubles in Siberia. YUKOS was

Russia's second biggest taxpayer in the country, yielding only to Gazprom. Its tax payments accounted for 5 percent of the federal budget revenue.

I will refrain here from describing the audacious inventiveness of the people who came out with YUKOS' debts (according to the Russian Tax Ministry, YUKOS was expected to pay more in taxes than it received in gross profit). These nasty historical jokes will one day become instances in textbooks on tax law – they have proven that oil production in Russia is unprofitable. They have also proven that the bureaucrats will stop short of nothing to repartition property.

Many will be surprised to discover that the loss of my property will not cause me unbearable pain.

Like many other convicts, known or unknown, I must extend my thanks to prison. It afforded me several months of space for contemplation and a reassessment of many aspects of life.

I came to the realization that property, especially big property, does not make man freer. As a co-owner of YUKOS, I had to make huge efforts to defend this property and to keep in check everything that might damage it.

I did not permit myself to say many things, since open thoughts could threaten the property, as well. I had to close my eyes to and/or put up with many things for the sake of maintaining and multiplying this property. Not only did I manage assets, but they also managed me.

That is why today I would like to warn young people who will soon enter positions of power: Do not envy big proprietors, gentlemen, do not think their life is easy and comfortable. Property opens up great opportunities, but it also enslaves the man, limits his creativity and erodes his personality. This is a manifestation of a powerful tyranny – the tyranny of property.

So here I am, taking on a new quality. I am turning into a man on the street, an ordinary representative of the upper middle class, whose main objective is simply to live rather than to possess something. A man fighting to be himself without owning anything.

Ratings, bureaucratic connections and promotional tricks are all meaningless. Developing the self, together with feelings, ideas, abilities, will, reason and faith are the only things that matter.

Such an understanding leads to the only possible and correct choice, the choice of freedom.

#### UNMANAGED DEMOCRACY

What happened to YUKOS has a direct bearing on the authorities; what will happen to the government after the YUKOS affair comes to an end is a critical question.

It is an old truth that each nation has a government that it deserves. I would like to add that every government is an embodiment of the people's ideas about state power. In this sense, power equally belongs to the people of Britain, Saudi Arabia or Zimbabwe, and the traditional perception of power by each nation forms the basis of its stability. That is why any talk of Western-style democratization of Arabic monarchies sounds as absurd as a proposal to restore the medieval absolute monarchy in Denmark.

In this context, Russia's political tradition is synthetic, and Russia has always been on the borderline of civilizations. For the most part, however, Russia is a European country, thus the European political institutions providing for the division of powers look quite organic here.

At the same time, however, the reverse side of the medal should not be ignored either. The Russians have a habit of treating state power as a superior force that gives hope and faith. Russian history tells us that a loss of the super-rational faith in the state inevitably brings about chaos, insurrections, and revolutions.

One must draw a clear line, however, between the notions of state power and governance. The person performing the latter function is an official, or a bureaucrat, and is not a sacred cow in any way. He or she is an ordinary mortal called upon to take responsibility for any problems and mistakes that may arise.

The destruction of YUKOS shows that once the bureaucrats get off their leash, they become guided by anything but the interests of the state. They believe that the state machinery should

serve their interests, while all other functions are inessential and can be forgotten (temporarily or for good). The bureaucrats have no respect for the state and regard it simply as a mechanism of attaining their personal objectives.

Viewed from this perspective, the YUKOS affair is not a conflict between the government and business. It is a politically and commercially motivated attack by one business (represented by government officials) at another business. Such a scenario makes the state hostage to the interests of individuals who happen to be empowered as government employees.

The same logic of action has prompted bureaucracy to eliminate the division of powers. The recently adopted political and governance model places an equal sign between the politician and bureaucrat and makes the contents of politics synonymous with a career within the narrow framework of a bureaucratic corporation.

What may the import of it be? Is it to mobilize the nation and bring it to new historic achievements? Not a single man in the quarters close to the Kremlin will agree to it if he means what he says. In private conversation they will tell you that the elimination of the division of powers will make it easier for the bureaucrats to collect money from the country and share it on the basis of their own perceptions without heeding the interests or needs of the citizens.

Another question is: Will the system being created in this way work efficiently and bring its architects to the desired goal? No, it will not. The measures being taken to increase the country's governability may eventually make it fully ungovernable.

Why? Because there are eternal laws for organization of complex systems and there are historically settled rules of power.

Government always implies mutual motivations being applied to those who govern, as well as to those who are governed. The motives can range from building Communism to banal universal enrichment, but motivation is a must and it must be universal for all.

In the meantime, however, the worthless bureaucrats who follow the principle "This is for me, this is for me, and this is for me" offer no such motivation, nor do they understand what it is

needed for. That is why they destroy all the mechanisms that could let the Russian people show their worth in elections, free market competition, freedom of public speech, and so on.

No genuine patriot will ever give his life for a handful of bureaucrats who are interested in nothing but their financial gain. No genuine poet will write odes in their honor. No scientist will take the effort to make discoveries in an environment where no one cares for his genius.

Soon, the omnivorous bureaucracy will find itself counteracted by a shapeless and furious mob, which will come out into the streets to ask: “Well, you promised us food and amusement, so where is it?” And the trick of waving a heap of bureaucratic papers in their faces and laughing will not work.

At this point, an ungovernable democracy full of endless woe will come onto the scene, and this is something that all of us must be apprehensive of.

#### WHAT WILL THE FUTURE BE?

Naturally, I would like to make a contribution to making Russia free and prosperous, but I am also ready to be tolerant if the government decides I must stay in jail.

As a rank-and-file, post-Soviet prisoner, I feel pity for the greedy people who acted so brutally and senselessly toward the tens of thousands of YUKOS’ stockholders. They will fear a future of new generations of people who are willing to “take away and divide,” as well as farcical, as opposed to genuine, justice. Only a handful of federal television channel viewers will continue to believe that the current actions aim to defend the interests of all people.

But I have even more pity for the people in power who believe they are doing a good thing for the nation’s benefit. The road to hell is paved with good intentions, and the logic of history proves that building a modern economy is incompatible with repressive political methods, as well as the forceful re-division of property in the interests of certain groups. Furthermore, this machinery will not limit its actions to Khodorkovsky, YUKOS, or the oligarchs.



It will victimize many others, including the architects and builders of the machinery.

My persecutors know perfectly well that the criminal case against me does not contain a single proof of my guilt, but that does not matter. They will conjure up other charges against me, say, for example, that I had committed arson in the Moscow Manege, or instigated an economic counter-revolution. I have been informed that they consider marooning me for another five years, or longer, since they are afraid that I will avenge myself.

Those artless people judge others by their yardstick. Relax, guys, I am not going to play the role of Count Monte Cristo. I find much more importance and comfort in breathing fresh spring air and having time with my children who will go to a regular Moscow school than sorting out my past.

I thank God that I have realized – and my persecutors have not – that earning lots of money is far from being the only (and is probably far from being the main) meaning of work. I am past the period of making lots of money. And with this burden now gone, I intend to work for the benefit of generations that will soon inherit this country, the generations that will have new values and new hopes.

# Identifying Russia's Foes

*Mikhail Yuryev*

The ongoing polemics between the proponents and opponents of President Vladimir Putin, which have intensified since the President began to initiate more resolute steps in September, is producing a rather confusing impression.

Personally, I agree with Putin's chief aide Vladislav Surkov when he said that the staunch opponents of the regime, who pretend to hate Putin's Russia, actually hate Russia per se. This certainly applies to the majority of our professional democrats and ardent champions of universal human values, as well as those who presently live in Russia (hopefully, they will not remain here for long).

The picture looks less cogent, however, if you take the views of the more moderate people who utter statements like, "I'm not a foe of Russia, I'm not against the Great Russia (this would be considered a taboo notion for the Russian "democrats," who readily welcome, at the same time, the Great America). Or they say: "I have nothing against Putin as president but I really think that all his actions after Beslan are doing real harm to Russia." But how should we consider those who sincerely believe that appointing regional governors is destructive for Russia, not so much because this move infringes on democracy, but because the Kremlin is simply unable to select worthy people for the posts (the

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last years of the Soviet Union provide a good example)? Or what should we make of those who oppose proportionate elections to the State Duma on the grounds that this measure is aimed at artificially forming an institution of political parties that is ostensibly alien to Russia? In other words, allowing another attempt to subject the nation to the prescriptions of radical liberals? Are those people Russia's foes or not?

Since the President says we are at war, the people who are against us must be called foes, not opponents. However, listing individuals among the opponents is one thing and among the foes, quite another – even if such an act does not produce any “retribution measures.” Incidentally, these measures will immediately and quite naturally get on the agenda since it would be absurd for a country engaged in a war to tolerate its internal enemies (more figuratively referred to as the “fifth column”). So, if we rehabilitate the notion of “an internal enemy” – and life will surely force us to do so – we must have clear criteria for categorizing the disagreeing people into the foes and the opponents, many of whom are our friends harmlessly debating along the principle that says “Lovers’ tiffs are harmless.” It is essential that we spare the innocent and “not throw out the baby (that is, original opinions that are good for the country) with the bath water.”



“Expose the enemy under any guise!”  
Soviet poster, 1941

### WHERE IS THE WATERSHED?

The basic question is: Where is the watershed between the genuinely wholesome plurality of opinions – the only remedy to prevent stagnation – and the totally alien hostile ideas. In a country at war and under siege, such ideas must be removed, since they may evolve into a discussion of whether surrendering to the enemy would somehow make more sense. However, alien ideas must not

be sanitized at the price of plunging into a dull mental uniformity, which paves the way to defeat.

Such problems are encountered by every nation that is not simply a mass of voters, and each nation provides its own answers to them. Take the U.S., for example. An American may believe that the U.S. should not export democracy to other countries, national minorities should not have social preferences, or that homosexuals should not be given employment at schools. These views actually contradict official U.S. policies and generally accepted viewpoints, and people will simply regard anybody holding such ideas as an eccentric extremist.

The same Americans, however, will treat as an enemy anybody who insists on liquidating the U.S. democratic system of government. They will brand a foe anybody who says national minorities should be driven onto reservations, and sexual minorities marooned in jails. This is not because such ideas run counter to the Constitution. As regards the ethnic minorities, U.S. constitutional provisions have changed several times; as for the sexual minorities, the Constitution does not mention them at all. If you take the UK, it has never had a Constitution, but the watershed separating opponents and foes also exists there, although it is different from that in the U.S. In both cases, however, anyone calling for capitulation to the enemy (or to Osama bin Laden) will certainly be labeled an outcast.

This watershed reflects the difference between society's outlooks and values, that is, the difference between the changeable, passing ideas and the basic convictions. The system of values of every society at a given period of time is the cornerstone of its identity. It would be a different society without it, although it might be situated in the same place. That is why the person who is against those basic values is also against society as such, even though he or she may be saying the opposite. A set of those basic values makes up the national idea — something that Russia has been looking for over the past ten years at Boris Yeltsin's original behest, yet looking in the wrong place, as is so often the case.

## RUSSIAN NATIONAL IDEA

This brings us to the conclusion that reviving the notion of an internal enemy is possible if you have a fully conceived national idea; a foe is the one who transgresses this idea. A national idea does not come as a teaching, like Marxism-Leninism, that must be communicated to the whole world. Nor is it limited to characteristics of a given country that make it different from all other countries. On the contrary, the national ideas of various countries have a similar essence. A national idea cannot be bestowed on society from above or pushed through from below. It must inherently exist in the nation, although not in a fully conceived form. If it does, it can be formulated clearly, but only formulated.

A person has a chance to become a great politician if he is capable of trailing the society's essence, gleaning it out of the ephemeral and nonessential, and then setting it out in plain terms. People who attempt to impose a certain ideology on the nation have no such chance. It is obvious for me that it makes no sense arguing about what concept must become the national idea; the debate should focus on what values Russia already possesses as the national idea.

1. Russia is a great state and must remain as such. This means that our existence as Russians inside Russia, not as nationals of a different country living in this country, however affluent and free it may be, is a value of the highest order. Another paramount value is that Russia must be a strong and powerful state, not a weak and dismal one. Its power should be greater than just the defense power that awes the whole world, although this is also a crucial factor. Power also implies advanced science and high education, two mandatory components of any civilization.

That is to say, all of us will prefer living, albeit less affluently, in a strong Russia, as opposed to a more affluent but weak and miserable Russia, or outside Russia for that matter. None of us will then capitulate to whatever enemy for whatever temptations.

2. Russia must remain a state where Russian Orthodoxy is the main creed. This means that the values and standards take their origin in the Russian nation and the Orthodox creed, which have

a special status here, together with the Russian language. Developing and consolidating the Russian nation and Orthodoxy, and fostering their interests, which in fact are one and the same thing, constitute the major goal for Russia. It has greater significance for us than the interests of other peoples, or religions in Russia. The latter also have importance, and that is why all of Russia, and not only its constituent territory of North Ossetia, has a duty to defend the ethnic Ossetians living in Georgia.

In what concerns the interests of foreigners, they are irrelevant to us and should be taken into account only in the process of international bargaining of some sort. This does not mean, however, that we should discriminate against non-Russians or individuals who espouse creeds that are untraditional for Russia. Let us recall that Suleiman the Magnificent, the grand Ottoman sultan, had a devout religious Jew as a vizier, but the Ottoman Empire remained a Moslem state and a successor to the Caliphate. Russia can and must establish Russian ethnic and Orthodox religious feasts, but not the feasts of other ethnic groups and/or religions, as national holidays. Those who are discontent with such holidays may simply avoid celebrating them.

3. Russia must retain the status of an imperial country. The most commonly known definition of empire – that is, a state that unites under its sway other states which are currently or formerly independent – has long lost relevance. If this definition is applied to the U.S., an obviously imperial nation, it suggests that the U.S. is not an empire *per se*.

An empire is actually any state whose existence makes sense for reasons other than simply to be self-supporting. Russia cannot exist without sense. One does not have to be a wizard to grasp this sense – that it is important to build public life on the foundation of Jesus Christ's commandments.

4. Russia must be a common home to all Russians who live here and abroad; the conditions of our compatriots in other countries is our concern. After all, close is the shirt but closer is the skin. This is a feature of human nature; we cannot simply ignore the plight of our kith and kin. So if we are unable to treat our fel-

low-Russians abroad as brothers, let us at least treat them as distant relatives. And let us sacrifice some of our interests and rights, besides the most fundamental, for common interests, especially in time of turmoil.

5. Russia is a free country and must remain as such. This means that we have particular rights and freedoms that we will never renounce on whatever considerations, otherwise we will lose the essence of ourselves. Those rights and freedoms may sometimes differ from Constitutional provisions and the plans of our incumbent authorities. For the time being, it is possible for us to drop the direct election of governors – or even that of the president, however menacing this may sound – but we cannot drop the principle of personal responsibility. We could drop ownership of mass media, but we cannot restrict free travel between different parts of the country. Private enterprise, too, must be regarded as an inalienable right rather than the government's managerial benevolence.

This comprises the whole story. In light of it, the secret of President Putin's unfading public ratings has a simple explanation – his words and general style mostly (although not always) correspond with the national idea that is cherished by the Russian people.

#### WHO'S THE FOE?

The gist of what has been said offers a plain criterion for separating the sheep from the wolves. Those people who call for talks with Maskhadov and his like (unless they wish to stipulate their capitulation), or argue that there was no need for an assault at the Dubrovka Theater or the Beslan school, should be considered *foes*.

The people who propose a repetition of the 1996 Khasavyurt deal with Chechen separatists, and listen to the songs of "Ichkerian fighters" at meetings are *foes*. Those who recommend Russia disband its Armed Forces under the pretext that the Great West is supporting peace on the planet are *foes*. The people who allege that Western countries and monetary funds of various colors offer the only right methods for building Russia's national economy and policies are *foes*. Those who insist that the state has no right to

introduce the basics of religion into school curricula on the basis of Orthodox teaching are *foes* (although they should not be confused with those who say the Church is unready for this task).

The people who shed tears over Gusinsky's NTV channel and complain that a dictatorship has arrived because none of the channels launch broadside attacks at Russia are *foes*. Those who say that the billionaires who crave for power should not be jailed because it spoils the investment climate are *foes*. The same applies to the promoters of money and entertainment as the major values of life, since they dismiss all other values as fantasies of the Orthodox Church which cause Russia to drag behind the West or even the East.

By contrast, the people who find it necessary to revamp the secret services in order to make them a more deadly weapon against the enemy are *not foes*. Those who believe that we should cooperate with the Americans in Iraq if we can benefit from it are *not foes*. Those people who argue that regional governors should be elected rather than appointed in order to prevent unnecessary criticism of the federal center are *not foes*. Those who argue that the establishment of political parties as the key element of the political system has no future here are *not foes*.

Those who argue that managed democracy limits the opportunity to express dissatisfaction in a legitimate way and thus will reduce stability over the medium term are *not foes*. The people who believe that even if the government keeps control over political programs on television, the style of presentation should not resemble the sugary newscasts of Leonid Brezhnev's era are *not foes*. Finally, those who think we must elect someone besides Putin or his successor in 2008 are *not foes* either.

Those people, whose opinions concerning the solution of specific issues differ from the views of the authorities or their associates, yet share all the basic values which comprise the Russian national idea, cannot be considered *foes* of Russia.

Russia is a great state and must remain as such. This means that our existence as Russians in Russia, and not the citizens of some other state, however affluent and free it may be, is the highest value.



# Antiterror Strategies



Afghan fighters.  
A. Gatsuk Newspaper, 1878

“Contemporary terrorism has come to stay – for decades rather than years. We must learn to live with this evil, treating it like, say, an epidemic or a traffic jam. Apart from special systems that make up a large part of contemporary civilization, there are sets of rules, known to everyone since childhood, which help a person to survive. The survival of a country that has encountered terrorism largely depends on how soon these rules are worked out and become part of the national culture.”

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# A No-Compromise War

*Yevgeny Satanovsky*

Is Russian society prepared to counter terrorism? This question begs an answer every time Russian politicians, experts, journalists or the man in the street discuss – in diplomatic language or in unprintables, in informal conversations or in front of TV cameras – the past events in Beslan, Budyonnovsk and Moscow. There are many oppressive factors which create the fertile ground for various kinds of apocalyptic forecasts made by political scientists and consultants: confusion, xenophobia, a readiness to point an accusing finger at anyone (including professionals, who do save people's lives), mutual mistrust of the authorities and the population, Moslems and non-Moslems, Russians and non-Russians.

The three components that can, if acted upon simultaneously, provide a positive answer to the above question are: the realization of exactly what is happening, a readiness for action, and an ability to make adequate decisions as new situations arise. The main thing here is to understand what Russia has encountered. Who are its enemies and allies? What moves should it make to withstand the trial by terrorism? What actions should it not take under any circumstances?

## THE OFFENSIVE OF THE 'GREEN INTERNATIONAL'

It must be pointed out in the first place that contemporary terrorism has come to stay – *for decades rather than years*. We must learn

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to live with this evil, treating it like, say, an epidemic or a traffic jam. Apart from special systems that make up a large part of contemporary civilization, there are sets of rules, known to everyone since childhood, which help a person to survive a car crash, for example, or avoid getting ill. If a person does fall ill, he or she needs the knowledge of how to treat the condition. Not all people observe these rules, and those who do not have only themselves to blame. The survival of a country that has encountered terrorism largely depends on how soon these rules are worked out and become part of the national culture.

Israel's experience is very indicative in this respect. The Palestinian leadership planned the *Al-Aqsa Intifada*, which included the unprecedented use of suicide bombers, as an action intended to inflict a *defeat* on either Israeli society or the Israeli army. It was expected that, with losses estimated at one to three, Israel would simply cease to exist; the number of Israelis that would wish to leave the country would exceed the number of immigrants and the natural population growth. Moreover, the Palestinians expected a retaliatory strike from the Israeli Defense Forces, which would result in the death of tens of thousands of people. Such losses could allow Palestine to accuse Israel of an excessive use of force. This could result in the activation of a EU peacemaking force, as was the case in Yugoslavia.

However, none of these scenarios has actually taken place. Although Israelis' losses amounted to one against two, Israeli society united; Israeli leftists, who were consistent allies of Yasser Arafat, suffered a crushing defeat at parliamentary elections; the Israeli army implemented the tactics of pinpoint elimination of terrorist leaders. Israel continued to live and develop, in spite of the terror. This provides a good example for Russia to follow.

The politically correct words that terrorism knows no nationality or religion are effective as a way to stop ethnic or religious paranoia, but they are not right in essence. Terrorists operating on Russian territory cannot be called the Basque separatist group ETA, the Irish Republican Army, the Maoist-Trotskyist guerillas from Southeast Asia or Latin America, the Red Brigades from Italy, or the Aum Shinrikyo sect from Japan. The suicide bombers killing Russian civilians have a direct relation to The Green

International. This informal military-political association is redividing power in the *Islamic* world and seeks to influence Moslems beyond its boundaries. It is striving to extend its influence on the outer world as much as possible by conducting aggressive religious, ideological, political and territorial expansion.

Terrorist acts can be committed by people of *any nationality*. However, the war that has been going on in the North Caucasus for the last 10 years has made the Russian population and international observers link Russian terrorism almost entirely with the developments in Chechnya. The present level of involvement of The Green International in the war against Russia could be much greater if it had not dissipated its forces and resources among numerous “fronts” of the new *jihad*, in particular in Iraq. This is particularly true as the core of Islamist terrorist organizations comprises Afghan Arabs who have been in a state of war with Moscow since 1980. In the Caucasus, Islamists, who have a 25-year-long record of guerilla warfare and terrorist acts, have revived the tactics that were employed in Afghanistan in the 1980s. When committing terrorist acts, they employ the Palestinian living-bomb “technologies.” The practice of mass hostage-taking has also been borrowed from foreign experience.

#### RUSSIA’S MAIN LINE OF RESISTANCE

According to the logic of the leaders and participants in the terrorist war against Russia (waged in the name of the neo-salafist teaching, known as Wahabism), *Russian Moslems*, including local leaders, religious figures and the civil population, must either obey its dogmas or be destroyed. This is why they are top-priority targets for Islamists. It is Russian Moslems, first of all representatives of ethnic elites, including *Wainakhs* – Chechens and the Ingush, which may become Russia’s ‘main line of resistance’ in the war against the terrorist threat. This line of resistance could eventually include a terror-warning system.

Xenophobia and the activities of anti-Caucasian and anti-Moslem groups, including skinheads, only work into the terrorists’ hands and help them consolidate their positions. The problem is that, despite the constant rhetoric about “proletarian internationalism” in Soviet

times, the probability of serious ethnic conflicts persisted in Russia for decades. The Central Committee of the Soviet Communist Party played the role of supreme arbiter in ethnic relations. No one could have imagined back then that this arbiter might eventually disappear; and when it ceased to exist, the system collapsed.

Russia has always been populated by hundreds of nationalities and ethnic groups practicing different religions, speaking different languages and preserving their own ways of life. Russia is therefore destined to remain a multi-ethnic state, and the issue of “the national pride of the Great Russians” is now as acute as it was in Lenin’s times. The Soviet nationalities policy was imperfect, bad in many respects and sometimes even horrible, but at least it did exist. The 1990s saw a period of general disillusionment with the past, and the emergence of numerous local nationalisms in place of the single nationalities policy; this change weakened the country. The *understanding* of one’s neighbors inside a common house could have been one of the foundations of a solid civil society. This, however, requires direct people-to-people contacts or a permanent information flow that would provide citizens with truthful, positive and attractive information about the country’s peoples and religions.

The main question is how to prevent the substitution of the traditional Islamic institutions in Russia with Wahabi structures, without turning any restrictions with regard to them or their activities into some sort of a struggle against Islam. Over the last decade, Russia has become an open society with a high degree of religious freedom, in which differences between the population and the state have been largely resolved. However, this freedom has brought about the emergence of foreign political-religious groups in the religious sphere, whose influence has been steadily growing. Russian society has long been discussing whether the activities of these organizations are useful, harmful or dangerous. However, it must be admitted that the only area where society and the state have encountered a direct military-terrorist threat is from the adherents of Islam. Loyalty to any state that does not live according to the Sharia law *runs counter* to membership in the Islamic Ummah, as interpreted by Wahabis. Their views are in

contrast to those who adhere to the dogmas of Christianity or the postulate of Judaism, where the law of the country is law.

This also refers to any nation-state, even if it is populated by Moslems. A Chechen state that does not live according to the Sharia law – in its salafist interpretation – is illegitimate in the eyes of the Islamist community. Political dialog with the leaders of the Chechen separatists can be a tool for resolving tactical tasks, yet it cannot solve the *problem of terrorism*, since the Green International views Chechen politicians only as temporary allies. In other words, Chechnya is only a part of a future Islamist caliphate, and terrorism exists as the main means for its construction. The Wahabization of Moslems studying at Islamic universities across the Arab world and participating in Hadj, which is mandatory for every Moslem, is a serious challenge for Russia. It is fair to say, though, that no country in the West, nor Arab monarchies or secular authoritarian regimes in the Islamic world, have been able to solve this problem at this time.

#### NOBLE REBELS OR VAGRANT BANDITS?

The *double standards* applied by the present political establishment with regard to terrorists are a rule rather than an exception. Politicians support national liberation movements – as long as they exist in someone else's country. International organizations have become a tool of the struggle waged by the third world, largely controlled by Islamists, against the 'golden billion.' The liberal-minded intelligentsia defends the rights of the oppressed, without noticing that the struggle of the "noble rebels" has turned into the destruction of the civilian population by armed bands, while the banner of "multi-culturalism" is carried by religious fanatics. There are no exceptions here. Russia's Foreign Ministry and the U.S. Department of State, with perseverance worthy of a better application, are developing the "peace process" in the Middle East, which in reality is yet another war in the region. Europe is becoming Islamized, while its leaders pursue anti-Russian and anti-Israeli policies that seek to appease the leaders of terrorist groups based in European capitals. The United Nations, whose ineffectiveness has prompted loud calls for its renewed role, has for many years been unable to solve a single ques-

tion it has addressed. The tough statements by the Russian leadership, issued after the tragedy in Beslan, sum up the realities of international politics today: “If you’re drowning, you’re on your own.”

The support of allies and the consolidation of society play a significant role in combating terrorism. Comparing the present danger of terrorism now confronting Russia to World War II is no exaggeration. In the 1980s, the Soviet Union failed to defeat Afghan Islamists who were supported by the West. Today, the West is no longer an ally of the Islamists, yet, at the same time, it has not become Russia’s ally. Russia, which now is halfway between the past and the future, is trying to establish order on its territory. This is occurring while the formation of the system of power, together with the initial stages of the construction of a civic society, is not yet over. Russia, weakened by 15 years of reforms, is extremely vulnerable, and this vulnerability is aggravated still further by the *illusions of the political elite*.

Conservatives are opposed to a union with the West, mainly with the United States. They somewhat correctly point to the opportunistic nature of Western policies, while pinning hopes on a multipolar world. It is unclear, however, why Russia’s relations with, say, India, and the more so with China, should have a more solid foundation than Russia’s relations with the G-7 countries. Furthermore, why should a “new Entente” be more preferable for Russia than a union with the U.S.? The Islamists have proven themselves to be the enemies of all of the above partners of Russia. More difficult is the issue of Russia’s relations with the Islamic (above all, Arab) world. The domestic lobby, which acts in the interests of those countries, relies on its reminiscences of past relations that were established in the 1960s through the 1980s. They are inspired by myths from the Islamic community’s ideological arsenal, such as blaming Mossad and the CIA for the September 11 events, as well as the suggestion that the occupation of Iraq by the Western coalition was carried out on Israel’s demand.

The former Soviet satellites in the Arab world have reoriented themselves to the West; they only cooperate with Russia because they cannot make a bargain with the West. They use Russia as a bargaining chip in this relationship. The wars in Afghanistan and the devel-

opments in Chechnya have made Moscow into a bugbear for the Islamic world. This world despises Russia less than it despises the U.S., yet it does not consider Russia as a force to fear or to be reckoned with. The events in Qatar have proved that. Secular regimes and moderate monarchies in the Islamic world are ready for a union with Russia to combat their own Islamists, but they do not want to generate tensions inside their countries. Thus, they avoid taking any actions against anti-Russian forces on their territory. Russia's dialog with the Organization of the Islamic Conference and similar structures does nothing to solve the problem. In the eyes of the Islamists, it only confirms the illegitimacy of these organizations, *encouraging* terror rather than stopping it. From the point of view of the Islamists, a country courting the Islamic world only because it is weak and unable to put up efficient resistance, demonstrates its weakness.

Repeating the clichés of the international community, which describes terrorism as a “weapon of the poor,” liberals have come to believe that the war in Chechnya was caused only by its economic state. Thus, they advocate the termination of all military actions against the militants as a necessary condition for the protection of the local population's rights. This pacifism is praiseworthy, but theories have no relation to the reality: terror is a tool for redistributing power, and it is being used by educated, former middleclass men. They use the redistribution of economic aid in favor of “vagrant bandits” (common not only in Sudan, Algeria or Palestine, but also in Chechnya), just as any cease-fire (*hudna*) is used for a *rest* and the *regrouping of forces* before hostilities resume.

The financial and organizational support of Islamist terrorism, and the recruitment of new members, is carried out not only by the Islamic countries, but also from the territory of those states being attacked by the Islamist community. Organizations operating under the brand name al Qaeda and their allies have taken root in the U.S. and Great Britain, and successfully use the Western banking system for replenishing their resources. It has been proved that funds of the European Union and other sponsors of the Palestine National Authority are being spent for organizing terror. Experts argue that a large part of the money being used by the terrorists in Chechnya is of Russian origin



and derives from the funds allocated for Chechnya's reconstruction. *Corruption* is an ally of the terrorists: whether it is a border guard letting in cars and trucks without the appropriate checking procedure (for a bribe, of course), or officials milking the national budget.

The *coordination* of the federal and local authorities' efforts is a must for building an antiterror system. It is no accident that the Beslan tragedy is viewed as an attempt to extend the Chechen conflict into the entire Great Caucasus and turn the region into a civil war zone, uncontrolled by the federal center.

#### REACTING AS NEW SITUATION ARISES

Counterterrorist experience gained by the West and Russian special services over the last few decades, in particular with regard to hostage-taking, negotiations on their release, etc., has proven to be not very useful when dealing with terrorists of the *new type*: fanatic suicide bombers. Many experts say that the chances for surviving a terrorist act committed by suicide bombers are higher for those who are ready for an immediate reaction and action, be it an attack or escape. A high number of potential terrorist acts have been prevented in Israel in recent years by such people: waiters, bus and taxi drivers with a military service record, who immediately reacted to some imminent danger. Many of the children who escaped from the school in Beslan when it was seized by terrorists saved their own lives, unlike some of their schoolmates who followed classical recommendations and did not resist the terrorists.

Another factor that helps counter terror is the coordination of actions of professionals and authorities, and the support of these actions by the population. Even professionals cannot work miracles. This is why the Israeli special forces, when planning an anti-terrorist operation, assume in advance that the death rate among the hostages will be 100 percent. This approach helps them to avoid mistakes that are caused by the wish to save everybody. Unfortunately, *nothing* can ever guarantee the rescue of all hostages. Exceptions to this rule are very rare, and in those cases involving "mega-terror," which Russia has now encountered — and Israel encountered much earlier — it is virtually ruled out.

Unlike geographically small Israel, the antiterrorism system in Russia *cannot be made uniform* throughout the country. Large and small towns, major industrial centers, villages and special-purpose facilities need their own plans to counter suicide bombers or groups of terrorists, many of whom are armed and trained every bit as well as national special forces. These plans must take into account local conditions, the state of the infrastructure, seasonal weather changes, the specificity of the local nationality, and proximity to combat zones.

At the same time, the main indicator that Russian society has realized the problem it faces can be witnessed by its degree of *consolidation*, which is similar to the degree of consolidation the Israelis or Americans have displayed during their national tragedies. Countering terrorism cannot be an affair of the state, special agencies and organizations alone. Without the participation of broad sections of the population, all antiterrorism efforts would be doomed — if not to defeat then to infinite repetition of terrorist acts. How the citizens of Russia can be united into a community that is capable of withstanding an outside threat, while keeping its foundation intact, is a special subject. I would only like to point out here that at least in two countries of the contemporary world, Britain and Israel, the years-long struggle against terrorism has affected civil freedoms and society's self-perception to a minimal degree.

The most important factor, perhaps, that can help Russia discover the mechanisms for efficiently combating Islamist terror is the realization of its nature. Islamists do not wait for concessions from the Russian Federation, nor any other country they are fighting against. They simply want to destroy the country and its citizens: atheists and believers, Moslems and non-Moslems. Islamists do not consider these individuals to be people and are ready to sacrifice their own lives and the lives of their relatives for a victory in the new *jihad* which, in its senseless cruelty, has exceeded by far the *jihad* of the Prophet's times. In the struggle against such an enemy compromises are senseless, and the only efficient strategy is to destroy the terrorists *before* they strike. The creation of a mechanism that will make this possible will bring victory.

# Winning a War While Not Losing the Peace

*Alexei Arbatov*

Is there anything in common between the armed conflicts in Chechnya, Afghanistan and Iraq? The answer is, practically everything is different: their history, their nature (internal or external), the composition of the conflicting parties and their goals, the legal basis, social and political consequences, etc. Yet, there are some points that permit us to compare these conflicts and even learn some vital lessons from them.

The military operations in Chechnya and Iraq (launched in 1999 and 2003, respectively) have not put an end to the resistance of local armed groups nor have they brought about social and political stability. Moreover, they have transformed the conflicts into protracted guerilla warfare; increasingly, this involves international terrorism and the escalation of terrorist methods. In contrast, the operation in Afghanistan (2001-2002) actually suppressed the armed opposition and created prerequisites for stabilization and the restoration of peace. Those efforts had all the chances for success, but for the U.S. campaign in Iraq which distracted resources from Afghanistan, undermined the authority of the United Nations, split the

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antiterrorist coalition and inspired the Taliban and al Qaeda to seek revenge.

### LESSON ONE

When statesmen and politicians, sitting comfortably in their luxurious air-conditioned offices, decide to send young soldiers into the line of fire, in mud and blood, from where they may well return home crippled or in coffins, these statesmen and politicians must be absolutely sure that all the other means to solve the problem have been exhausted and that the military option is the last resort. This is their supreme moral duty. This was the case with Afghanistan, when it had become unquestionable that al Qaeda was responsible for “Black September” and all attempts to get the Taliban to repudiate terrorists had failed.

In 1999, Russia launched the Chechen campaign following bomb attacks on apartment buildings in Moscow and Volgograd, and the Wahabi insurrection in Dagestan. However, the federal center activated a full-scale military operation against Chechnya without attempting other ways to settle the conflict. For example, many politicians and military commanders proposed fencing off the rebellious Chechen Republic along its administrative borders or along the borders and the northern bank of the Terek River. There were suggestions for combining these measures with special operations, pinpoint strikes against the insurgents’ infrastructure and troops, the formation of an internal armed Chechen opposition to the regime, and other such moves. However, Moscow chose another way, which it thought would be more resolute and expedient. The result is obvious: casualties among federal troops alone have by now exceeded 20,000 killed and wounded. The recent series of terrorist acts, which culminated in the monstrous tragedy in Beslan, demonstrated that there is still a very long way to go before stability is achieved in the Caucasus. This fact is now acknowledged even by those denying that there is a direct link between Beslan and the Chechen war.

Iraq provides an even more graphic example. Today, there is already documented proof that the White House made the decision to launch a military operation against Iraq back in the spring

of 2002. All of the subsequent political maneuvers with regard to U.S. allies and Russia, as well as the diplomatic gambits in the United Nations, were only a “seasoning” for the use of force. Not long ago, the number of American casualties in Iraq exceeded one thousand, and the end of the Iraqi quagmire is nowhere in sight.

## LESSON TWO

In cases like the aforementioned examples, maximum legitimacy, i.e. the legal basis, and clarity of a military operation’s purposes are of significant importance. Perhaps politicians, proficient in manipulating the law, do not need this. However, it is necessary for such operations to receive the support of public opinion inside the country going to war, as well as of the international community. Such support, serving as a strong political rear, would provide high morale to soldiers going into combat and make them confident that their cause is right and they will not be treated as outcasts after coming back home.

This is also important because it helps regulate relations between troops and the local population, reducing inevitable frictions to the minimum. Finally, it is a major factor for undermining the morale of armed resistance.

The unanimously adopted resolution of the UN Security Council on the use of force in Afghanistan accomplished all these tasks. The resolution was a creation of the international community’s unity and laid the foundation for a broad antiterrorist coalition of many countries which united for a common goal. (In the autumn of 2001, according to the reporters, the formerly invincible Taliban fighters said: “We will die – the entire world is against us.”)

The Russian government did not introduce a state of emergency in Chechnya in either of the two military campaigns, although by law the armed forces were only to be used inside the country under a state of emergency. There was the same uncertainty about the goals of the operation and acceptable methods for conducting it (President Vladimir Putin in a recent statement expressed his amazement at the scale of destruction in Chechnya’s capital Grozny). This lack of clarity largely predetermined the mixed

reaction to the campaign on the part of Russian political quarters, the mass media and the international community.

Perhaps there are forces that nurture malicious plans for dismembering Russia, as President Putin declared after Beslan. However, this “admixture” by no means determines mainstream sentiments amongst the Russian liberal opposition, nor public opinion in the U.S. and Western Europe. There is a persistent inclination of the powers that be to lay blame for their policy mistakes on external and internal enemies. This, however, does not help correct the mistakes and only leads policy deeper into a deadlock.

For example, without a clearly formulated state-of-emergency regime all issues regarding relations with the local population were addressed at the level of regiment commanders (as seen from the case of Colonel Yuri Budanov, who was accused of raping and killing a young Chechen woman), company commanders or even private soldiers. Without clear-cut legal regulations, it is difficult for the population and troops to understand what they can do and what they cannot do – at this point Kalashnikov assault rifle becomes the law. Soldiers cannot distinguish peaceful civilians from militants, while militants have broad opportunities for organizing sneak attacks on federal troops; this exposes the peaceful population to retaliatory attacks by the federal troops, which in turn causes the victims of those attacks to join the militant ranks. (It is no accident that the estimated number of active Chechen militants has for many years remained at about 2,000-3,000, despite the continuous casualties inflicted by the federal troops.) The federal troops, operating in an environment of boundless corruption and constantly being stabbed in the back, regard all Chechens as potential traitors and enemies. Thus, they lose their bearings with regard to the purpose of their actions and the meaning of their sacrifices.

Russian law stipulates that a state of emergency must be approved every two months by a resolution of parliament. This provision seems to restrict the freedom of action for the executive branch. In reality, however, as follows from the two Chechen campaigns (especially the second one, in which troops and law enforcement agencies were given a free hand), such freedom does

not necessarily make a policy more effective. This is why democratic procedures are needed: they help check the effectiveness of a policy and conformity between the goals and the means. They help to reveal mistakes before bloody upheavals break out.

A preliminary detailed and open discussion of military and political plans in parliament, in connection with the introduction of a state of emergency, might have safeguarded the government from a rush to war, and provided alternative strategies, such as a blockade. In any case, this precaution would have made it possible to thoroughly check the state of troops, law enforcement agencies and secret services, to enhance their readiness, and to prevent corruption. This would have prevented the inadequacy of the troops and security agencies four years later during the Beslan nightmare.

The use of force by the United States in Iraq was not based on a resolution of the UN Security Council, which alone is authorized to sanction any use of force, save cases of lawful self-defense (Article 51 of the UN Charter). Perhaps Washington viewed the efforts to reach a consensus in the Security Council as long, dull and unnecessary diplomatic procedure which would tie its hands and prevent it from effectively using its colossal military might as a quick way to solve its problems.

The untenable American arguments in favor of war, which failed to influence the positions of a majority of the UN Security Council members, doomed the U.S. policy to catastrophe. Washington has never been able to prove any link between the regime of Saddam Hussein and terrorists – because there was no such link. Nor did Iraq possess weapons of mass destruction. In order to arrive at such a conclusion, it was only necessary to broaden UN weapon inspections headed by the famous UN diplomat Hans Blix. Washington's real goal – implanting a pro-American (“democratic”) regime by force in a politically immature and diverse ethnic and religious country, such as Iraq – was simply hopeless. Equally unattainable were the plans to open up world markets to Iraqi oil amidst guerrilla and terrorist warfare. Neither objective would have been approved by the Security Council had Washington openly declared its goals. But had Washington not

ignored the issue of legitimacy of its policy and had it refrained from military action bypassing UN – it would have saved the U.S. from its greatest failure since the Vietnam War.

The American army went to Iraq with half of the U.S. opposed to the military campaign; public opinion was the same throughout Western Europe, Russia and almost the entire Islamic world. Having completed the military phase of the operation quickly and professionally, the American soldiers encountered the growing resistance of the Iraqi population – on whom they had intended to bestow “democracy.” The army ceased to understand the purpose of its presence in the country and the meaning of its mounting losses. The troops’ morale began falling, while the armed resistance and terror were on the rise.

### LESSON THREE

The strategy of fighting non-state military groups (rebels, insurgents, guerrillas) is not a case of simply killing as many militants as possible, but rather depriving them in various ways of support amongst an overwhelming part of the peaceful population in the conflict zone. Otherwise, an indiscriminate use of force and harsh “preventive” measures against civilians would only cause them to side with the enemy, thus providing it with fresh forces.

It is much easier to prevent peaceful citizens from taking up arms than making them lay down arms later. It is better to let ten militants escape than to kill one peaceful civilian. It is even justifiable to permit additional risks for the governmental soldiers in order to avoid inflicting excessive casualties against innocent people – in the final analysis, this strategy will pay off as there will be fewer people who will have the desire to shoot, take hostages or carry out a suicide-bomb mission.

A selective use of force, together with the effort to win over the local population, is the main way to win such wars. This method helped suppress the resistance of the Taliban and al Qaeda in Afghanistan (prior to the beginning of the war in Iraq) quickly and with minimum losses. Ignoring this method or being unable to use it effectively in Chechnya and Iraq has led to a



blind course with constant upsurges in the horizontal (geographical) and vertical (in terms of violence scale) escalation of armed clashes and terrorist acts.

#### LESSON FOUR

This part considers the importance of relying on local forces. In Afghanistan, the forces of the Northern Alliance were organized, armed and trained within a record period of time. They bore the main burden of the ground fighting – the most difficult type of combat that may involve the greatest number of clashes with the local population. Russia, together with some other countries (Tajikistan, Uzbekistan and Iran) under its influence, played a great role in this. The U.S. and its allies conducted limited ground operations and provided largely air, missile, artillery, logistic and command and communications support. The enemy, for its part, failed to use the fierce ground fighting for kindling religious discord (all the parties to the conflict were Moslems). Great efforts were made to prevent ethnic hostilities: the anti-Taliban coalition made every effort to win over the Pushtus, who made the core of the Taliban, to its side and offered them high posts in the postwar political system of Afghanistan.

In Chechnya, in November 1994, Moscow also attempted to rely on the internal opposition to the Dzhokhar Dudayev regime. However, after the first failure, rather than better preparing itself and continuing with this strategy, Moscow decided to take everything upon itself. It relied on the bragging of its military leaders (as the then Defense Minister Pavel Grachev boasted, his federal troops could defeat the insurgents “with one paratroop regiment within two hours”). The result was dismal: over a decade the conflict developed into religious and ethnic enmity and a terrorist war without boundaries or moral limits.

In Iraq, the U.S. army and its “coalition of the willing” also took everything upon themselves. At first they scored a brilliant military victory, but eventually became bogged down in an endless guerrilla and terrorist conflict with an increasingly radical Islamic and nationalistic tinge.

## LESSON FIVE

This lesson is related to the aspect of postwar stabilization. Until armed resistance is not suppressed, there should be no rush to form a local government just so the war burden may be shifted onto its shoulders. Whenever such a government is involved in a domestic and trans-border armed conflict it is fully dependent on the outside armed forces, yet it does not control these forces at all. This is why it is not capable of gaining support of the larger part of the local population and therefore assuming a policy of restoring peace.

Moreover, a dependent regime will inevitably add to the division of society, even among the more moderate local circles, and will increase the influence of the radical opposition. Such a regime creates additional difficulties, since it attempts to pursue its own policy (often a repressive one), yet leaves it up to the army to address the consequences. The outside troops and law enforcement agencies must necessarily involve such a regime and its police into their operations and thus constantly run the risk of information leakage, treachery and being stabbed in the back. Furthermore, a newly established regime will impede, in every possible way, negotiations even with a moderate part of the armed opposition. This will only serve to aggravate the conflict and thwart any dialog.

## LESSON SIX

If the conditions arise for forming a local government, this must be done not according to imported rules, but by taking into account local traditions and the level of society's social, political and economic development. It is better that this is initiated from the rank-and-file and representative bodies of power, rather than from higher levels of government, including the executive structures. There should also be no hurry to organize local armed forces, since the new authorities must coexist with the outside armed forces and law enforcement agencies.

In this respect, the policy pursued in Afghanistan was for the most part successful, whereas the operations in Chechnya and Iraq have been largely plagued by mistakes and failures.

## LESSON SEVEN

This lesson concerns, perhaps, the most difficult issue, and that is the question of negotiating with terrorists. During hostage-taking crisis, some countries (e.g., Italy) conduct such negotiations. Others (e.g., Israel) do not, and in these places the terrorists do not take hostages, but simply use suicide bombers to kill innocent citizens.

There must be no doubt that if it is impossible or very risky to free hostages by force, then negotiations must be conducted. Even if this may damage the prestige of the state and encourage more hostage-taking, there can be only one moral principle here: if the authorities, with all their law enforcement and security bodies, and being supported by taxpayer money, are unable to protect their citizens from terrorists, then they must save them any way possible. Then, the officials who allowed the hostage-taking and consequently damaged the state's prestige by their concessions should either resign or improve their operations in order to guarantee that there is no recurrence of such events in the future. For those who hold the state's prestige dearer than the life of hostages, there is a noble way out of the quandary: these officials can offer themselves to the terrorists in exchange for the hostages (surely the terrorists will accept such an offer with pleasure) and then, staking their own lives instead of the lives of other people, they can take the manly position of repudiating any "deals" with terrorists.

When speaking about more general negotiations which are aimed at achieving a peaceful settlement to terrorist-prone conflicts, such negotiations are necessary if armed opposition cannot be suppressed by force, and if the conflict tends to escalate. There are two criteria for choosing counterparts to the negotiation process: first, they must be individuals whose reputations have not been sullied by the organization or participation in terrorist acts, and second, they must enjoy support among the local population. Lastly, they must be able to control a large part of the militants in order to make them lay down arms on certain terms.

The analogies, recently drawn by President Putin between Aslan Maskhadov and Osama bin Laden, are not quite correct.

Bin Laden can rather be compared with Shamil Basayev, with whom no one proposes holding negotiations. On the other hand, parallels between Maskhadov and, say, Iraq's former Foreign Minister Tariq Aziz (included on a "black list" by Americans and subsequently imprisoned by them) or the late Palestinian leader Yasser Arafat can be drawn, although, of course, any such analogies are imperfect.

The main issue is not, of course, legal aspects (in this respect the conflicts in Chechnya, Iraq and Palestine are completely different), but rather the dynamics of an armed conflict with a clearly expressed terrorist coloring, together with the sensitive issue of negotiating with the enemy. When the involvement of one or another opposition leader in terrorism or other crimes is a mute issue, the settlement of the negotiations issue requires enormous state will and political skill. And in this respect neither the U.S. nor Israel have any grounds for preaching to Russia about which examples it should follow. Both of them have had quite a poor record.

In Afghanistan, a peaceful settlement following the military operation would have been impossible without negotiations and without the involvement in the process of Pushtu leaders, including those who were closely linked with the Taliban, but who had not compromised themselves by collaborating with al Qaeda.

#### LESSON EIGHT

The eighth lesson seems to be purely technical, but in reality it is political. Without shutting off the boundaries of an armed conflict zone, operations against militants and terrorists are like drawing water with a sieve. If the boundaries are porous, guerrillas freely enter the area, delivering supplies and executing attacks, and then elude pursuit by escaping across the border. Once they are beyond the border, they are able to rest, reorganize and "exchange experiences." Worst of all, open borders help militants, escaping retaliation, to put peaceful civilians under retaliatory strikes and thus cause them to join their ranks. This is one part of the political question concerning the border issue.

There is another aspect, too. The closure of a conflict zone is not only a problem of resources, well-trained troops (e.g., frontier troops), equipment and legislation (for example, using frontier troops on Chechnya's administrative borders requires amendments to the law *On the State Border of the Russian Federation*). It is also an issue concerning relations with adjacent countries, that is, a problem of establishing an antiterrorist coalition on the basis of the settlement of a wide range of disputes concerning interstate relations.

In Afghanistan, this concept worked – with Russia's active participation – when different and rather hostile neighboring countries (such as Iran, Pakistan, China, Tajikistan and Uzbekistan), united in a general front and closed their borders against the Taliban and al Qaeda. On the other hand, the U.S. campaign in Iraq disunited this coalition and made the Afghan borders mostly open; this led to the *mujahideen* stepping up their activities and infiltrating the country.

In Chechnya, all the administrative boundaries, except for the southern border with Georgia, remain open for the movement of the militants, while Russia's relations with adjacent countries – Azerbaijan and especially Georgia – leave much to be desired. Together with the absence of a legal regime such as a state of emergency, Chechnya's porous boundaries are the greatest obstacle to an effective policy against the guerrilla units and terrorists, which would involve both military and political actions to deprive the militants of the peaceful population's support.

As far as Iraq is concerned, Washington was so confident of its military superiority that it did not bother to give consideration to such a "trifle" as the Iraqi borders. Moreover, neighboring Iran and Syria were included by Washington in the 'axis of evil' and were named as prospective targets for U.S. attacks. This factor guaranteed these countries' unwillingness to cooperate. Thus, Iraq has become a veritable Mecca for terrorists from around the world, who come and go across open borders quite freely, thus greatly reducing the effectiveness of the U.S. military and political efforts.

## LESSON NINE

Before launching operations of this kind, it is important to give considerable thought to a postwar settlement. Such an approach justified itself in Afghanistan. The second Chechen campaign and, to an even greater extent, the U.S. invasion of Iraq demonstrated that it is possible to win a war and yet lose the peace; this fact makes a mockery of even the most brilliantly conceived military operations. Without a well-conceived and realistic plan for restoring peace (that includes reliance on the non-hostile local forces) it would not be prudent to start a war, whatever military superiority one possesses.

## LESSON TEN

This concerns the new nature and role of terrorism in such conflicts. Many factors have removed the border between internal and international terrorism, such as the modern exchange of information and transport facilities, enormous revenues from drug trafficking and trans-border crime, and the availability of almost any kind of weapon from state arsenals, as well as the black market. Terrorism has acquired development dynamics of its own and rests on the foundation of global organization and finance. Today, terrorism freely “flows” from one conflict to another (Chechnya – Palestine – Iraq – Afghanistan – Indonesia – Macedonia – Kashmir) and creates its own ideology, strategy, arsenals, recruitment and training bases, professional cells and networks, and PR-infrastructure.

Accordingly, the goals of terrorism have changed, as well. Today, they are no longer the rights of ethnic and religious minorities or social groups, even if this is what is proclaimed in public. The main goal of international terrorism now is the maintenance and expansion of its ‘habitat,’ namely, ethnic and religious conflicts, extremism of any kind, and disruption and chaos in ‘failing’ states (in which it finds it easier to take refuge and pull manpower).

Terrorist organizations no longer seek to force states to solve religious, ethnic, social or political problems, even on the terms of

the extremists. On the contrary, terrorist acts, apart from the shock effect, are now aimed primarily at preventing any peaceful settlement by provoking the public to oppose “negotiating with terrorists.” It is not accidental that upsurges of terror occur whenever a negotiating process is about to begin, or when there emerge prospects for political stabilization (Chechnya, Palestine, Kashmir, Ulster).

These factors suggest the following conclusions concerning Chechnya, Iraq and Afghanistan. First, when a state really implements force against terrorism, the latter may be successfully suppressed (as was the case in Afghanistan before the reckless operation against Iraq was launched). However, if there are no terrorists in the area of conflict, and if the popular slogan of combating terrorism is simply employed as a means to achieve other purposes, then terrorism raises its head and enters the conflict zone just as an infection attacks an open wound.

Worse, using the banner of combating terrorism to achieve other goals (even quite good and lawful) inevitably discredits the true strategy of countering terrorism, disunites the international antiterrorist coalition, undermines practical efforts in this field, and destroys the unity of society in individual countries.

In Chechnya, the original goal was not combating terrorism, but putting an end to militant ethnic separatism — and a large-scale military campaign was not the best method for solving that problem (as the first catastrophic operation of 1994-1996 showed). In Iraq, the military operation was aimed at overthrowing the hated Saddam regime and obtaining access to Iraqi oil. In both cases, terrorism later emerged in the social environment destabilized by war as a secondary phenomenon and expanded in keeping with the law of a ‘self-fulfilling prophecy.’

Second, it would be wrong to name a peaceful settlement of conflicts as a condition for the cessation of terrorism. Of course, conflicts must be stopped because they are not only a nutrient medium for terrorism, but are also a source of many other misfortunes. One must bear in mind, however, that a peaceful settlement per se no longer guarantees the cessation of terrorism. It is

an essential, but not the only condition, for combating terrorism. This is because terrorism can simply “flow” into another conflict or provoke it. Furthermore, terrorists will make every effort to thwart any peace process, thus, peace will hardly be achieved without the most resolute measures to suppress terrorist organizations and their accomplices.

Third, taking into account the global nature of terrorism, the war against it will be successful only if it is waged on a multilateral, international basis. To this end, countries must give up, once and for all, the practice of applying double standards: no goals, even the noblest ones, can justify terrorist methods. No rights of nations or religions can be recognized if terrorist outrages are committed in their name. No geopolitical or economic interests can justify any connivance at terrorism. It is not permissible to hunt for al Qaeda activists around the world and simultaneously provide political asylum to the leaders of Chechen militants. Or denounce Chechen terrorism and justify Palestinian or Iraqi terrorism. Or accuse Syria of assisting Palestinian terrorists and, at the same time, shut one’s eyes to Pakistan’s connivance at the Talibs, who have survived the operation in Afghanistan, or at Kashmir terrorists.

The civilized world has all the required material and intellectual resources and capabilities to successfully combat terrorism. Yet, so far it has been lacking the most important components: unity, mutual confidence, and a readiness to give up double standards and sacrifice secondary political and economic interests for the main common goal.



# Global Interaction



Lullabies of Mom Diplomacy won't help –  
baby Mars wouldn't fall asleep.  
Drawing by Honoré Daumier, 1866

“ *The hopes that a majority of states would adopt democratic values, which would then become a universal regulating principle of international relations, have failed to materialize. On the contrary, these values have become the target of attacks from militant separatism and other manifestations of extremism, which serve as a fertile medium for international terrorism.* ”

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# Democracy, International Governance, and the Future World Order

*Sergei Lavrov*

How can international relations be made more systemic and governable under conditions of globalization and the growing interdependence of states? This question, which is not a theoretical one, has now come into the focus of international politics. An answer to this question will largely decide how effective the international community will be in countering global threats and challenges, such as terrorism, the proliferation of weapons of mass destruction, drug trafficking, and organized crime. Actually, it will decide whether or not we are able to accelerate the protracted transition from the former bipolar system of international relations to a new, safer and more stable world order.

The 15 years that have passed since the end of the Cold War have seen sweeping positive changes in the world. Democracy has been growing in individual countries and in international relations, while there is growing understanding in the world that only free men can ensure economic growth and the prosperity of a state. Civil society is developing around the world, although in different ways, and is playing an ever more active role at national, regional and global levels.

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Sergei Lavrov (center) addressing the conference  
*Democracy, International Governance and the World Order*, November 16, 2004

At the same time, the hopes of some politicians and scientists that a majority of states would adopt democratic values, which would then become a universal regulating principle of international relations, have failed to materialize. On the contrary, these values have become the target of attacks from militant separatism and other manifestations of extremism, which serve as a fertile medium for international terrorism.

There are other factors – forwarded under the banner of “defending democracy” – that are impeding the universalization of democratic principles. These include: interfering in the domestic affairs of other countries, exerting political pressure on them, and imposing double standards on other countries when assessing their election processes and the state of civil rights and freedoms. Those resorting to such practices must realize that they only discredit democratic values, turning them into bargaining chips for achieving selfish geostrategic interests.

The creation of new mechanisms for ensuring security and stability in the world is impeded largely by the contradictory nature of globalization. On the one hand, this process, albeit far from complete, is delivering mankind to a new level of civilizational development in many respects. At the same time, it entails heavy costs, among them the increasing developmental gap between states and regions, soaring economic and social degradation, and the growing impact on the global economy by spontaneous market forces that are beyond state control.

These developments increase the amount of unsolved international problems. The disappearance of the negative stability of the Cold War era has resulted in the escalation of numerous regional conflicts, both old and new, which have begun to evolve into real or potential seats of terrorism, crime, drug trafficking, and WMD proliferation. Poverty, unemployment, and mounting tensions on a social, economic, ethnic and religious basis, which persist in many regions of the world, create the fertile ground for these evils and extremist sentiments.

The international community does not yet have a common strategy for addressing these problems and oftentimes must grope for adequate ways to ensure its security and stability.

Nobody holds a monopoly on the right answers to these questions; the realities of the contemporary world (global and, at the same time, infinitely versatile) rule out the possibility for such a monopoly – be it on the issue of democracy or international relations. The current developments in the post-Soviet space provide a characteristic example. Russian President Vladimir Putin told a conference of Russian ambassadors in July 2004 that Russia does not have a monopoly on this region. The members of the Commonwealth of Independent States enjoy the sovereign right to build their foreign policies in accordance with their own national interests. This is the reason why no other state or group of states can lay claims to monopoly influence. Any attempt to place the CIS countries in a false dilemma (“either with the West, or with Russia”) would be unnatural, dangerous and irresponsible. No one would gain from a revival of obsolete methods of geopolitical rivalry.

Obviously, the right way to a stable and democratic world order can be found only through a dialog that would involve not only governments but also parliaments, political parties, analysts, businesspeople, and civil society as a whole. The present session of the UN General Assembly has demonstrated that such a dialog is already gaining momentum. The international community has begun to work out general approaches which take into account the views of the international public and are shared by a large number of countries.

First, the recent course of global events proves that any attempt to handle the new threats in a unilateral fashion is futile. The present developments in Iraq, where the United States launched a military operation without a UN Security Council approval, illustrate the advantages of a multilateral approach. Eventually, the U.S. began to form a broad international coalition, seeking to include any – even the most insignificant – countries. This coalition was built in order to demonstrate the international participation (much of it token) and multilateral nature of U.S. actions. Later, Washington asked the UN to place the postwar restoration of Iraq under its umbrella, and the international community is presently facing the common task of assisting Iraq in order to stabilize the situation and prevent its disintegration. This can be accomplished through a broad inter-Iraqi dialog, aimed at encouraging national accord, and fair elections which would help to build truly representative bodies of power reflecting the interests of all groups of the Iraqi population.

Like an overwhelming majority of other countries, Russia believes that the future world order must be based on collective mechanisms for addressing global problems. Whether this will be named a multipolar system or otherwise does not really matter. More important, this system must contain as many fulcrum points as possible in order to guarantee its stability. The international community must discover a platform for broad accord and interaction between the main actors on the global arena, including the G-8, the European Union, China, India, Japan, and the key countries of Southeast Asia, the Middle East, Latin America, and

Africa. This platform must rest on mutual confidence and respect for each other's interests in addressing international problems, as opposed to a group of countries invited to join a single nation that has already decided everything unilaterally.

Another aspect of more reliable international governance is improving mechanisms of multilateral cooperation; of these, the United Nations is undoubtedly the most universal. This organization, which has unique legitimacy and an extensive record of global and regional activities, must be made more effective in crisis management and acquire better-defined criteria for using coercive measures, including force, by a Security Council decision. This subject (discussed in recent years under various names – “humanitarian intervention,” “human security” and “the right to protection”) is in the focus of the High-Level Panel on Threats, Challenges and Change, established by UN Secretary-General Kofi Annan; the panel includes the Russian Academician Yevgeny Primakov. The United Nations is soon expected to begin discussion of the Panel's report.

Russia maintains that the UN Security Council must avoid applying mechanical approaches when advancing criteria for giving the green light to the use of force. Each individual situation must be considered taking into account its specificity. There can be no universal recipe or simple arithmetic solutions, such as “99 people killed are not quite genocide, but 100 people killed are, so the Security Council must automatically make a respective decision.” It is also important for the international community to make decisions on its interference in a crisis, especially on “preventive interference,” on the basis of verified and irrefutable facts rather than conjecture and unsubstantiated accusations, as was the case, for example, with assertions about weapons of mass destruction in Iraq.

Efforts to solve this difficult and topical problem involve scientists, diplomats and leaders of many countries. The success of these efforts will enable the international community to build equitable and multilateral mechanisms for the new world order. These mechanisms could also be applied to regional organizations

pertaining to international cooperation. Today, all of them, especially in Europe, are undergoing deep transformation, adapting to the new threats and challenges.

The disruption of the Cold War bloc discipline has played a very positive role in this respect. A new, more flexible and mobile structure of international relations is now being formed and regional integration associations are taking a more and more prominent place in it. These associations are turning into independent poles of world politics, enabling even relatively small states to influence it. These changes have told on Russia's international ties, as well. This country is building new interaction mechanisms, e.g. the Russia-NATO Council, and new partnership institutions with the European Union. Russia has established close contacts with the Organization of the Islamic Conference, the Association of Southeast Asian Nations (ASEAN), integration associations in Latin America, and individual countries in various regions, for example, the Persian Gulf, with which it formerly had no dialog.

However, these positive processes notwithstanding, the inertia of the bloc approach still persists. An illustrative example is provided by NATO's expansion which does not meet any of the real challenges that the European countries are now facing. Furthermore, strange things are happening in the Organization for Security and Cooperation in Europe. The OSCE, which emerged when the world was divided into two blocs, was established on the basis of consensus and generally acceptable approaches to cooperation in the fields of security, economy and human rights. It would seem that now that the bloc system has ceased to exist the OSCE could fully realize these qualities. In practice, however, and rather paradoxically, this organization is erecting a wall within itself, artificially dividing its members into the NATO and EU members, and the rest. Actually, the European Union, especially after its enlargement to 25 members, has emerged as a new political bloc in the OSCE, and its position is evolving in a destructive direction under the influence of some of its new members.

Attempts are being made to restrict the OSCE agenda to solely humanitarian issues and to reduce the latter to the monitoring of democratic processes and the observance of human rights in the post-Soviet space. Thus, the OSCE's work in ensuring security and encouraging economic development is being downplayed. As it turns out, NATO deals with security issues, the EU with economic issues, while the OSCE will only monitor the adoption of these organizations' values by countries that have remained outside the EU and NATO.

This state of affairs can hardly be accepted. Russia, together with its CIS partners, has come out with constructive proposals for reforming the OSCE in order to bring it back to the original concept of balanced and equal cooperation in each of the three baskets.

Finally, the third area in building a new world order is the consolidation of international law. Russia does not view it as dogma, believing that international law, as well as national legislation, must keep up with the times. In particular, the need for new approaches to humanitarian catastrophes shows that international law needs to be amended and that certain voids within it must be filled. In keeping with the UN Charter, the Security Council can establish new legal norms within its prerogative, as it did when it set up ad hoc tribunals for the former Yugoslavia and Rwanda in the absence of international treaties.

However, after the Security Council fills in dangerous blanks with its decisions, universal international treaties must be worked out by all interested countries. This was how the Statute of the International Criminal Court was drawn up following years of tribunals on the former Yugoslavia and Rwanda. The International Criminal Court makes the establishment of ad hoc tribunals redundant.

In much the same way, the UN Security Council – following the tragic events of September 11, 2001 – adopted special counterterrorism resolutions so that each country would bring its national legislation into line and participate in the international legal regimes for stopping various kinds of support for terrorist



activities. In 2004, on Russia's initiative, the Security Council adopted Resolutions 1540 and 1566, which filled the legal void in the WMD nonproliferation regimes with regard to access to WMD and their components for non-state actors, the need for a clearer definition of terrorism, and the inadmissibility for states to provide safe haven to individuals who support, facilitate or participate in terrorist acts, and to protect them from justice. However, this kind of Security Council decisions must be followed up with efforts made on a universal basis. This refers, in particular, to the promotion of the draft international counterterrorism convention and the Russia-proposed draft convention on nuclear terrorism.

Heated debates are under way on an issue that is closely connected with "humanitarian interventions," namely, a balance between state sovereignty and the need to respond to crises in any particular country. The search for the right legal solution may take much effort; however, the creation of new international laws, be it through Security Council resolutions or universal instruments, must proceed on the basis of a strict observance of generally accepted international norms while these remain in effect.

The dimensions of the terrorist threat present domestic legal problems for countries. One of the most difficult problems is: how does a country effectively combat terrorism without going beyond the frameworks of constitutional, democratic standards? There are no ready-made solutions for such a question. Fundamental democratic values are universal, but each country implements them in its own way, taking into account its traditions, culture and national peculiarities. Likewise, this approach manifests itself in the tactics a particular country chooses for combating terrorism.

When fighting against an enemy, it is possible to put oneself in the enemy's position in order to better predict his actions. However, terrorists have deliberately overstepped all ethical norms; thus, the average person finds it difficult to foresee their next move. This is the reason why all countries facing the terrorist threat are committing inevitable mistakes. In order to reduce these mistakes to the minimum, governments must establish a professional and trusting exchange of information and experience.

However, when the public appeals to the authorities to “report” why a particular terrorist act was allowed to be committed, it actually harms the antiterrorist efforts; such appeals are often made to gain points in domestic or foreign policies.

Russian society, as well as the entire world, was deeply shocked by the terrorist act in Beslan. Russia will continue to wage an uncompromising war against terror and defend its unity and security. At the same time, Russia will remain a democratic state that respects the rights and freedoms of its citizens. When considering such issues, Russia is open to a mutually respectful dialog and an exchange of experience; it is prepared to listen to an outside opinion which may not coincide with its own opinions. The only things it cannot accept, however, are arrogance, a didactic tone, double standards, and attempts to use the war against terrorism in various kinds of geopolitical games.

In order to construct a new system of international relations, it is necessary to eradicate double standards. It is impermissible, for example, to fight against aggressive separatism and, simultaneously, encourage the independence of Kosovo. It should be understood that such a policy could spark a chain reaction – and not only in the Balkans. Those who argue that refugees should be allowed to return home somehow “forget” about the largest group of refugees in Europe – the 500,000 Serbs.

The real provision of human rights is incompatible with double standards. In its dialog with the European Union, Russia finds it very difficult to prove the obvious and well-documented injustice done to ethnic minorities in Latvia and Estonia. Rolf Ekéus, the OSCE High Commissioner on National Minorities, who recently visited Latvia, proposed, yet again, specific recommendations to the Latvian government, urging it to speed up the rate of naturalization, ratify the Convention for the Protection of National Minorities, and grant everyone, including so-called non-citizens, the right to participate in the election of municipal authorities. However, these recommendations have never been fulfilled. Paradoxically, a foreigner, say, from Portugal, can come to Latvia and, having lived in the country for six months,

will have the right to vote in the municipal elections. Compare this with the many people who were born in Latvia, and permanently live on the territory of a municipal entity, but yet do not enjoy such rights.

The UN Committee on the Elimination of Racial Discrimination, set up to monitor the implementation of the UN Convention on the Elimination of All Forms of Racial Discrimination, adopted specific observations with regard to Latvia, which Riga has failed to respond to. Thus, the European Union's assertions that Latvia, as well as Estonia, fully comply with the EU's Copenhagen criteria are groundless.

In order to do away with the occurrence of double-standard practices, it is necessary that people change their mentality and relinquish the philosophy of the past epoch. Thus far, not everyone has managed to do that, as shown by the reaction of certain circles in Europe and the United States with regard to the political crisis in Ukraine. Even before the presidential elections there began, these outside groups sent strong signals that the West would not recognize the outcome of the election if the victory went to a candidate it did not support. When the results of the elections did turn out different from what they had anticipated, they immediately spoke of the "invalidity" of the vote and the need to revise its outcome. Those who pose in their own countries as staunch defenders of democracy and law began to openly encourage the Ukrainian opposition, even when some of its leaders actually provoked public disorder and the seizure of power by force. Statements were made in Europe that "Ukraine must be with the West."

Such methods, when applied toward a sovereign state, may have grave consequences for the situation in Europe, as well as damage democratic values. Democracy must be established within the frameworks of law rather than by street rallies, which may provoke violence and the division of society.

History proves that democracy cannot be imposed from the outside. Attempts to replace a ruling regime by force only serve to destabilize the situation in a given country. Democratic institu-

tions must be formed on the national basis of a given country, while the international community must help create favorable conditions for promoting this process. It must show respect for the existing traditions of every country and for the choice of ways to develop democracy; these are established by each country on the basis of the fundamental values proclaimed in the Universal Declaration of Human Rights.

As for the fundamental principles of Russia's foreign policy, they remain unchanged. We will continue building our foreign policy as befits a strong, peace-loving and responsible member of the international community, acting through dialog and partnership, rather than confrontation, even when the most complicated global problems arise in interstate relations. Together with other countries, Russia will make constructive contributions to the efforts to increase the governability of the global processes and build a fairer, safer and more stable system of international relations.

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# The United Nations: Challenges of Our Time

*Yevgeny Primakov*

Due to the events of recent years – especially the 9/11 terrorist attack on the U.S – peace and security have moved to the forefront of global issues. The 9/11 tragedy has made everyone realize how serious the danger of international terrorism is. This form of terrorism manifested itself in the worst possible form: a self-sufficient organization that is not connected to any state and which seeks to become an independent international player. The terrorist organization al Qaeda, which is not supported officially by any state, stands to win this menacing position in the world.

The threatening goal of this organization has been explicitly expressed by its leader Osama bin Laden – to create a single Islamic caliphate. The method for achieving the declared goal is to destroy the secular regimes in the Moslem-populated countries (such as Turkey, for example), as well as the moderately secular states (Saudi Arabia). At the same time, bin Laden has declared a “merciless war” on the United States, which he argues supports such regimes, as well as on those countries that oppose extremist Islamic groups advocating the ideas of separatism.

The demarcation line between al Qaeda and traditional international players does not run along the civilizational-religious axis.

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The confronting sides are composed of the dangerous extremist movements, which are preaching a medieval “zoological” attitude toward peoples and nations, and the rest of the world that is guided by the values of modern civilization.

International terrorism has acquired a fundamentally new form and is now becoming dangerously intertwined with many traditional threats:

- the threat of WMD proliferation, which has been aggravated by a real possibility of its coalescence with international terrorism;
- unsettled regional conflicts, especially that in the Middle East, which create an attractive ground for the spread of international terrorism;
- the ominous existence of ‘failed states’ where the authorities are incapable of preventing humanitarian catastrophes, genocide, mass exodus of refugees, etc;
- narcotics trafficking as a source of financing international terrorism;
- religious extremism (not fundamentalism, but precisely extremism), which in some countries is teaming up with international terrorism, and thereby inflaming separatism (this factor has already had its destabilizing effect in some states and may lead to even more disastrous consequences);
- the threat of the world being divided along the civilizational-religious axis, which has manifested itself in sweeping attacks against Islam as a “dangerous” religion which are splitting the world community, spurring terrorist acts and undermining efforts to counter international terrorism.

There is a real threat that international terrorism may use globalization, as well as scientific and technological progress, for carrying out its attacks.

#### A “HIERARCHY OF THREATS” IS COUNTERPRODUCTIVE

The newly emerging challenges to mankind are creating a fundamentally different international environment that requires new approaches to the security problems of individual states and the

global community as a whole. It is necessary to determine what these approaches should be.

Some politicians and pundits divide the threats into 'hard' and 'soft.' On the one hand, there are threats to security that emerge either as a result of aggressive actions by another state or as a consequence of an unstable situation. On the other hand, there are the so-called 'soft' threats: poverty, diseases, unemployment, etc. It is argued that the UN should fight against the soft threats since its mechanism is not tailored to a rapid and efficient reaction to security threats.

However, such conclusions are groundless.

First, the UN Charter provides for all possible ways to collectively counteract threats to security and stability. True, the UN Security Council has sometimes failed to optimally use its authority, while its efficiency should be improved on the basis of coordinated agreements. However, in practical terms, the Security Council has proven that it is able to assume a *fundamentally new* approach to applying provisions of the UN Charter. For example, following 9/11 the Security Council provided an essentially new interpretation of Article 51 of the UN Charter which provides for the use of force in self-defense in case of an attack by a non-state entity. Furthermore, the UN Security Council endorsed sanctions against the Taliban movement and created the Counter-Terrorism Committee (CTC). It has made decisions on the use of force in support of democracy and human rights (for example, in its Resolution 940 of July 31, 1994, the Security Council authorized all member countries "to form a multi-national force... and use all necessary means" to restore democracy in Haiti).

The Security Council has demonstrated its ability to adapt to new challenges and threats, and this international body has a major responsibility for maintaining international peace and security. So, there is no need to bypass the Security Council in taking decisive steps or implementing use-of-force actions.

Second, the ongoing events in Iraq graphically demonstrate the shortcomings of those tactics that ignore the UN and rely, instead, on unilateral actions. It is noteworthy that after the failure of the U.S. operation in Iraq, those who only recently were obsessed with



the idea of unilateralism – that is, the independent and preventive use-of-force actions that ignore the UN and are regarded as “legitimate” – are now returning to this international organization. It has become obvious that the U.S. has no chance of extricating itself from the Iraqi deadlock without assistance from the UN.

Third, it is counterproductive to build a hierarchy of threats, or set them into opposition; threats are interrelated. Although international terrorism is not directly rooted in poverty, which is the fate of the majority of people on the planet, it is, to a large extent, the result of the past, or present, discriminatory policies toward those who live beyond the ‘golden billion’ countries. Discrimination – whether it is political, economic or cultural in nature – nurtures terrorism.

Fourth, the significance of the various threats is viewed differently in different parts of the world. In Africa, for example, the main threat is considered to be AIDS, which is responsible for approximately 30 million deaths. In actuality, many countries beyond the golden billion are threatened not by terrorism but by diseases, poverty and hunger.

## ON THE EFFICIENCY

### OF THE MULTILATERAL MECHANISM

Under the UN Charter (Chapter VII), the Security Council is responsible for determining the presence of a threat, an act of aggression or a violation of the peace. It also considers measures that should be taken to maintain and restore international peace and security. And, finally, it organizes and implements these measures, including urgent military actions.

The UN Charter directly mentions the possibility of taking compulsory measures as preventive means (Article 50). At the same time, the Charter does not contain the criteria for resorting to the use of compulsory measures, including preventive ones. Therefore, it is necessary to define such criteria. The following is a list of those circumstances which should require coercive actions from the UN Security Council:

- an acute humanitarian crisis, such as the mass murder of civilians, gross violations of international humanitarian law, rights

to life and property, and the mass exodus of refugees. More often than not such circumstances occur in tandem with the collapse of a country's central government or a severe internal conflict;

- inability of the central government to take control over non-state entities that operate on the country's territory and pose a threat to international security;

- violation of the Nuclear Non-Proliferation Treaty, especially if there is a possibility of nuclear arms being transferred to a terrorist organization;

- any state harboring international terrorist organizations which are found to be launching large-scale terrorist acts against other states (in this case the state under attack also has the right to self-defense in accordance with Article 51 of the UN Charter).

Under Chapter VII of the Charter, the "criteria of interference" can be approved by a resolution of the UN Security Council. At the same time, there is no need to make amendments to the Charter itself. The abovementioned circumstances are not related to shortcomings of the UN Charter, but to flagrant violations of its provisions and those documents which were adopted to improve it.

Naturally, specific circumstances will require detailed consideration before there can be any legitimate interference in a state's internal affairs. The possibility of such interference should not be ruled out in situations where there is a regional or international threat to peace and security. This premise does not mean a rejection of the principle of states' sovereignty per se, rather, it emphasizes that the ban on interference in a state's internal affairs is firm unless internal developments there present a real threat to either part or all of the global community. What's more, preventive interference cannot be undertaken if it is based on a party's subjective decision concerning the threat level of a particular regime, or on the decision to implement a unilateral use of force. Both the determination of the threat level and the resolution on the use of force should only be based on a joint decision.

The preventive use of force should be preceded by a UN demand that the government of the state in question should take urgent measures to stop activities that threaten the global commu-

nity. A refusal or inability to meet this demand should be taken by the Security Council as the basis for sanctioning coercive – use-of-force or non-use-of-force – measures. Accepting the possibility of using force in principle, the world community should specify that any intervention by force is permissible in strictly limited situations as a last resort and only following a decision by the UN Security Council. Any subsequent actions must be under control of the Security Council and with full observance of international law.

The decisions of the Security Council should be based on apparent and uncontestable facts, as well as proven information. The unfortunate experience of military action against the Federal Republic of Yugoslavia and Iraq, unauthorized by the UN Security Council, proves that establishing facts for justifying the use of force was the weakest point. It is in our common interest to give this factor most serious consideration.

#### ADAPTING MULTILATERAL STRUCTURES TO NEW THREATS

Raising the efficiency of the UN Security Council is of primary importance. The combination of two principles – justice and UN capability – may be used as a conceptual approach to this problem. Of course, the composition and structure of the Security Council, which emerged as a result of the disposition of forces after WWII, cannot remain intact forever. The time has long passed since Germany and Japan were set apart from the rest of the world by their defeat in the war. Since the UN came into existence 60 years ago, other crucial changes have taken place in the world, as well. A significant number of former colonies and semi-colonies have turned into sovereign states; today they play an active and independent role in international politics, while enhancing their status in the global economy (India stands as a good example).

It is imperative that the composition of the UN Security Council be brought into line with the present-day realities. Therefore, the primary goal is to increase the number of its permanent and non-permanent members. Furthermore, there should be stricter observance of the principle of geographic representation

in the Security Council, particularly as concerns Africa and Latin America. At the same time, too great an increase in the number of Security Council members would contradict the idea of maintaining and consolidating the capability of the UN. As regards the right to veto, it should be made clear that, as a multilateral mechanism efficiently acting in the name of peace and security, the United Nations cannot exist without the power of the veto. The history of the League of Nations is quite instructive in this respect. Yet it would be no less destructive for the UN to grant the veto right to many countries. I believe that only five permanent UN Security Council members should enjoy this right.

Opponents to the UN argue that the permanent members of the Security Council are often unable to reach a consensus on questions concerning the use of force in response to the most acute security threats. Such arguments are unfair with regard to situations which undeniably threaten international security. In order to increase the potential for coordinating steps on fundamental security issues within the Security Council, it is expedient to amend its working procedure to a certain extent. The existing procedural innovations should be used on a wider scale, particularly as regards the expansion of cooperation between the UN Security Council members and the leading states providing peace-keeping contingents for UN operations.

The permanent members of the UN Security Council should consider the possible adoption of a joint declaration stating that they will act with maximum responsibility and restraint from invoking their veto right (discussions on this proposal have already taken place and the probability of working out a coordinated document is rather high at the moment). Furthermore, members of the Security Council could forward a politically binding statement that they will spare no effort to reach a consensus in the Security Council on key questions relating to security and stability.

Other, more significant solutions (not involving amendments to the UN Charter) are also possible, but it would make sense to discuss them in detail after determining the format of expanding the UN Security Council.

The Security Council should focus on specific conflict situations as stipulated by the UN Charter. To this end, the Security Council would better free itself of the so-called 'generic' debates which deal with questions that fall under the jurisdiction of the General Assembly (problems involving women, children, AIDS, protection of the UN personnel, etc.). It is necessary to direct efforts toward the effective use of other multilateral structures of crisis management, as well as to adapt these structures, if need be, to new threats. This concerns, above all, the Counter-Terrorism Committee and the UN Security Council Committee on sanctions against al Qaeda, the Taliban and their associated individuals and entities (Committee 1267).

The planned reorganization of the Counter-Terrorism Committee and the decision already in effect for strengthening the potential of Committee 1267 (Resolution 1526 of the Security Council) expand the opportunities for cooperation between these two bodies in matters where their terrorism fighting tasks intersect. It is important that the sanction list of Committee 1267 – the only tool of its kind to counteract terrorism – be actively used and constantly revised.

The rich experience which is being gained through the interaction of the CTC and Committee 1267 can also be applied to working out a Counter-Terrorism Charter. This charter should contain a set of specific obligations to liquidate terrorist organizations and their branches, block financial flows, prevent the transit of arms, explosives and terrorists, and extradite those accused of terrorism (as listed by the Anti-Taliban Committee). A refusal to obey the regime to be established by this Charter should be regarded as unacceptable. Such a refusal (and not just opinions of some countries) could provide a basis for condemning a particular country (or countries), thus prompting subsequent sanctions against them.

It makes sense to more actively involve other sanction committees of the UN Security Council, particularly African ones (considering the growing threats from this continent), as well as expert groups established by the Security Council to monitor the observance of the sanctions. Operating under their mandates,

these structures could contribute to determining those threats that may be linked to regional conflicts.

### A MILITARY DIMENSION

In order to make the UN a working mechanism, that is, an alternative to a unilateral decision on the use of force, it should acquire a military dimension. Thus, it is necessary to continue the practice of conducting operations approved by the Security Council within the format of coalitions of interested states (operations in Albania, East Timor, Afghanistan provide positive examples). It is no less important to work out a system of measures to strengthen the UN's potential for carrying out multifunctional operations to maintain and, if required, restore peace (using force). In this connection it makes sense to form permanent UN rapid deployment forces stationed with regard to 'hot spots.' Moreover, the UN could sign special agreements with certain regional organizations and individual states stipulating that in case the Security Council makes a relevant decision, they will employ their rapid deployment units to conduct operations either under the UN flag or jointly with the UN.

Another promising direction is to form within the UN a sort of expert pool comprising representatives of interested states possessing a solid intelligence potential. Special services of different countries already exchange information so as to uncover potential crises as early as possible and choose optimal ways to neutralize them. However, as was the case with the U.S. prior to the attacks of 9/11, even the availability of certain information failed to help them uncover the terrorists' plans. The U.S. experience proves the need for joint analysis of information and the constant monitoring of crisis situations.

The UN should establish a structure capable of performing practical management functions in post-conflict conditions, such as the coordination of reconstruction and other UN rehabilitation projects.

The global community was able to overcome the Cold War, which was an extremely dangerous period in its history. There is no doubt that it has enough power to cope with the new challenges, and to find ways to guarantee stability on the planet and the wellbeing of peoples.

# Can Russia and Germany Save the Middle East?

*Naiem A. Sherbiny*

Despite numerous international initiatives for peace and prosperity, the Middle East continues to be riddled with violent conflicts and lagged socio-economic development since the establishment of Israel in 1947. The most recent initiative was made by the U.S. to the group of eight industrial countries (G8) that unanimously adopted it in June 2004. This is by far the most ambitious initiative ever proposed for the Middle East, both in its geographic coverage and substantive content.

Geographically, the initiative covers Arab countries, neighboring Iran, Turkey and Israel, and extends beyond to Pakistan and Afghanistan, hence the term Greater Middle East (GME). Substantively, with the political, economic and technical muscle of the G8 behind it, the initiative promises a peaceful, free, and prosperous Middle East. Yet with all such promise, the GME initiative was born dead in angry Arab waters.

This is a great loss for both the G8 and GME countries. Something bold needs to be done, with imagination and diligence, to salvage this worthy initiative and move its fate off dead center for the benefit of all participants, beneficiaries and donors alike. For reasons explained in this article, I propose that Russia and

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Germany are uniquely qualified to assume the responsibility of saving the G8-GME initiative. Whether Russia and Germany are willing to do so is another matter. The available window of opportunity for this historic initiative is rapidly closing, given the primacy of three GME hot fronts in the minds of G8 decision makers: Iraq, Palestine, and Afghanistan.

### THE STORM

A storm of criticism in Arab media hit the GME initiative when it was first proposed by the U.S., but before the G8 adopted it in their spring meeting 2004. While Arab critics raise valid questions, they offer phobic answers. First, they question the absence of what they consider as the mother of all Middle East ills: Israel's occupation of Palestine. In a reflective response à la Pavlov, they reject the GME initiative out of hand. Second, the critics question the interest of the West — led by the U.S. — in Arab reform. Their answers revolve around sinister American designs on the region, ostensibly to prepare the grounds for Israel's hegemony — not only of the Arab world (already a *fait accompli*), but also of the four other Muslim countries, as well.

While such claims may appeal to Arab simpletons, they do not hold much water upon careful examination. The international community is justifiably concerned about stability in the Arab world: during the last 50 years, 35 percent of world conflicts were in that region, which has less than 6 percent of the world population. The interest of the G8 is clearly spelled out in the first paragraph of the G8 initiative:

“A close correlation exists between political and social disenfranchisement of Arabs and the rise of extremism, terrorism, international crime, and illegal migration.”

All such phenomena spell trouble for the G8 countries, which recognize that their vested interest is in containing those troubles by going to their root causes. As the leading industrial countries see it, fighting poverty and its correlates in Arab countries is an effective, though indirect, way to contain trouble in G8 countries.



Does this mean that Israel is no longer relevant as a cause of Arab anger? No, it simply means that Israel is not the only cause. The West is well aware that Arabs are inflamed by the massacres of Palestinians and destruction of their homes at Israeli hands, mostly with American weaponry, aircraft and technology. Moreover, the West is somewhat divided on Israel: the U.S. provides unconditional support, while others provide qualified support for Israel's survival, but not for Palestinian destruction. Occasionally, other members of the G8 condemn Israeli excesses. Public opinion in those countries is shifting in favor of Palestine, but not in the U.S. What about the other causes of disaffection?

### THE THREE DEFICITS

The G8 document starts with adopting the conclusions of the two Arab Human Development Reports organized by the United Nations in 2002 and 2003. Ironically, Arab governments had completely ignored those reports until the G8 accepted their analysis and conclusions, identifying three deficits in the development of the Arab world: freedom, knowledge, and women empowerment. Arab experts claim that such deficits were responsible for the feeble pace of Arab development since the late 1970s. The G8 initiative logically builds upon that important premise by proposing policies to rectify conditions of economic and social ills in Arab countries. Let us look at the identified deficits.

The freedom deficit. The Arab reports decry the lamentable state of participatory governance in the region. This freedom deficit undermines human development and is one of the most painful manifestations of lagging political development. To reduce this deficit, the G8 initiative proposes several programs to promote democracy and good governance through measures to ensure free elections, exchange and training programs for parliamentarians, women's leadership academies, grassroots legal aid, promotion of independent media, efforts to improve transparency and reduce corruption, and expansion of the role of civil society institutions.

The knowledge deficit. The Arab reports state that Arab countries lag markedly behind other regions in knowledge broadly

defined. Knowledge constitutes the road to development and liberation, especially in a world of intensive globalization. To reduce this deficit, the G8 initiative aims at improving basic education, expanding literacy, upgrading textbooks, implementing educational reforms, increasing Internet access, and boosting business education.

Lack of women empowerment. The Arab reports conclude that limited economic opportunities have largely been responsible for the weak state of women empowerment. To broaden those opportunities, the G8 initiative proposes to strengthen the potential of the private sector, especially small and medium enterprises that could act as the primary engines of economic growth and job creation. The two key factors for such a transformation are finance and trade. Financial reform is proposed for several levels: micro-finance, a regional finance corporation (similar to the International Finance Corporation), a regional development institution (like the European Development Bank), and measures to modernize banking and financial services. Trade reforms include: WTO accession, trade facilitation, establishing trade hubs, and business incubator zones, etc.

#### CALLS FOR REFORM

The remedies mentioned above bear remarkable similarities to the remedies proposed by the Alexandria Declaration of the Arab Reform Conference concluded in March 2004 ([www.arabreformforum.org/English](http://www.arabreformforum.org/English)). To quell false claims that calls for reform are foreign-inspired and to avail maximum space for open discussions, the conference organizers led by the Library of Alexandria invited for participation only civil society representatives from different Arab countries. Pointedly, they did not invite Arab officials or foreign observers to ensure that the conclusions and policy recommendations of the conference are not only home-grown, but also contain no official inputs or influence.

Significantly, the same policies recommended by the Alexandria Declaration, and now by the G8 initiative, had already proven their relevance and effectiveness in South East Asia, where

the 'Asian Tigers' have emerged. The identified remedies, whether proposed by the G8 or by Arab intellectuals, provide recipes to reduce the three deficits if Arabs were to improve their performance and compete in the global economy. Significantly also, four other regional reform conferences for Arab civil society organizations took place during 2004: in Beirut, Amman, Doha, and Cairo. They essentially bear the same message. In addition, numerous political opposition parties in Egypt and other Arab countries issued their own statements about the necessity of reforms, each putting its own emphasis on what suits their particular platform, but the broad lines are also the same.

### THE OBSTRUCTIONISTS

Regardless of who proposes remedies, it is evident that the Arab world is overdue for reform in all of its dimensions: political, economic, social, and cultural. In this regard, those who focus their energies on who proposes reform and neglect the substance of reform knock at the wrong door and deflect from the real issue. Unwittingly, they are the worst offenders to improved Arab future, even though they claim to be the defenders of that future. Conveniently, they hide behind big banners, such as nationalism, independence, Islam's way, our uniqueness (whatever that is), etc. Maybe they are ashamed to accept evidence of Arab development failure and are incapable to stand up to do something about it. Maybe they lack confidence to debate international initiatives on their own merits, so they take the easy way out and attack the source of such initiatives.

The obstructionists belong to a wide range of political persuasions: Islamists, nationalists, communists, socialists, and independents. The most pathetic among the obstructionists are the Islamists, because they desperately try to stay in the reform debate where they have nothing to contribute. They invoke Arab history, culture, and geography, but so does everyone else. Their reminders of the contributions of Arab civilization to the world are irrelevant to the ongoing debate. Fair-minded Western observers know that Islam and socio-economic backwardness are

not correlated. After all, two of Asia's tigers are Muslim countries (Malaysia and Indonesia).

It is thus time for critics of various shades of opinion to stop chest beating and put conspiracy theory aside, because it is a poor, tired, old excuse. It is equally time to get the religious establishment out of politics, especially in arbitrating between conflicting objectives. The design of socio-political-economic reforms is not a religious issue; it is a social issue for technocrats and politicians to sort out. Because of their vested interests, Islamists insist otherwise and dig in their heels. The battle lines are drawn.

### THE ABSENCE OF REFORMS

The truth about reform is that it cannot produce sustainable results unless it is coupled with a 'social contract' between the governing elite and the governed street. With the present freedom deficit, where the free will of citizens is seriously curtailed, such social contracts are likely to be fake — a dictation of the elite's will upon the hapless street. Arab regimes have not really served their people; they worked tirelessly to protect their own interests and expand their wealth base. The media they own has worked equally tirelessly to mislead citizens, feed lies, and protect the masters' interests. Under the circumstances is it any surprise that Arab regimes have failed to produce a credible and worthy vision for the future? The reason is self-evident: serious reforms in Arab countries would threaten existing vested interests that in turn would resist to the teeth.

The claim that Arab reforms had to be postponed to better prepare for the battle with Israel is an empty excuse. Israel adopted reforms and guarded its democracy while battling the Arabs. Equally empty is the claim that the conflict with Israel has diverted valuable Arab resources from development to armament. Israel had to divert resources for military superiority, without sacrificing socio-political development. It has been more than 30 years since the end of the October War, the last major armed Arab-Israeli conflict. Israel cleverly used this respite to deepen its own socio-economic reforms, which helped it integrate better into the glob-

al economy. Other developing countries that took reforms seriously made major strides during the same 30 years. South East Asia was able to join the ranks of the developed world. Regrettably, while many countries have been working diligently on reforms, Arabs snoozed!

Arab media rejected the G8 initiative out of hand, for no reason other than its origin is American. Similar policies have been articulated in five convergent Arab declarations, formulated by some of the best and brightest. What excuse do the obstructionists now have? Surely, they will come up with some trivia to undermine serious efforts. The Arab Summit in August 2004 only paid lip service to the cause of reform but failed to adopt any reform agenda. Egypt's ruling National Democratic Party failed to capture a golden opportunity to introduce serious political reforms in September 2004. They opted instead for economic reforms. In short, the main reason why calls for reforms are not heeded is the absence of political will on the part of Arab governments.

#### BREAKING THE DEADLOCK

Contrary to early optimistic assessments that 2004 would be the year of Middle East reforms, it became the year of recrimination and deadlock. Whether we like it or not, the obstructionists managed to mobilize the Arab street in the wrong direction and blocked dialog between the G8 and their spineless governments. Through intimidation they got Arab governments worried enough about accepting the G8 initiative, on grounds it is U.S.-inspired, and nothing good comes out of the U.S. If some government dares to accept the initiative, it risks branding as an imperialist stooge. Unhappily, as long as the U.S. is perceived to be leading the call for reforms in the Middle East, not much progress can be made.

It thus behooves the G8 to look for other messenger(s) to deliver the message forcefully and persuasively to reluctant Arab governments. Four likely candidates could step forward to lead the dialog with GME countries: France, Germany, Russia, and the UK. All four have active and strategic interests in the Middle East. Over the last few decades, all have extended development assis-

tance to countries in the region. However, not all are acceptable as messengers of reform to the region's skeptical public or weak governments.

To many Arab critics, France's colonial oppression of political leadership in six countries of the region cannot be readily dismissed. The street is unlikely to forget or forgive what France had done to the political elite in Algeria, Djibouti, Lebanon, Morocco, Syria, and Tunisia. The same applies to Great Britain because of its colonial history and oppression of national political movements in another six countries of the region: Egypt, Iraq, Jordan, Kuwait, Palestine, and Sudan. Rightly or wrongly, Arab historical sentiments against France and Great Britain would preclude them as messengers of contemporary reforms in that volatile part of the world.

The two likely candidates are Germany and Russia. Both enjoy a positive image and neither have had colonial experiences in the Arab world; they qualify as reliable, unbiased, trustworthy brokers. Postwar Germany is perceived as a neutral power that extended to Arabs generous development assistance since its recovery from the devastation of WWII. Russia is perceived even more positively because of its military assistance to Egypt, Iraq, and Syria and its helping Egypt with the construction of the Aswan High Dam during years of the Cold War. More recently, both Arab elite and street recognize that Russia is one fourth of the quartet that sponsored the road map for Israeli-Palestinian peace and for the two-state solution.

The weight and prestige of Germany and Russia in the GME countries could start moving the rusty locomotive of reforms off dead center into meaningful dialog. As Germany and Russia represent the collective will of the G8, they could engage the GME countries using a stick-and-carrot approach. The leverage of G8 countries is enormous: aid, trade, investment, finance, technology, and military. Collectively, the G8 controls the bulk of those flows to GME. If the GME countries fail to respond, at least they would have been duly forewarned of the disastrous effects of their failure.

Since the initiative was adopted in June 2004 by the G8, it is regrettable that nothing has been done with it so far. The next G8 meeting should take up this matter to start moving things forward in earnest. Considering how troubled U.S. image has become in Arab countries, the U.S. is best advised to cede leadership of this matter to Germany and Russia, in the interest of all industrial countries. In parallel, the GME countries are waiting for the U.S. to restart talks to establish an independent Palestinian State, now that Yasser Arafat, Israel's old excuse is gone. Whether the U.S. is willing to agree to those actions in the forthcoming G8 meeting remains to be seen.

The interests of Germany and Russia to improve their relations with the U.S. as their strategic ally should be sufficient inducement for both to take the lead on the GME initiative. Such lead should get the U.S. off the hook, a welcome relief, and accomplish the broad objectives of all G8 countries. Whether Germany and Russia are willing to spend some of their capital on the Middle East must be weighed against their earlier Iraq-related rift with the U.S. With Bush's re-election for another four years, I am inclined to bet that the two countries would find ways to get the G8 out of the deadlock.

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# Challenges of Market Building

*Tommaso Padoa-Schioppa*

The many challenges presented by market building are at the heart of public debate not only in Russia, but in the EU as well. The EU started its effort almost fifty years ago and is now in the process of completing a Single Market which encompasses 25 countries. Russia began its market building efforts much more recently and its endeavor is mainly concentrated on the domestic scene. Although at different stages, both the EU and Russia are, in a way, transition economies. Moreover, both face, in addition to the building of a market within their own borders, the challenge of connecting with each other through appropriate cooperative arrangements and consistent with established international standards.

Against this background, the Eurosystem [that comprises the Frankfurt-based European Central Bank (ECB) and the national central banks of the 11 euro-area countries – Ed.] and the Bank of Russia launched a major cooperative project in the field of banking supervision almost one year ago. Under the auspices of the European Union, the ECB, nine euro-area central banks and three EU supervisory authorities are now sharing with the Bank of Russia their experience in promoting and maintaining a stable financial system. All of the participants of this cooperative effort

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are well aware that the ultimate goal of their project is to improve the functioning of the economy.

When discussing experiences in market building, one occasionally hears the complaint that progress is too slow. For example, concerns have been raised that Russia is backtracking from its path of reform in favor of the strong influence of the state. At the same time, the EU is occasionally portrayed as “an overly bureaucratized organization which has lost its dynamism.” Some observers have also expressed their disappointment about EU-Russia relations since the signing of the Partnership and Cooperation Agreement.

In spite of the small grain of truth these criticisms may contain, they reflect the naive assumption that market building is a simple undertaking. This assumption is plainly wrong. Market building is a difficult process which inherently takes time. Indeed, the experience of more than thirty years in Europe provides enough proof of this. And yet, despite the challenges it is currently facing, the European experience suggests that – against all odds – goals can be achieved, which at the start were seen by many as illusory. Thus, I am deeply convinced that any difficulties or even setbacks should not lead to deviations from the main path toward the objective, since any detour is almost bound to lead to a dead end.

## PRINCIPLES OF BUILDING DOMESTIC MARKETS

In the last two decades, Russia and the EU engaged in unprecedented market building projects. In 1986, the EU decided to complete the Single Market, while in 1992, Russia, which had been operating for more than seventy years under the principles of central planning, began transforming itself into a market economy. A widely shared assessment of both projects seems to be that much has been achieved, but more needs to be done.

Why does market building take so much time and why is it so difficult? Of course, political constraints play an important role. The building of markets represents such a fundamental change that political obstacles challenge the implementation of almost

each step of this process since there are always groups and coalitions interested in retaining the status quo. To meet these challenges, a strong civil society is needed, where different and opposing interests engage in open public discourse. From the political point of view, this means being ready to take steps that may be unpopular in the short run, but serve long-term goals. It also means delegating the implementation of this project to sound and independent institutions. From the economic point of view, this is most relevant with regard to the interest of consumers whose interests are usually sacrificed for the interests of the producers.

However, it cannot be denied that market building is not only made difficult by its opponents, it is *inherently* difficult. Both history and theory indicate that Adam Smith's famous 'invisible hand' produces the wonder of enhancing 'the wealth of nations' only when the spontaneous actions of individuals – each pursuing their own interests – are channelled and framed by the Rule of Law. Moreover, markets are not always perfect. Financial markets are a prime example, since it is prone to instabilities and crises. Imperfections and failures, although often linked to the interference of the public realm, are primarily caused by external factors and incomplete information. This leads to situations where the actions of individuals seeking to maximize their own benefits may be detrimental to others. Economists refer to this behavior as 'moral hazard.' For example, undercapitalized banks have an incentive to engage in risky investments, while the depositors, as opposed to the owners, carry most of the losses in case of failure. Banking supervision aims at countering this moral hazard through minimum capital requirements and by providing banks with incentives to invest funds in a prudent manner.

That markets may not work, or may not work efficiently, implies that a market economy needs a legal and institutional framework, as well as other forms of public action. In practice, there is a multitude of markets of different reach, complexity, vulnerability, and quality. The grocery trade, for example, is local and much less vulnerable to sudden disruptions than national or international financial markets. Any regulatory

framework and public intervention must be able to recognize this multiplicity and diversity and be tailored to the specificities of sectors, goods and services. In general, public policies should always keep two objectives in mind. First, they should account for the risks associated with deficiencies and failures. Second, they should allow as much as possible for spontaneous actions by individuals creating, maintaining and organizing their businesses. This means that the regulatory framework must be aware that an economy has a policy and a market, and that the two must work in a harmonious relationship.

The legal and institutional framework is an essential part of market building. In analytical terms, the institutional framework is a means to lower transaction costs and facilitate exchange by providing participants the assurance that a strong third party will enforce the contracts. When such a framework is lacking or inadequate, not only is efficiency much lower, as the experience of informal sectors in many countries suggests, but greed and ambition often degenerate into disorder, mistrust and deception. It is undeniable that, in order to function effectively, market economies need the Rule of Law and a strong set of public arrangements.

Under normal circumstances – that is, when the economy is functioning on an orderly course – the policies and the market move together in a balanced way. The peculiarity inherent to any economic transition, not only in Russia, but in the EU as well, is that in order to reach an orderly course a difficult regime change is required.

There is no universally acceptable and proven blueprint for such a change, since the development of norms and regulations is only effective if it reflects the peculiarities of the economic and social structure of the respective countries. This is why the creation of a single market in Europe has been such an enormous task. Almost all of the national legislation regarding economic matters had to be re-written. This was only possible by limiting the sovereignty of member states with regard to the management of the economy. Indeed, the creation of the European single market

required a move from unanimous to majority decision-making, introduced by the so-called Single European Act of 1986.

Although the development of new *laws* is a challenge in itself, even more difficult is the development of the proper *institutions* responsible for enforcing and implementing these laws, monitoring their compliance and sanctioning infringements.

In order for institutions operating in a market economy to function effectively, credibility is a key prerequisite. This also applies to local administrations which register and license new businesses.

Building and maintaining the credibility of a public institution is a difficult undertaking and contains several dimensions. One is the legal framework itself, which must provide the institution with the necessary and appropriate means to achieve the goals it has been created to achieve. Other dimensions relate to transparency and accountability, communication, functions and structures. Ultimately, credibility is time-dependent, as it is the track record itself which speaks for a given institution and determines its rating among the economic agents and society at large. Bureaucratic red tape, lack of transparency and corruption are the main reasons why institutions occasionally hamper the very process they were created to foster.

#### GLOBAL MARKET BUILDING

Not surprisingly, at the global level is where the establishment of a harmonious relation between the market and economic policy is most arduous. At the same time, an agreed set of standards and regulations is more needed globally than domestically, since information among the international economic agents is likely to be more incomplete than in a domestic setting. Different habits, business cultures, languages, legal and institutional frameworks pose additional hurdles to the exchange of goods and services. Even after all formal obstacles are abolished (for example, customs duties), it is still possible to observe a “home bias” since information asymmetries tend to grow with geographic distance.

Over the years, the global exchange of goods and services has been growing very rapidly in spite of persistently inadequate economic policies. In terms of world GDP, international trade rose from about 30 percent in 1990 to more than 42 percent in 2003. Similar trends are observed with regard to international capital markets, foreign direct investment, and migration.

The legal and institutional framework for international transactions has evolved over the years in a positive manner although it is still far less developed than in any domestic system. In the field of trade, the World Trade Organization provides legal ground-rules for international commerce. In the field of finance, cooperation is on a more informal basis, with sectoral committees, such as the Basel Committee for Banking Supervision (BCBS), or the Committee on Payments and Settlement Systems (CPSS), setting standards which are adopted worldwide and monitored by the International Monetary Fund. The OECD sets principles on corporate governance. Accounting principles are set by the International Accounting Standards Board. The Financial Stability Forum oversees and coordinates activities related to financial stability. Independent of their form and status, the standards, rules and regulations adopted through these forums have an impact on a country's international profile since *de facto* compliance are key elements for having full access to the global economy. This is why Russia would benefit from becoming fully compliant with these international standards.

Market building takes more time and produces softer results across countries than within countries. It is most difficult on a global scale, which is comprised of over 180 sovereign countries. Regional integration and cooperation (inside the Commonwealth of Independent States, for example, or the European Union) lie between the domestic and global activities. Such cooperation often helps increase the efficiency of the market economy in the fields of trade, finance and investment, to an extent that the global economy will perhaps reach only in a distant future. Indeed, interdependence advances faster regionally than globally. For example,

the most productive model for trade integration is built on two variables: the economic size of the trading partners and the distance between them.

Similar observations can be made for the internationalization of production and finance. Moreover, geographical proximity often goes hand in hand not only with close mutual interests, but also with a shared political and cultural heritage. This is reflected in more comparable institutions and norms which facilitate the regulatory convergence and the establishment of common institutions. Thus, cooperative arrangements between neighboring countries, which are not only consistent with, but even conducive to integration into the global economy, are likely to have a bigger impact on the region's output and welfare than similar arrangements with geographically distant countries.

#### EU – RUSSIA RELATIONS

Russia has for many years been the EU's fifth largest trading partner, accounting for roughly 5 percent of its overall trade. This trading relationship, however, is more important for Russia, since more than 50 percent of its overall trade is with the enlarged EU. Reflecting the comparative advantages, about 70 percent of total Russian exports to the EU are energy-related, while approximately 50 percent of Russia's total energy exports go to the EU. As one would expect, EU exports to Russia are more diversified, with machinery topping the list and accounting for little more than 20 percent of the EU's exports to Russia, followed by electronic equipment with 12 percent. Any other product category is in the single digit level.

Financial links are also well established, as the EU accounts for the largest share of the accumulated foreign investment in Russia. Loans, the major source of foreign capital flows to the Russian Federation, are predominantly granted by European *banks* which hold – among BIS reporting banks – almost 90 percent of the Federation's outstanding bank debt. By contrast, foreign direct investment by EU *companies* is still low, although it has been on the rise, mainly in the retail, banking and automobile industries.

This indicates that European companies increasingly perceive Russia as a large market for EU goods and services, which has become more attractive in the last five years due to its consistent growth.

Europe and Russia are two economic spaces which are bound by history and geography. Furthermore, many links exist in education and culture. Today, EU-Russia relations are based on the Partnership and Cooperation Agreement which – among other things – sets the goal of strengthening commercial and economic ties with a view toward establishing a EU-Russia free trade area. Both sides agree that stronger links should be established between the EU and Russia than those embodied in internationally agreed standards and forms of cooperation. More than ten years have passed since the PCA was signed, and I regret that there has been less progress than was originally anticipated.

For progress to be achieved, vision, steadiness, and realism are all required in equal proportion. Vision is necessary to provide direction and ensure that relations between the partners are not derailed by occasional “micro-conflicts,” as President Putin has recently called them. The goal of establishing a Common European Economic Space between Russia and the EU encompassing almost 600 million people represents such a vision. Moving together toward this goal requires the convergence in legal issues.

Steadiness is needed to take concrete steps wherever it is possible. The EU-Russian agreement on the Russian Federation’s accession to the World Trade Organization has been one such step, and is important because WTO membership will foster Russia’s transparency, predictability, and tariff reductions.

Finally, realism is required to accept compromises in areas where – at the current stage – interests are too diverse for an agreement to be possible. Again, WTO negotiations between the EU and Russia provide a useful example. Initially, the issues of reform and pricing in the energy sector were a major hurdle, but eventually an agreement was found and Russian energy prices to industrial users are to be doubled between now and 2010.

## MONETARY ASPECTS

Money is perhaps the very essence of any exchange economy; to provide a stable currency is the key contribution of any central bank. Tidy government finances, moderate wage allowances, and a sound financial sector are of crucial importance. This is why so much emphasis was put on stabilization policies when the centrally planned economies started the process of market building. Privatization, price liberalization and improved governance have been critically important, but their beneficiary effects could only be felt in an environment of monetary stability. Western Europe faced similar challenges: price stability and the independence of the European Central Bank were the focus of an intensive debate concerning the design of the Monetary Union.

Progress in monetary stability has been remarkable in both Russia and the EU for the last fifteen years. In Russia, inflation has dropped from about 100 percent to almost single-digit levels; the exchange rate has been largely stable. Furthermore, interest rates have declined to their lowest levels since the beginning of the transition, while the government budget has been running surpluses. In the European Union, monetary tensions, high inflation in some countries, exchange rate crises and macroeconomic imbalances have been removed in the run up to the euro and have not resurfaced since. The euro area is an area of stable prices and low levels of long-term interest rates.

Exchange rate stability has a positive impact on trade relations between currency areas, suggesting that sharp fluctuations should be avoided. On the other hand, a stringent exchange rate commitment may run counter to domestic objectives and a fix may conflict with the needs of economic adjustment. In a world that operates by the high mobility of capital, both a commitment and a fix are hard to sustain anyway. Indeed, this was the reason behind the collapse of fixed exchange rates in 1973 that led to the introduction of floating major currencies.

The euro is one such floating currency; this is rather obvious since the euro area is a rather closed economy. Moreover, euro area trade is geographically diversified, with the United States,



Europe's first trading partner, accounting for less than 15 percent. Foreign debt of residents in the euro area is mainly euro-denominated, while these individuals hold virtually no foreign currency in the euro area banks.

The case with Russia is different. Indeed, for most of the post-Soviet period Russia has anchored its currency to the U.S. dollar, and there are several reasons for this. The most important is that natural resources – traded in the global arena, where prices are quoted, and payments invoiced, in U.S. dollars – are Russia's main export item. Russia's financial links with the global economy are primarily based on the U.S. dollar, while most of Russia's international debt is denominated in U.S. dollars. Finally, foreign banknotes and foreign exchange deposits are mainly held in U.S. dollars.

Thus, while the geographical structure of Russian foreign trade has a European (i.e. euro) bias, the anchor currency remains the U.S. dollar. It follows that the competitiveness of the Russian economy is, to a certain extent, influenced by fluctuations in the euro-dollar exchange rate. Assuming that linkages between the EU and Russia will strengthen in the near and medium term, this currency mismatch may further increase.

To account for this, the Bank of Russia has adjusted its exchange rate policies over the last two years. It is now placing more emphasis on the ruble's real exchange rate, which also reflects changes in the euro-dollar exchange rate. Moreover, there has been a gradual increase of euro-denominated assets in Russia's foreign exchange reserves.

There have been repeated calls for the further diversification of invoicing and settlement currencies in EU-Russian trade in favor of the euro. This primarily involves the energy trade. Against this background, it is no surprise that the possibility of invoicing energy exports from Russia to Europe in euros has been the main issue in the debate on monetary and financial aspects of EU-Russian relations. In any case, the choice of invoicing and settlement currency is an issue dealt with in private contracts. Authorities should not interfere in this.

Invoicing energy in euros would raise challenging questions. The functioning of standardized global markets, such as the energy market, is closely related to the choice of currency. Economic analysis suggests that network externalities lead to the use of only one currency. A partial switch could make markets less transparent, less fluid and less efficient. On the other hand, considering that more than 50 percent of Russia's total trade is with the EU, Russia may find it increasingly less beneficial to make its competitiveness dependent on fluctuations in the euro-dollar exchange rate. This is all the more relevant given the dominant role of natural resources in Russia's export structure and the authorities' aims to diversify export and production structures.

In late May of this year, the central banks of Europe and Russia met for their first High-Level Joint Seminar in Helsinki. Monetary and exchange rate policies, trade and financial links between the two economies and developments in their domestic banking sectors were given much attention. Together with the TACIS project in the field of banking supervision, this dialog reflects the conviction that cooperation between our institutions is necessary in order to meet the monetary challenges of the emerging regional and global markets.

At the same time, one has to keep in mind that monetary aspects represent only one dimension of market building. Progress is needed in the design of many different segments of the economy, from energy to finance, from labor to international trade. Only by implementing reforms and building appropriate structures, can we alleviate concern about the inertia of reform, insufficient diversification or lack of dynamism.

Market building is a difficult process and requires time. However, given its great potential in raising living standards and creating wealth for our citizens, the EU and Russia have much to gain if they take the right course. This applies to our efforts domestically, as well as on a regional and international level.

# Insight Into American Policy



Illustration from the *Novoye Vremya* magazine, 1917

“ Confidence in their own superiority is probably the dominant attribute of the American. The entire pyramid of American patriotism stands on the idea of superiority: there is much to be improved in America, but still it is the best country in the world. A feeling of superiority has worked its way into the American consciousness in much the same way that injured pride has worked itself into the consciousness of the contemporary Russian. ”

The Sources of American Conduct     *Alexei Bogaturov*

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Limited Possibilities and Possible Limitations     *Nikolai Zlobin*

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# The Sources of American Conduct

*Alexei Bogaturov*

In March 1946, the U.S. chargé d'affaires in Moscow, George F. Kennan, sent a famous 'long telegram' to Washington. That document remains to this day one of the most exemplary attempts in the U.S. to analyze the motives behind the foreign policy of Josef Stalin and his administration. In July 1947, *Foreign Affairs* published that document in a somewhat modified form in an article entitled *The Sources of Soviet Conduct*. Kennan exerted much influence on America's political thought by formulating the key concepts of 'deterrence' toward the Soviet Union. For decades, those concepts largely determined America's relations with the Soviet Union.

Kennan's analytical undertaking is of interest as one of the first successful attempts to expose the political, psychological, ideological, and cultural determinants of a nation's foreign policy. Without such an understanding it is as difficult to formulate an effective foreign policy today as it was half a century ago, especially when it involves the largest international partners, such as Russia and the U.S. This article aims to mirror Kennan's attempt and expose the specific motives that the U.S. elite follows in its relations with the outside world.

DEMOCRACY OR AMERICAN DEMOCRACY?  
Confidence in their own superiority is probably the dominant attribute of the American. It is observed among different eco-

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American "patriotism" knows no borders. The *Ogonyok* magazine, 1951

conomic classes, as well as among the U.S.-born and recent migrants. It is observed in the educated and not particularly educated. It is observed in the various political affiliations, such as the liberals and conservatives, and even among those who are politically indifferent. The entire pyramid of American patriotism stands on the idea of superiority. Manifestations of patriotism may be variegated, but they are always reduced to the common denominator: there is much to be improved in America, but still it is the best country in the world. A feeling of superiority has worked its way into the American consciousness in much the same way that injured pride (self-resentment) has worked itself into the consciousness of the contemporary Russian; in that sense, Americans are the reversed reflection of Russians.

For about two centuries, Russians have been obsessed with questions of intellectualism or anti-intellectualism, while vacillating between the standards of democracy and xenophobia. Representatives of both camps complain about the horrors of living in Russia; such self-torture is incomprehensible to the average

American mind. Citizens of the U.S. can pass the harshest judgments on any president, but to call into question America's essence is inconceivable. To the American mind, to debase one's country even by words is to place oneself beyond morals. Americans love their country and understand how to love it. They have developed a ramified culture of love for their homeland that admits of criticism, while at the same time rules out irreverence — even toward its vices.

There are many things that make the U.S. worthy of respect; however, the average American ignores the true statistics of his country's achievements. I believe that America's conviction that it "is the best" would be its key characteristic even if the U.S. were not the wealthiest and most powerful country. Why, you ask? Is it because new immigrants continue to arrive at its shores, while few are in line to leave? This argument is incontestable in mass consciousness. Why are Russians loath to admit that hundreds of thousands of people, many of whom are healthy and educated, are streaming to Russia from Ukraine, Moldova, Kazakhstan, China, Vietnam, Central Asian countries, and the South Caucasus?

American patriotism has yet another side — a genuine, sometimes blind and frightening, conviction that the U.S. has a calling to "set an example to the world" and to "help" it adopt their notions of good and evil. This is the second most important trait of the American character. The American people typically have a serene belief that their conceptions are good for everyone since they embody the superiority of the American experience and the successes of affluent American society.

It is commonly believed that the system of American values relies on the idea of freedom, yet Americans tend to intertwine the abstract notion of *freedom* with the more specific notion of *democracy*, although the two notions differ from each other.

True, the white colonizers to the new continent succeeded in defending their freedom against encroachments from the Old Continent. Their efforts were assisted by the democratic organization of the North American colonies. That is why deep in the American mind the idea of personal freedom is organically

linked with the idea of national freedom. Furthermore, in the American consciousness, the notion of 'nation' fuses with that of 'state.' Since the Americans have never known (and never actually sought to know) any other forms of statehood but their own, a specific triad of Freedom–Nation–(American) State emerged. Americans perceive democracy as something embodied in the United States of America, not as a type of social and political structure of a state per se. Democracy for them is a combination of U.S. state institutions and practices. Leading U.S. politicians forward the logic that their country is a democracy, while the European Union countries, for example, possess presidential or parliamentary republics. For the American mentality, these things are not identical.

Paradoxically (from the liberal point of view), the American conception of freedom fuses with the idea of state. The concept of the individual's emancipation from the state did not take root on American soil at once. Since the 8th century, the Europeans have regarded the tyrant state as the antipode of a free individual. In the U.S., the state seemed to be more of an instrument for acquiring freedom, since it was solely due to the state that the inhabitants of the North American colonies won their freedom from the British monarchy.

The idea of the liberation of the individual from the state secured a place in the American mentality only at the time of John F. Kennedy's presidency, i.e. by the 1960s. This concept was tentatively linked to the commencing emancipation of Afro-Americans. Partly because of that, the idea of liberty (as a combination of freedom and democracy) has a somewhat more unstable ground in the American mass consciousness than the idea of patriotism and vocation which refer directly to freedom (for details see N.A. Kosolapov's commentary on "Illiberal Democracies and Liberal Ideology" in *Mezhdunarodniye Protsesty*, No. 2, 2004).

Commitment to such a combination of freedom and democracy is the third crucial feature of America's political vision of the world. In practical foreign policy, 'liberty' quite easily translates

into ‘America’s freedom,’ which implies that the U.S. is permitted the ‘freedom of unrestrained actions.’ The administration of President George W. Bush is conducting foreign policy that perfectly conforms to this understanding of freedom, witnessed by the ideological policy of unilateral actions.

The Americans are confident of the self-value of liberty and cherish it as the supreme universal asset. The concept of the freedom of action, combined with a belief in its historic calling, is embodied in America’s mission, which is to carry the ‘light of democracy’ to all corners of the globe. The conviction that America’s supremacy is justified permits it to ignore any doubts concerning the legitimacy of U.S. ‘rights’ and global ‘responsibility.’ The chemistry of all the three above-mentioned properties of America’s political nature produces the fourth property, which supports the idea of global democratization along American standards.

The Americans’ “proprietary” attitude to democracy may provoke an ironic smile, but it is necessary in order to distinguish the U.S. administration’s arrogance from the particular inner feature of America’s national consciousness. The American peoples’ rather bizarre belief in the almost magic omnipotence of democracy is equally as common for the Russian people’s inborn preference for a ‘strong but merciful’ government and ‘order.’ It is hard for Americans to understand why other countries show a reluctance to replicate on their soils the practices and institutions that have proven effective in the U.S. Their almost morbid desire to ‘democratize’ other peoples against their wishes (as is the case with Iraq and Afghanistan) is a strong characteristic of the U.S. vision of the world. Ironic remarks about this desire produce astonishment or a cold detachment in Americans.

In many ways, America’s approach to democracy has a religious tint. It is partly explained by the high moral authority that preaching enjoys in the U.S. in general. The Protestant missionary preaching to the African slaves, for example, played a huge role in integrating them into American society through their conversion to Christianity. Thus, in the American mental-



ity, the democratization of the world has acquired sacred significance, since its aim resembles the customary forms of religious conversion.

There is reason for sarcasm here. It should be noted that what the Russian people believe to be part of their cultural and emotional self-identity, Americans define as 'natural totalitarianism.' Russia was formed on the huge open space of Eurasia, and the Russian state would not have survived without it maintaining a high degree of readiness for military mobilization. This readiness has molded a particular mode of Russian behavior, in which greater accent is placed on subordination than on personal freedom.

Interestingly, the global Communist brotherhood and the global democratic community are the only secular utopias; their power and span can compare with the main religious ideologies of Christianity, Islam, and Buddhism. However, Communism has been thwarted, while religion can only harbor dreams of partially restoring their previous positions. Democracy remains the only universal ideology aspiring to a historic victory worldwide.

The mentality of the political elite in the U.S., like in any other country, has elements of cynicism, yet the average Americans' belief in the usefulness of democracy for other countries contains much sincerity. This explains the intrinsic energy, a genuine pathetic element, and even romantic heroism, which enables the Americans to convince themselves that they are working to enlighten the world as their warplanes are dropping bombs on Serbia or Iraq.

Democratization is, in fact, a peculiar supra-ethnic state interpretation of *American nationalism*. The U.S. successfully poses democratization as an ideology of *multinational solidarity*. This is a rebuke addressed to U.S. politicians and intellectuals, as well as a footnote about the character of the average American. An ordinary American has only partial responsibility for the policies of a power group he votes for. His vote, refracted by the electoral machinery, brings a particular group to power, but leaves him with limited opportunities for influencing its decisions on an everyday

basis. However, his opportunities of influence are greater than are the average Russian's chances to influence his government.

An ordinary U.S. voter who does not have enough opportunities to influence his country's foreign policy easily shakes off any notions that he may be somehow guilty for it. Economic policy and domestic issues evoke debates, but foreign policy is an area of consensus. Despite the seeming split in American society over the war in Iraq, the actual polemic concerns the tactics of securing a victory – whether the U.S. should achieve this goal by relying solely on its own forces, or cooperating with allies; should it ignore the UN or engage in some sort of token cooperation with this international body. When it comes down to the question of winning the war, the Democrats and the Republicans display unanimity.

This type of attitude toward war with an obviously weaker enemy is no novelty in American history. Nor is it new in the history of the Soviet Union (the war in Afghanistan), France (Algeria), Britain (the Boer War), or China (the 1979 war with Vietnam). In the 1960s, the Americans began changing their attitude toward the Vietnam War only with the approach of the 1968 presidential election. At this time, the Republican Party staked its electoral victory against the Democrats on popular antiwar sentiments. The Republicans poured money into the news media and released formerly unknown facts concerning U.S. losses in Vietnam. Journalists, and the owners of the news channels, had this information beforehand, but they waited for the opportune moment to make it public.

#### “ENDLESS” AMERICA

The fifth feature of America's unique vision of the world can be witnessed through its *Americanocentrism*. Placing one's own country into the center of the universe was typically a feature of the Chinese; this may have been so in the past.

Nations of the small and condensed European continent could hardly develop a “centric” psychology. All of them invented an ancestry based on the legacy of two (Western and Eastern) Roman Empires— the empire of Charlemagne, and the Holy Roman Empire of the German Nation. The Europeans perceived them-

selves as ‘parts of a whole’ as opposed to actual centers. It was quite common for the political center of Europe to shift from one country to another.

Russia never quite succeeded in developing the idea that it was the ‘center of the universe’ either. Throughout its history, it cast its gaze on Byzantium, then the Golden Horde, and then Western Europe, investing all of its strength in overcoming marginality rather than positioning itself as the center of the universe.

The U.S. did not develop Americanocentrism for quite a long time. Its policy had elements of isolationism and a tendency to enclose the Western hemisphere into a kind of ‘American home,’ according to the Monroe Doctrine. These concepts did not imply aspirations on a global scale. The idea of *Pax Americana* budded in the minds of American intellectuals only after World War II, but for America to play the role of the world’s center still remained a fantasy then. Americanocentrism was kept in heavy check by the Soviet Union, and this idea only bloomed after the Soviet Union collapsed.

Americans do not think that the spread of their controls to Bosnia and Kosovo in the 1990s, and then again to Iraq and Afghanistan in the 2000s, is synonymous with expansionism. However, this is not the way that peoples in Russia, Germany, Japan, or China, for example, view it. The Americans think they are tidying up their own house – a peculiar house where the walls “pulsate” and the floor space repeatedly shrinks and then expands. The external walls of this house serve as sanitary cordons and visa checkpoint sieves. From the inside, however, the walls tend to increasingly expand when it comes to U.S. interests.

Any U.S. foreign policy document confirms that Washington includes the whole world in the sphere of its interests. The Americans have the conviction that no other country may have military or political interests in the Western Hemisphere, North America, and even in the Middle East. They have to tolerate the presence of Chinese and Russian strategic interests near their borders, and they view Moscow’s and Beijing’s attempts to set up zones of *exclusive* influence as encroachments on their interests.

The principle of an ‘open door policy’ in the field of security embraces the whole world, except, that is, for regions where the Americans believe it is inappropriate.

U.S. interests represent three partially overlapping zones. The first zone matches the contours of the Western Hemisphere; it is a courtyard of sorts for the U.S. The second zone encompasses the oil-producing regions of the Middle East and the Caspian Sea with outreaches into Central Asia. The third zone sweeps Europe and borders the threshold of European Russia in the West, engulfs Japan and Korea in the East, and envelops China and India. The first zone embodies U.S. security interests, the second – demands for economic security, while the third comprises old and new spheres of actual U.S. strategic responsibility.

International events seem to be the last thing that interests Americans these days. They are immersed in what is happening on the domestic front – everyday social problems, crime, and entertainment. Next, the economy, availability of jobs, elections, political intrigues, and scandals demand attention. Developments abroad, except for situations like the Iraq war, have secondary importance for them. But the Americans view even such stories as Iraq on a purely domestic level; the woes of the Iraqi people do not matter much to them. What matters is the influence that the war has on America’s life – how many more soldiers will die or how much the price of gasoline will rise.

Geography, history, and culture beyond their borders do not especially pique the interest of the Americans. They are only really interested in all things American, while the rest may be of concern only if it poses competition to U.S. products. America pays particular attention to those foreign states with which relations are worse than with others. Fears about Chinese power, for example, prompt government organizations, private companies, and public associations to spend heavily on Chinese studies. An outburst of contradictions with France over the war in Iraq saw the rise of new centers concentrating on French studies. Kim Jong Il’s threatening nuclear program brought about 20 poor (and not so poor) books on the subject of North Korea in 2003

alone – more than all the books written about Russia over the past three years.

The fact that the U.S. media mentions Russia infrequently, and that spending for Russian studies is being slashed, only proves that Washington does not take the ‘Russian threat’ seriously. Meanwhile, U.S. political schools that focus on Russia are going through a crisis, comparable only with the crisis of North American studies in the Russian Federation.

The analysts’ vision will hardly become clearer. The geographic notions of Russia’s counterparts in the U.S. (except professional geographers) writing about Eurasian developments are growing even more obscure than in the past. Since real distances may be deceiving on a world map, one occasionally hears the argument during “scientific” discussions in the U.S. that deploying military bases in Kyrgyzstan and Uzbekistan will increase the reliability of crude supplies to the West. The “scientists” are not dismayed by the vast distances separating the oil fields in Kazakhstan’s Caspian area, which is in the extreme west of the region, and the U.S. bases in Central Asia, located near the border with China. Westerners find all of this unimportant. They imagine Central Asia as a continuous oil pool stretching from Xingjian in northwest China to Abkhazia on the Black Sea – a huge Tibetan-Black Sea oil province with the local people being ecstatic about forthcoming democratization from the West.

#### RUSSIA AND THE U.S.:

##### A UNION OF THE DISCONTENT

U.S. officials prefer to hold talks from the position of strength, projected overtly or covertly. They also reckon with force and use it in one form or another as an instrument of diplomacy. This mode applies to both versions of U.S. policies, whether they be Democratic and Republican.

And yet there is some difference between the two parties. The Democrats believe the use of force is a measure of last resort, while the Republicans are ready to use it without any hesitation, unless they know that the other side may retaliate with a propor-

tionate destructive power. In the 1950s, this willingness was cooled by the fears of a nuclear war with the Soviet Union. However, the absence of apprehension with regard to Russia adds a certain degree of audacity to the George W. Bush administration.

What is the way then to handle a partner like the U.S.? The answer is problematic. *If Russia really plans to become a partner/ally of the U.S., it must seek to become stronger without posing a threat to the Americans at the same time.* Otherwise, cooperation with America will not be considered in earnest. Washington will never see sense in an alliance with a weak Russia, an idea popularized by the ‘defeatists’ of the infamous Yeltsin era. As for the role of a satellite, Russia is simply too heavy for the U.S. to keep in its gravitational field.

Russia must begin the second phase of its economic reform in order to make the economy less dependent on oil and gas exports. At the same time, this will allow it to modernize its defense potential, reform the armed forces, rationalize and consolidate the government, and simultaneously foster democracy. A refusal to build a viable democratic model would be an argument for subjecting Russia to more pressure.

Meanwhile, the place that a moderately strong (and ‘moderately democratic’) Russia has in the American picture of the world is a different story.

The U.S. has known dozens of instances of partnerships with other nations – from Britain, France, Canada and Imperial Russia to China (between the two world wars), the Philippines, Australia, Japan, and Thailand. However, there have been only two cases of a truly equitable partnership. First, there was the U.S.-Russia alliance during ‘the armed neutrality’ under Catherine the Great in the second half of the 18th century. The second occurred during the Soviet-American cooperation during World War II.

No other cases are known. Historical examples of partnerships with America are that of a powerful boss and a less powerful dependant. Such notions of friendship do not match the Russian understanding of unions between equitable parties or between a more powerful party and a less powerful party, where Russia has

the role of the former. We have too many similarities with the Americans, and our friendship cannot be an easy one. Russia is trying to gain more power and hoping to speak more confidently with its foreign partners. The U.S. would like to view Russia as a moderately strong and not menacing country, but it strongly objects to Moscow carrying as much weight as Washington.

There are several versions of special relationships that may exist between two countries. The first, which can be named *Greater France*, is being partly implemented today. Just like France during Charles de Gaulle's presidency, Russia supports the U.S. on major issues, like fighting terrorism, nonproliferation of WMD and respective technologies, and even working to prevent a nuclear conflict between India and Pakistan. Like Paris in the era of de Gaulle, Moscow does not share U.S. approaches to regional conflicts, such as the ones in the Middle East and Northeast Asia. Unlike France, however, Moscow is bound to Washington by an allied treaty and is building its defense strategy on the basis of theories that do not rule out an armed conflict with the U.S.

The second version, *Liberal China*, has no parallels in reality, yet it may come into the spotlight should estrangement between Russia and the U.S. arise from any American unilateral steps in Central Asia or the South Caucasus, which Moscow may consider unfriendly. This will not automatically mean a new confrontation, but will obviously force Russia closer to China.

The latter is certainly concerned about the dubious U.S. military presence along its western borders, as well as the uncertainty about Taiwan. Neither Moscow nor Beijing want a standoff with the U.S., but their mutual suspicions about the unclear American strategies in Central Asia force them to build a closer relationship. Russia's implementation of the 'Liberal China' version will not scare the U.S.; moreover, Washington may find it to be an acceptable scenario, if not attractive, provided that Beijing and Moscow do not team up in a full-scale alliance against it.

Quite possibly, the U.S. might favor the *Russia in the role of a more powerful Britain* option. On the one hand, it would be a friendly country and a supplier of crude oil. On the other, it would

be powerful enough to support America's foreign policy initiatives in the deep inland zones of Eurasia. But no one can say whether Russia's leadership would find this version acceptable, given that Britain conducts a subordinate policy that tends to undermine its authority even among its European neighbors.

As a compromise solution, Russia might consider a combination of the first and third options. Like Britain, Russia would develop relations with the U.S. separately from its relations with the European Union. At the same time, it would be less yielding than Britain and more persistent in defending its positions, like France.

The most rational policy line under such a scenario would be to escape from the embrace of the EU and NATO. Forcing a friendship with the former seems irrational in light of the EU's attempts to impede Russia's rapprochement with the U.S. As for NATO, the prospects for cooperation with this organization are not very good. Its old function as an instrument of security, restricted to the Euro-Atlantic area only, does not have value for the U.S. any longer. A transformation of the alliance from the American point of view implies a greater role than simply a European defense structure. It must acquire military and political functions in Central-Eastern Asia and the Broader Middle East, that is, in the former Transcaucasia and the former Central Asia. Should NATO transform in such a way, Russia will get more favorable conditions for joining the bloc as a key geopolitical power of the region. Should there be no such transformation, NATO will be playing an even more marginal role and there will be no sense in Russia attaching significance to it.

Why does the U.S. need Russia? Russians are accustomed to sizing themselves up as a nuclear power, but shy away from mentioning its "oil identity" – standing in line, together with Saudi Arabia, Kuwait, Qatar, Venezuela, and Nigeria, gives Russians an awkward feeling.

The Americans recognize Russia's nuclear essence in theory and have no intention of denying it, but practical politicians – middle-aged and younger ones in particular – view Russia as the world's leading exporter of energy resources that also has a nucle-



ar capability. For them, Russia is not simply “an Upper Volta with missiles,” but rather *a country with a coupled potential in energy resources and nuclear technologies.*

Arms control is destined to get back on the agenda of the Russian and U.S. leaders. However, it will only happen with the participation of China. If the breakdown of the old nonproliferation regime continues unabated, other countries will have to join in, as well. When that happens, Russia and the U.S. will have new opportunities for joint maneuvering on defense/strategic issues.

This does not mean, of course, that there is no need for Russia to upgrade its nuclear arsenals. It means that in the foreseeable future, any attempt to persuade the U.S. to view its relations with Moscow through the prism of arms control talks will doom Russian diplomacy to stagnation. Russia’s nuclear potential ensures its passive strategic defense, while *the future of active diplomacy requires a combination of offensive instruments in the energy sector, as well as defensive nuclear arsenals.* No other country in the world has the status of being an oil exporter with a nuclear shield, and the only nation that may get it in the future is the U.S.

The Americans are pondering Russia’s oil and gas prospects from different points of view. First is Russia’s export reserve, that is, crude from the Republic of Komi in the northeast of European Russia and natural gas from Sakhalin. Next, focus is being given to Russia’s ability or inability to hamper U.S. imports from deposits close to its borders – on the Caspian Sea shelf, in Azerbaijan and Kazakhstan. Third, the U.S. is pondering the opportunity to affect new importers of East-Siberian oil and gas through China and Japan. The nuclear factor may instigate U.S. suspicions with regard to Russia, while the oil factor generates a constructive interest toward it.

Other factors that focus America’s attention on Russia can be classified into ‘alarming’ and ‘encouraging’ categories. The alarming category would include Moscow’s capability to destabilize those states that are vital for the production and export of crude oil to the West – Azerbaijan, Kazakhstan and Georgia. Another is

Russia's ability to regain domineering positions in Ukraine, which is a new transit territory allowing NATO to extend its military and political functions to new zones of responsibility outside Europe. Among the encouraging factors, the U.S. lists Russia's ability to support it in combating extremists in Broader Central Asia (from Kazakhstan to Afghanistan to Pakistan) or, perhaps, to become a partial counterbalance to Chinese power in the future.

#### REFRACTED PERCEPTION

The caricature of Russia in the U.S. is one of a "failed democracy" and authoritarian. Or it is thought to be a faltering democracy that may either be useful for the U.S. or will damage its interests. Both prospects make Russia worth noticing. American politicians retain an arrogant view of Russia as a beating post, and there are incessant calls "to demand something from the Kremlin," "to tell Putin," "to remind that the U.S. will not tolerate (allow, permit);" these are the typical figures of speech both Democrats and Republicans resort to. They use the standard pretext — Chechnya, the Kremlin's political moves, Moscow's unwillingness to support the reckless operation against Iraq, or its possible replays in North Korea or Iran.

It is true that other countries come under similar attacks from the U.S., as witnessed in the recent controversies with France or Japan. The difference, however, is that the Japanese have one of the most powerful lobbies in the U.S.; France, too, has many sympathizers. On that background, there are few movements working for Russia's benefit in the U.S. The Russian government does not spend money on this, and Russia's big business lobbies its interests in Russia by fanning an anti-Russian hysteria abroad. This is in glaring contrast to how the Japanese, Taiwanese, Korean, or French businesses behave.

Did any of Russia's oil companies invest money in Russian research at, say, the Harriman Institute, New York, or the Henry Jackson School of International Studies at the University of Washington, Seattle, or the Russian and Eurasian Studies Program of the Johns Hopkins University in Washington, D.C.? It is not

surprising then that speakers at American conferences on Russia keep mentioning “authoritarian and neo-imperialist tendencies.”

One thing, however, has changed. In recent years, American political experts in Russian studies have begun reading more often in Russian (Blair Ruble noted it in “Sincerity Is Not Always Bad” [in Russian], *Mezhdunarodniye Protsessy*, 1/2004). But the contrast between the Russian and American approaches is obvious. A Russian manuscript on the United States will never be recommended for publication if it has few references to American sources. Academic councils will not approve a post-graduate’s paper on U.S. studies if at least two-thirds of the footnotes do not refer to American publications. Not in the U.S. During the Soviet era, Americans had a suitable excuse for not reading Russian books, arguing that the Soviets only published propaganda. Rare U.S. works on Soviet social and political thinking of that time epitomized analytic impotence. Before the mid-1980s, U.S. researchers of Soviet mentality would typically quote the resolutions of congresses of the Soviet Communist Party and the works of official Soviet ideologists, leaving unheeded the shifts that were clearly taking shape in Soviet political science in the form of cautious but quite revisionist books. As a result, U.S. political scholars overlooked Mikhail Gorbachev’s perestroika and the subsequent disintegration of the Soviet Union.

Dozens of new books and hundreds of articles have been published in Russia since then. They offer a broad array of opinions of new-generation writers — and so what of it? But for rare exceptions (Robert Legvold, Bruce Parrot, Blair Ruble, Fiona Hill, Gilbert Rozman and, partly, Andrew Kuchins and Clifford Gaddy) U.S. political writers on Russia read Russian publications but occasionally. Footnotes quoting Russian materials are an exception, not a rule, in such works. They barely comprise one-third of the authors’ total references.

What does a U.S. political scientist refer to? First, Americans enjoy quoting one another. Second, they use the English-language newspapers coming out in Moscow. They close their eyes to the fact that these articles are addressed to readers abroad, while the Russians themselves ignore them and do not experience their

influence. Third, they use English-language books written by Russian authors *by the orders of U.S. institutions*. The latter category of books is also intended for the American audience, and they characterize only the smallest percentage of Russia's political and intellectual situation. In other words, Americans pay Russian authors for the conclusions they need. What the ratio of refraction in those scholastic prisms amounts to is an easy guess.

Had the Americans read more Russian works in the original, they would have learnt something about the prospects for their own country from the history of the lost Soviet Union. It might have cautioned them against certain moves.

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The U.S. uses historic chances to fix its supremacy in international relations for as long as possible. This is a clue to understanding U.S. policies. The danger is that the Americans feel free to use any instruments for achieving this end, including the very riskiest. It would seem that no external force – countries or their coalitions – can halt the Americans' advance along this road. However, the international environment, which has evidenced marked changes under the impact of multinationalization, may often complicate efforts toward the realization of American global leadership.

The essence of debates in Russia around the prospects for Russian-American rapprochement is the need to work out the best possible stance not so much toward the U.S. but toward the historically overburdening task that it has chosen – proudly or imprudently – for itself.

America's global strength cannot be considered outside the context of egotism in its foreign policy. At the same time, the world obviously benefits from America's readiness to bear the burden of global problems, like nonproliferation, fighting drug trafficking, weeding out of multinational crime, normalization of the global economy, solutions to the problems of famines and pandemics, and finally, the slashing of national governments' authoritarian potentials.

Will the world benefit from a situation where Washington's "liberal despotism" gives way to a different and still opaque version of fighting for *new* hegemony? A rise of global harmony does not seem very likely if the international grandeur of the U.S. collapses. In light of this, what is the better option? Should the world wait for a "revolutionary overthrow" of the leader, or should it pool the collective wit and squeeze the leader's ambitions into a format compatible with the U.S.-designed constitutionalism?

When George Kennan, the inventor of deterrence, wrote his article half a century ago, he despised the Soviet system of government, and tried to feel compassion for the Russian people. That is why his text abounds in cold judgments interspersed with lyrical metaphors. I like the Americans and I cannot hate their system for one simple reason: Russia's present state order, seemingly seething with *anti-American* sentiment, imitates the basic features of the *American order*. This is not accidental and not at all bad, I think. Such is the most significant feature of life in present-day Russia, where political debate continues unabated.

# Limited Possibilities and Possible Limitations

Russia and the U.S.: What's next?

*Nikolai Zlobin*

Congratulating George W. Bush on his re-election as U.S. president, Vladimir Putin remarked that over the past four years Russian-U.S. relations had markedly improved. He added, however, that the dialog between the two countries would be difficult no matter who occupied the White House. The second part of Putin's statement provokes no objections; as for the "improved" relations comment, this must have been wishful thinking on the part of the head of the Russian state.

In fact, bilateral relations between Russia and the U.S. have become obviously superficial. Their present agenda includes nothing fundamentally new compared with the Cold War era. The two countries continue to ignore a majority of their mutual problems, while focusing their efforts only on the traditional areas of cooperation — security, nonproliferation of weapons of mass destruction, and trade in energy resources (the latter area of bilateral contacts emerged not long ago, and achievements in this field remain the least).

Over the last few years, the bilateral relations, far from growing stronger, have approached a dangerous point. The elites in the two countries have developed feelings of mutual disillusionment with each other, as well as the suspicion that the other side is secretly nurturing hostile plans. Figuratively speaking, the Russian-U.S. political space now consists of a small sitting-room

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where the two presidents demonstrate their mutual sympathies before the cameras, but beyond view is a large pantry into which they dump the increasingly complicated problems. Actually, the presidents' friendship has ceased to be a means for solving these problems and is actually becoming a means for veiling them. Putin's repeatedly expressed wish to see George W. Bush re-elected president in 2004, was yet more proof that relations between the two countries have become fragile and unreliable and that their foundation, resting on personal ties between the two leaders, has grown unstable.

On the horrible day of September 11, 2001, President Putin was the first world leader to telephone Bush. He assured him that Russia was on the U.S. side. Yet, despite the importance of that gesture, it was obviously not enough for building new relations between Moscow and Washington. It is obvious to the White House that Russia has never become a true ally of the United States. The Kremlin, in turn, has grounds for complaining that Bush, believed to be the most "pro-Russian" president in modern U.S. history, continues to force Russia out of its sphere of influence; Washington is ignoring Moscow's interests, especially in the countries of the former Soviet Union.

## TWO POLICIES, TWO FAILURES

The end of the Cold War introduced unique opportunities for a strategic partnership between the U.S. and Russia, which, however, have never been used. President Bill Clinton believed that support for Russian democracy would be a major factor in the success of U.S. foreign policy. Many influential members of his administration — from Vice President Albert Gore to Deputy Secretary of State Strobe Talbot — were involved in these efforts. However, the Clinton administration built only unstable mechanisms for coordinating mutual interests and conducting dialog in critical periods. The construction of a fundamental long-term basis for new relations was never started.

During the 2000 election campaign, George Bush accused the Clinton administration of "losing Russia." Yet, after Bush came

to power, he rejected all the mechanisms built before him and Clinton's idea of U.S. participation in building a new Russian society and state. Bush reduced his Russia policy to relations between official structures – and only in the military and political spheres. This tendency markedly increased after September 2001. Hoping for Putin's support in the war against terrorism, the White House backed the Russian leader's actions, ignoring the Kremlin's political evolution.

Washington's strategy has proven to be erroneous: the possibilities for its influence on Moscow have decreased dramatically, while Russia is now farther away from democracy than it was four years ago. (In all fairness, it must be said that, apart from the White House's position, these developments were also caused by objective factors: the high oil prices and economic growth in Russia have made it independent of international financial institutions.)

Thus, two different U.S. strategies vis-à-vis Moscow have proven to be unsuccessful. Today, there is no unity in the American Establishment as to what policy should be pursued toward Russia, as there is simply no more enthusiasm for the project.

The Bush administration has ceased to regard Russia as a strategic ally. The reason is not only the problems affecting Russia, but the White House's general approach to international relations. Actually, Washington has ceased to rely on allies, and its foreign policy rests on the assumption that the United States, the world's most powerful military, political and economic nation, does not need strategic support from the outside. America can (and does) accept support from other countries within the frameworks of temporary coalitions set up to solve one or another problem, but tomorrow it may lose interest in these countries, or even declare them enemies. Unfortunately, the Washington-Moscow relationship now works according to this principle.

The transition to tactical military and political cooperation and, using what U.S. Secretary of Defense Donald Rumsfeld has called a "flexible" coalition, strategically leads U.S.-Russian relations nowhere. Yet, it is convenient to the microscopic part of the Establishment in both countries which has monopolized the bilat-



eral contacts; this monopolization is yet another serious obstacle to progress. Washington continues the practice of focusing its efforts on individual groups and personalities in Russia. This model has long exhausted itself, and its further use will effectively discredit the partnership idea.

#### WHY DOES AMERICA NEED RUSSIA?

Today, Washington does not see a role for Moscow to play in its long-term prospects. It professedly ignores the fact that Russia, as the owner of the largest nuclear arsenals outside America, is the world's only country that is capable of calling into question America's existence. Russia possesses colossal resources of radioactive materials that can be used in the production of nuclear weapons, as well as resources, technologies, practical knowledge and specialists required for producing other types of WMD. Without a partnership with Moscow, the U.S. will never be able to ensure WMD nonproliferation.

Russia is a U.S. ally in the struggle against international terrorism. Geopolitically, it remains a major power playing a key role in Eurasia (the Caucasus and Central Asia) and is a close neighbor to countries that are in the focus of Washington's attention – Iraq, Iran, China, India, Afghanistan, Pakistan, and North Korea. Russia is a member of the UN Security Council, and America finds it difficult to present its international initiatives as legitimate without approval from the Security Council. Finally, Russia can influence the world energy market, and may be a serious alternative source of energy for the U.S. Russia's integration into the global economy would benefit American companies as it would give them access to the Russian consumer, as well as to its labor markets.

What prevents Washington from turning toward Russia?

The main obstacle is the worsening social and political situation in this country. International practices in the second half of the 20th century demonstrated that a genuine strategic partnership emerges only on the basis of a common vision and a common system of values. Washington and Moscow do not share such a system; moreover, the differences in their basic values have increased

over recent years. The U.S. no longer views Vladimir Putin as a democrat, at least in the way this word is understood in the West. Washington is confident that the growth of authoritarianism in Russia will inevitably generate frictions between the two countries. Sooner or later, the Kremlin's actions will come into conflict with the interests of America and its allies.

Washington is perplexed by the fact that President Putin, despite his numerous general statements made since he came to power, has never formulated a clear-cut strategy for developing Russian-U.S. relations. As the White House has repeatedly made clear in conversations with Moscow officials, it would like the Russian leader to expound in public his vision of Russia's U.S. policy and thus send a clear signal to the Russian and world elites. Yet, this has never happened, and the question remains unanswered whether an alliance with the West is Moscow's real strategic choice.

### THREE VIEWS ON RUSSIA

Today, in the U.S., there are three opposing views on Russia. Some people believe that the new Bush administration must make a resolute statement about the developments in Russia. It must make every effort to stop the development of authoritarian tendencies there, and make it clear to the Kremlin that its degree of democracy is a more important criterion for Washington in assessing the situation in Russia than its readiness for cooperation in the war against terrorism. The West has a powerful lever of influence — through the Group of Eight, to which Russia was admitted during Clinton's presidency “as a favor,” as some people say. Many of them are even ready for a confrontation with the incumbent Russian government. This group, comprising Democrats and some neo-Conservatives, is rather large and influential, especially in the mass media and nongovernmental organizations.

Another group holds that America should take a critical yet wait-and-see position and watch developments in Russia, namely, following parliamentary and presidential elections and the takeover of power. People holding such views believe that, on the

one hand, the Putin administration is a political reality with which the world has to reckon with; on the other hand, U.S. interests in Russia require the development of a long-term strategy for relations with Moscow in the post-Putin period. This point of view does not have many proponents, yet it has much influence in the White House.

The third group combines some aspects of the first two groups' approaches: it criticizes the Russian authorities on some major issues and, at the same time, advocates mutual cooperation wherever possible. It argues that influencing the situation in Russia and, simultaneously, retaining prospects for a strategic partnership is possible only through Moscow's renewed involvement in a partnership with the U.S. and new attempts to integrate Russia into the West – but not through increased isolation of Russia in the world. Proponents of this view speak of the possibility for a new honeymoon between Russia and the U.S., like the one that took place more than a decade ago. In order for this to work, they argue that Washington must find the right model for encouraging Moscow's cooperation. This group includes some traditional Republicans and moderate Democrats, among them some members of the John Kerry team.

The three groups, however different they may be, adhere to some common principles. First, unpredictability and chaos in Russia would pose a threat to the whole world. The West is interested in a strong and stable Russia that would support order on its own territory and make a real contribution to regional and global security. Not everybody, however, thinks that Russia is now able to cope with such a huge task.

Second, Russia must become a full-fledged democratic, rule-of-law state that would respect human rights, as well as possess a normal system of checks and counterbalances with a transparent and accountable government. Such a Russia may join the community of democratic states, in which the U.S. is strongly interested. Yet, many analysts are skeptical about this possibility, as well.

Third, adherence to the ideals of democracy and human rights is not a political program of America, nor are they tactics used in

one or another situation, but the fundamental basis of the Western world's system, irrespective of what parties and presidents are in power. It is from this principled position that the U.S. will always assess Russia. The view, widespread among the Russian political elite, that America will tolerate an authoritarian regime in Russia because Washington is more interested in a stable and predictable Russia, is naïve and vulgar. Historical experience, in which Americans strongly believe, shows that it is only democracy that can bring long-term stability and predictability.

Fourth, everybody in the United States agrees that Russia can be a leading nation in Eurasia. And it is in U.S. interests to see that Moscow stops demonstrating its imperial aspirations in its foreign policy, on the one hand, and rids itself of the "besieged fortress" syndrome, which is rooted in Russia's past, on the other hand. This syndrome provokes a certain amount of xenophobia in the country's domestic policy, together with an aggressive yet passive approach to world affairs. The part of the American Establishment that knows better Russian history, culture and mentality believes that a change will come about only after several generations change in the Russian elite.

Fifth, the West is interested in a united Russia, because its disintegration would have grave consequences for global security and stability. However, there is no agreement amongst the experts as to whether Russia's territorial integrity can be preserved, what political and administrative methods can be used to solve this problem, and how effective these methods can be. In particular, there is no clear vision how the Chechen problem should be solved. Today, the United States can offer Russia only general political support; it is not prepared to offer Russia guarantees for the unity and integrity of its territory. Nevertheless, negotiations on this subject are possible. At the same time, Washington is not ready to give such guarantees to countries in the South Caucasus and Central Asia, yet it would not object to the inclusion of this issue in the agenda of Russian-U.S. relations.

Sixth, everybody agrees that Russia can become a factor in stabilizing the world energy market, and this would help the U.S. diver-

sify its sources of imported oil and gas. For this to happen, however, Moscow must be politically prepared for a confrontation with OPEC and some Arab oil producers, with which it presently enjoys good relations. Russia, with its highly skilled manpower, may turn into a small yet attractive investment and production market for American businesses. The only obstacles to that is Russia's demographic crisis, as well as the lack of Western business standards.

So, there is agreement in the American Establishment that the U.S. must seek to achieve two mutually related strategic goals: help Russia to become a full-fledged democracy, and consolidate its role as an ally in the war against terrorism and the construction of a new global security and stability system. These goals are viewed as a package, because achieving only one of them is actually impossible and would not meet U.S. interests. In any case, the two countries should broaden their traditional bilateral agenda.

#### FRUITS OF INTELLECTUAL BANKRUPTCY

The main content of U.S.-Russian relations in recent years has been not bilateral problems, but rather Moscow's and Washington's interests in third countries and individual regions, above all in Eurasia. To better understand the depth and complexity of the problems, it is necessary to make a brief digression into the past.

The Cold War ended without any documents signed that could have determined new global rules. During the years of confrontation between the two systems, the American elite sought not a breakup of the Soviet Union but rather to make radical changes in the Soviet political system, together with a normalization of relations. As it turned out, the West was completely unprepared for the Soviet Union's collapse. The emergence of a large group of newly independent states in Eurasia triggered powerful tectonic shifts in geopolitics, demography, the global economy, as well as in national and religious systems that it is still impossible to estimate their scale and essence.

The last-remaining superpower, euphoric about its victory in the Cold War, realized only later that the disappearance of its

main enemy could have a negative influence on global security. The former strategic alliances and geopolitical concepts collapsed; international institutions began to tremble; foreign policy grew improvisational; international law depreciated; and military doctrines went to pieces in the face of new threats and challenges.

The future of those countries that comprised the “socialist community” was perceived during the Cold War years in rather clear terms: they would eventually return to the community of Western democracies. The prospects for a “non-Communist” Soviet Union were completely unclear for the West. Thus, the need to improvise in formulating a policy toward a dozen newly independent states, which were at different development levels, took the political and expert community unawares, as this community had used to view everything through the prism of Moscow’s conduct. Having won the ideological standoff, the United States and its allies thought their mission was largely completed. Meanwhile, the rivalry between Russia and the West for rebuilding the former Soviet republics is only beginning.

The intellectual weakness of the Russian and Western political elites, unable to correctly assess the fundamental changes brought about by the collapse of Communism and the breakup of the Soviet Union, was among the main reasons behind the present crisis in the world order.

The zealous activity of the West in the post-Soviet space, and especially that of the U.S., irritates Moscow. Yet, Russia has never clearly formulated its priorities in such countries and regions as Ukraine, the South Caucasus, Central Asia and the Middle East (Iran). Conflicts in the post-Soviet zone often break out not because of differences in countries’ intentions or because they are reluctant to recognize each other’s interests in a given region, but because they have never taken the trouble to reconcile their interests and have never distinctly formulated them.

Is such an agreement possible? In the early 1990s, Washington gave its tacit consent for Moscow to keep its monopoly influence over the Caucasus, while Moscow undertook to ensure stability and order in the region. However, the situation in the Caucasus

has since only worsened, while not a single conflict has been settled; the U.S. Establishment is growing doubtful about the expediency of that agreement. While observing Russia's policy in the former Soviet republics, Washington is coming to the conclusion that this policy is ineffective and that it increasingly comes into conflict with U.S. interests.

According to Washington, many of the post-Soviet conflicts, for example the one in the South Caucasus, require an international format for negotiation and peacemaking efforts. The United States, Russia and, to some extent, the European Union are key actors capable of ensuring real sovereignty and territorial integrity for the countries of the former Soviet Union. Without their participation, regional stability is impossible. Washington is interested in such stability, specifically because one of the post-Soviet regions, the Caspian basin, is assigned a certain role in supplying energy resources to the West. The rivalry between Russia and the U.S. for influence in the post-Soviet space — to the detriment of each other's interests — is irrational and dangerous.

Actually, Washington is very interested in Russia becoming its major strategic partner in Eurasia — from the Caspian Sea to the Far East. However, it is not certain that Russia is able to fulfill this function. Russia's relations with the former Soviet republics are burdened with numerous mutual complaints. With countries in Northeast Asia things are different. Russia, which has never become part of Western civilization, has not been giving much care to the development of serious relations with its Asian neighbors in the last 15 years. As a result, it has lost many of its positions in the East. Despite the fact that Russia remains one of the most pro-American among the great Asian nations, and has tremendous Eurasian experience, the U.S. does not view it as a strategic partner in the region. Yet, the vacancy remains unoccupied, because other potential candidates, for example, Turkey, Israel, India, Pakistan or Japan, are unable to undertake this mission, either.

The elites, both in the U.S. and Russia, continue to feel mutual distrust, mixed with elements of paranoia and malicious joy.

The mass media often paints a primitive and biased picture of the other country, strengthening old stereotypes and creating new ones, while ties between the two societies remain very weak. Washington is under constant pressure from various kinds of international lobbies, whose interests are often in conflict with Russia's interests. In the meantime, Russia does not lobby its own interests in the U.S. and does nothing to shape a positive image there.

GOING INTO A DEADLOCK OR SEARCHING  
FOR A NEW DIALOG?

During his second presidency, George W. Bush will not take steps to broaden the dialog with Russia, nor will Moscow receive any long-term guarantees from him; Russia's economic, social and political development will not be among the U.S. leader's priorities. Bush needs the Kremlin only as an ally in the war against terrorism, which suits Putin perfectly.

However, America's foreign policy, unlike Russia's, is not presidential. The Congress, nongovernmental organizations, businesses, mass media, and even members of the president's team will do anything to influence him. The Republican Party's leaders do not want to be accused in the 2008 elections of "losing Russia" again, or of overlooking the destruction of democracy in the former Soviet Union while building democracy in the Middle East, thus putting U.S. national security in jeopardy. A lack of support from the American Establishment, even on such a minor issue as Russia, may complicate the solution of other problems for Bush.

Now it will, most certainly, be easier to change the U.S. president's position toward Russia. For the American neo-Conservatives, who make the ideological foundation of the incumbent U.S. government, Russia's retreat from democratic positions would be a serious defeat, which they would not tolerate. The neo-Conservative ideology is much more imperialist and global than even the views of the Democrats in Clinton's times. The neo-Conservatives give more priority to global democracy than to the war against terrorism, believing it to be the most effective way to counter terror. Knowing the messianic nature of George Bush's



character and policies, one can assume that he will heed such arguments.

During his second presidency, it will be important for Bush not only to focus on his main mission, that of proliferating democracy and freedom in the world, but also to rally his party around this goal and even try to win over part of the Democrats and independent politicians. Bush built his 2004 election campaign on a combination of political and moral values, which won him unprecedented support among the voters. It is these values that Russia is now retreating from, thus dissociating itself from Bush, the neo-Conservatives and the realistically minded Republicans, not to mention America as a whole.

In light of the abovementioned views, Moscow should give up the convenient “simplicity” in its relations with the U.S. and initiate a new, broad dialog with Washington, even though it may not always be pleasant.

For example, in the dialog on the nonproliferation of weapons of mass destruction, Moscow should focus attention on ways to deny non-state structures access to the WMD market, and to build ground- and space-based elements for a joint ABM system. The Bush administration will not sign new long-term security treaties with anyone, as it will prefer to keep its hands free. This factor adds special importance to the efforts to broaden constant contacts between the U.S. and Russia in the nuclear field and to overcome mutual mistrust. The potentials of the two countries and the age of Russia’s WMD make it necessary to consider the possibility of an accidental nuclear war. The United States and Russia must immediately revise all aspects of their military doctrines that can be interpreted as being directed against each other.

As regards Chechnya, Washington does not view this problem as Russia’s internal affair – to Moscow’s obvious displeasure. Yet, the motives of the U.S. administration differ from the motives of a majority of European countries, for example. The Europeans give top priority to the human rights issue in the troubled Chechen Republic. For the U.S., they are aware of this problem, however, the White House is more concerned about Russia’s inability to

cope with the terrorists and remove those factors that promote terrorist activities.

Washington views the situation in Chechnya as proof that Russia is incapable, politically and militarily, of ensuring security in its sector of the common front in the war against terrorism. The territory of the former Soviet Union has turned into one of the most explosive and corrupt regions of the world, while Russia has proven to be a weak link in the antiterrorist coalition. In the post-Soviet space, areas have emerged which are being used as training and rehabilitation bases for terrorists. In a worst-case scenario, Russia, unable to eradicate corruption in its army and law enforcement agencies, may turn from a victim of terror into its source.

Thus, the U.S. administration, unlike the Europeans, tends to accept the Kremlin's arguments that Chechnya is one of the fronts in the global war against international terrorism. One should bear in mind, though, that the presidential administration of the U.S. is not omnipotent in formulating its policy, as it is oriented to the views of different groups and is under the influence of different factors. This circumstance partly explains the West's benevolence toward emissaries of the Chechen separatist leaders and their readiness to give them political asylum, much to Moscow's dismay. The pro-Chechen lobby in the U.S. is now much more effective than its pro-Russian counterpart, and Moscow should start making serious efforts in order to change public opinion in America in its favor. Otherwise, courts meeting to decide whether or not one or another Chechen leader should be given political asylum would always be inclined toward them, especially if the Russian law enforcement bodies continue submitting unconvincing and unprofessionally prepared documents to their foreign colleagues.

A radical change in Washington's attitude to the Chechen resistance would require serious and comprehensive accords between the two countries. The Chechen issue must be included in a large package of agreements on cooperation in fighting terrorism. Stepping up this cooperation and raising it to a higher

level would help create a favorable atmosphere in Russian-U.S. relations. This factor would cause the two allies to help each other with their problems – the U.S. problem in the Middle East, and the Russian problem in Chechnya.

Mending economic ties between the U.S. and Russia is a more serious and long-term factor in mutual relations than the war against terrorism or efforts to stop WMD proliferation. It should not be supposed, however, that the Bush administration will be able to speed up this long process. But economy can diversify the bilateral agenda. For example, Washington will continue supporting Russia's early accession to the World Trade Organization, while the two countries may negotiate their large-scale cooperation in rebuilding Iraq, especially its oil industry.

The U.S. has a vested interest in a radical improvement of Russia's energy infrastructure, as it would like to ensure reliable Russian energy supplies to the world market. Washington argues that Russia will have difficulty joining in efforts to meet the global demand for energy, although it continues to grow. This is because Russia's cheap oil is almost depleted, and the development of new oil fields requires heavy, years-long investment. The U.S. can help Russia build a modern energy infrastructure and make this country more attractive to foreign investors.

Russia's stepped-up efforts to take control of the energy industry do not inspire much enthusiasm in Washington, yet they will not cause the White House to stop its cooperation with Moscow. Yet, the U.S. is not interested in the "energy switch" becoming the key and, most importantly, unpredictable element of Russia's foreign policy toward former Soviet republics and other countries. It is impossible to say yet where Russia's present geopolitical convulsions will lead it, nor what the final priorities will be for its foreign strategy.

The centralization of power in Russia will reduce opportunities for U.S. investment in regional projects, as economic diversity will decrease and the Russian market will exist within limited political frameworks. The Kremlin's growing control over the regions, which decreases their independence, causes U.S. companies to

lose interest in local projects. Nevertheless, the American business community is certainly interested in what will happen to Russia's Far East, Siberia and territories bordering on China in approximately 20 to 30 years. What will Russia's borders look like? What will the environmental situation, political risks, economic security, and regional demography be like? Finally, who will be making the decisions in Russia?

Anyone speaking about a strategic partnership between Russia and the U.S. must understand that no one can achieve parity with America today. Yet, the United States, at the same time, is unable to cope with many problems on its own. These problems are much easier to solve on the basis of partner relations with other countries. In Eurasia, Russia can and must become such a partner. To this end, it must step up its dialog with the U.S. and offer a wide range of opportunities, including non-trivial ones.

In particular, Moscow and Washington could seriously discuss variants of their partnership based on regional parity. The U.S. and Western Europe coexisted for a long time in such a manner: in exchange for the security and protection of their interests, the European countries agreed to a reasonable limitation of their political independence. Today, we know what they gained from that partnership in the long run. Now, as the political and economic ambitions of the European Union are growing, the Old World is again facing the issue of maintaining a balance between European and American interests. Russia is facing such an issue for the first time.

Let us suppose that Russia undertakes a mission of representing, protecting and implementing Washington's fundamental interests that are not in conflict with Russia's own interests. These interests would be in Eurasia and, above all, in the post-Soviet space where Russia plays a key role. In exchange, the U.S. will represent and protect Russia's interests in other regions of the world, for example, in Africa and, strange as it may seem, in Europe. The experience of U.S.-oriented countries, such as Poland or Turkey, shows that Warsaw and Ankara, in promoting their interests in the European Union, actively use their relations

with Washington as an instrument of their European policies: the EU cannot ignore U.S. pressure. Considering the difficulties that Moscow is having in its dialog with the EU, support of its mighty overseas partner would provide Russia with much support.

Russia needs a long-term agreement with the world's leaders within the framework of efforts to achieve mutual security and build a new world order. Russia and the U.S. have never held negotiations of this kind, but these talks could be a serious step in building a strategic partnership between the two countries. A partnership that is capable of successfully developing – even if relations between the two leaders become strained.



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