RUSSIA in GLOBAL AFFAIRS

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A Time for Life Jackets?

Fyodor Lukyanov, Editor-in-Chief

Last year, U.S. political analyst Leon Aron offered a forecast in our journal about the future development of Russia-U.S. relations. He said that people in both countries should put on their "life jackets" and be prepared for "some heavy rolling, pitching, rocking and seasickness."

In recent months, we have witnessed some hard turns in foreign policy. At first, it seemed that we were taxiing toward a new Cold War; then the steering wheel suddenly turned, leaving everyone perplexed about the Kremlin's "peace offensive." And still, a hot election season and the finale of the presidential election campaign are ahead of us.

Russia's foreign policy cannot be viewed in isolation from the situation inside the country. The election campaign, gaining momentum in Russia, is having increasing effect on Moscow's international conduct. Will the power vertical, built by President Vladimir Putin, survive after he is gone? Or will the elite divide once again?

Andrei Okara analyzes the sources and prospects of 'sovereign democracy,' the main ideological postulate of the incumbent leadership in Russia. **Vladislav Inozemtsev** foretells a bitter struggle for Putin's political legacy, but not before March 2008. This will happen later, it is predicted, when the formal issue of power takeover has already been decided.

Svetlana Babayeva points to the emergence of a moral discourse in Russian politics and attempts to figure out what effect it may have on the country's development. **Ivan Sukhov** evaluates the strength of Russia's federal system, which has gone through marked changes during the years of Putin's presidency.

And what is happening between Russia and the leading Western states? The more one inquires into the heart of the matter, the better one sees the complexity and ambiguity of the situation. This crucial epoch, which began with the downfall of Communism in the late 1980s, is far from over and may still bring about serious upheavals. The creation of a new model for the global system is of utmost importance as well, **Timofei Bordachev** argues in his article.

Thomas Graham, who recently left his service at the White House, holds that Russia and the United States, the two superpowers of the previous

epoch, cannot find a common language, above all, for psychological reasons. Russia feels stronger than it really is (and subconsciously senses this contradiction), while the U.S. does not have confidence in its own strength, although there are no grounds for such self-disparagement. The author believes that the parties can overcome their mutual diffidence only through close cooperation.

The settlement of the Kosovo problem will test the ability of the major powers to untie the intricate knots that have hampered their mutual relations. Slovakia's former prime minister, **Jan Charnogursky**, calls on Moscow to take a principled position and defend the rights of the Serbian minority. Russian veteran diplomat **Vladimir Kazimirov** – who insists that the crisis is not merely a local conflict, but a bitter juridical conflict between two basic principles of international law – provides further insight into the Kosovo issue.

Alexei Arbatov warns about a possible revival of the Cold War spirit. A zero-sum game is out of the question, he believes, because ambitious countries in Asia, not to mention the sponsors of international terrorism, stand to gain from a Russia-West rivalry. Along these lines, Gen. **Andrei Novikov**, director of the CIS Antiterrorism Center, warns about the threat of terrorists obtaining radioactive material and nuclear technologies.

Alexander Lukin analyzes in detail the situation in Central Asia, yet another potentially conflict region where the interests of Russia, China and the United States overlap. **Mehdi Sanaie**, professor at Teheran University, expresses Iran's apprehensions over Russia's policy toward his country. **Alexei Malashenko** writes about the difficult relationships between Moscow and the Islamic world.

Sergei Sokolov discusses what Russia should do to be best prepared for negotiations with the European Union that could usher in a new fundamental agreement between the parties. For now, the prospects of such negotiations remain uncertain. **Martin Gilman** analyzes the prospects of the ruble replacing the U.S. dollar as the international reserve currency.

Meanwhile, *Russia in Global Affairs* continues to keep a close watch on the situation in Ukraine. Historian and writer **Roy Medvedev** discusses whether a real nation-state can be built there, or whether the ethnic principle of nation-building is ruinous for the country.

Our next issue will focus on election passions in Russia; the phenomenon of successful states that fail to follow Western democratic canons; the situation in various neighboring countries of Russia; prospects for a "gas OPEC" as well as a new Russia-EU treaty; and much more.

Putin and Beyond

"The Last Hero of Our Arts."
Front cover of *Artchronika* magazine

"The present system owes its emergence to President Putin. It reflects his mentality and the mentality of his entourage, together with their positive and negative features. It reflects their dreams and hopes, grievances and fears, and views of how the world should be built. Today's Russia is ruled not by a leader, but by a strong-knit nomenklatura*; it contains no individuals who would be distinguished for their talents and abilities."*

Sovereign Democracy: A New Russian Idea Or a PR Project?

Andrei Okara

The absence of a grand systemic project for Russia's modernization, as well as vagueness in the contours and inarticulate formulation of "the Putin course," meaning a lack of formalized goals and inmost notions in words, ideologemes and imagery, can be justly viewed as one of Russia's major problems during Vladimir Putin's presidency.

PUTIN'S DISCOURSE

From the very start the new authorities positioned their essence, goals and tasks by manifesting their intentions through a rejection of the past, showing that Putin's regime was not the same as Yeltsin's. They wanted to show that it differed from the rule of repressive oligarchs and had nothing to do with managerial chaos, the decay of the state, and surrendering international positions. The political regime formulated the goals of restoring the vertically integrated state power and regaining the subjectness in international policy as the opposite to the realities of the Boris Yeltsin era. But there is still a short supply of positive content in development strategies.

All political regimes throughout Russian history have had a short supply of supreme motivations and ideas about long-term

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goals and meanings about the country's development, and this poses a serious threat to the country's existence. Given the specificity of Russia's infrastructures, a transition to strictly pragmatic utilitarian motivations cannot ensure social mobilization and hence is not efficacious. A state like this can exist without an ideology or clearly articulated values and priorities for a certain period of time, but eventually it will slide into a serious break down of the political regime, a crisis of the elite, de-modernization and anarchy even if there is economic stability. When meanings are replaced by figures, the sense of existence grows shallow in the final run.

Vladimir Putin's conceptual statements and his annual state of the nation addresses to parliament, as well as statements and deliberations by government officials, pro-Kremlin ideologists and members of the presidential team, who expound on the topic of what the government wants, are significant in analyzing the current political process and simulating the future. They come up with phrases like 'sovereign democracy,' 'managed democracy,' 'a doubling of GDP,' 'construction of an efficient state' and 'national projects.' In spite of their bombastic nature, they are not all signs of an over-exuberant existence of Putin or his associates but, rather, a "binder solution" essential for the structure of the state.

Politicians, the experts servicing the government and the United Russia Party have produced a mass of statements, formulations and documents on the issue of sovereign democracy of late. Central among them is a speech that Vladislav Surkov, a senior Kremlin aide, made on February 7, 2006 to students of United Russia's Center for Party Personnel Training, and his manifesto-like article titled *The Nationalization of the Future*. The time and place of the publication (in November 2006 on the eve of United Russia's congress) prove that the concept should be viewed as an attempt to formulate Putin's discourse in the form of a textual/contextual political quintessence of the current era, not as a mere ideological party platform.

The very fact that the government and the organizations beating around it have rolled up their sleeves to produce an ide-

ology is without a doubt a strictly encouraging sign. The efforts to formulate an ideological project of this sort may testify to the party's willingness to modernize Russia on the basis of innovative technologies or to the necessity of reuniting and remotivating the entire political elite or because the plain truth is that there is no place to retreat to on the eve of the crucial 2008 presidential election.

Yet for understanding the prospects for Russia's statehood and state ideology it is important to clear out the social and functional status of the texts and concepts the authorities are generating now. Are they part of a new Russian idea or a new modernization strategy? Or are they a PR project, a statement of mission by the governmental cartel that some people have ironically called ZAO Rossiya (the Closed Joint Stock Company Russia) lately? Or might it be that the transition at the start of the decade to a corporate state, which jettisoned its "superfluous" social, geopolitical, ideological and CIS-related functions, has made conceptual differences between national ideas, corporate missions and postmodernist PR projects, generated through manipulations with national archetypes, insignificant?

As a concept, slogan, national idea, or ideological point of reference, 'sovereign democracy' represents a comprehensive multitier political and ideological project that calls for an equally multitier interpretation. Its non-linear nature implies that, given certain circumstances, this project will awaken to an independent life regardless of the contents its authors wanted to impart to it.

At this moment, the sovereign democracy project makes it possible to:

- Provide grounds for new legitimacy of the party in power;
- Make the party's core agencies efficiently competitive as regards other elitist groupings;
- Make a new social contract between the political regime and the nation;
- Put the initiative on ideology-making into the party's hands;
- Verbalize Putin's course, to which Russia's next president and new political elite must keep their allegiance;

- Position United Russia as the core of the party's power-wielding camp;
- Create a main message in United Russia's election campaign in the fall 2007 parliamentary election;
- Become a mobilizing and consolidating factor in the face of new challenges and threats in foreign and domestic policy likewise;
- Animate the image of Russia as a "besieged fortress" so as to consolidate the electorate in a situation critical for the power-wielding camp (like the presidential election at the beginning of 2008);
- Expand the field for political maneuvering for the power-wielding camp in the context of the 2008 presidential election;
- Provide ideological and operative grounds for narrowing the scope of public politics;
- Counteract the scenarios of a 'birch revolution' in Russia and sanction fighting with 'birch revolutionaries.'

THREE EPICENTERS OF RUSSIAN THOUGHT

It is quite important to identify the coordinates of sovereign democracy on the map of Russia's intellectual culture.

It is believed that Russian social philosophy and social-political thought in the period from the early 19th century to the present day can be classified, despite its diversity, as a division between Westernizers and Slavophiles. The Westernizers (liberals and revolutionary democrats) insist on modernization through 'Westernization.' Landmark figures among them included Chaadayev, Herzen, Belinsky, Granovsky, Kavelin, Struve and Sakharov. Westernizers believe that the Western Christian civilization demonstrates a universal model of development. Slavophiles (in the broad sense of the word) espouse the theory of a model wherein modernization is not pinned to Westernization. Given the closeness in the theories of various Slavophile groups, like *pochvenniki* (traditionalists) and 'Eurasians,' the most important personalities in this school of thought are Khomyakov, Gogol, Dostoyevsky, Danilevsky, Leontyev, Nikolai Trubetskoi, Savitsky, Ilyin, and Solzhenitsyn.

Yet Russian social and political thinking offers a much greater diversity than the divisions between Westernizers and Slavophiles. In fact, one can discern in it three, not just two, conceptual epicenters. Standing apart from both trends mentioned above are representatives of the conservative/preservationist trend who create various theories of "official *narodnost* [national spirit]." Preservationist conservatism seeks to bolster the existing social relationships and state structure. The preservationists include Karamzin, Speransky, Uvarov, Pogodin, Tyutchev, Katkov, Pobedonostsev, Tikhomirov and Solonevich.

This three-epicenter matrix reproduces itself perfectly well in the social and political reality of contemporary Russia – in political philosophy, ideological arguments, polemics in the mass media, informational wars and, occasionally, even in the real political process. Quite naturally, each ideological epicenter allows for variations of ideas and differences on one or another position, but the basic ideological and ontological outlooks within each of these ideological communities are quite homogeneous.

The Liberal (Westernized) epicenter. Politicians and political projects: Mikhail Kasyanov, Irina Khakamada, Anatoly Chubais, Valeria Novodvorskaya, Boris Nemtsov, Garri Kasparov, the Union of Right Forces (SPS), Yabloko, the Other Russia.

Mass media: *Novaya Gazeta*, Ekho Moskvy Radio, Polit.ru news portal, RTVi satellite channel.

Ideologists and publicists: Leonid Radzikhovsky, Yulia Latynina, Alexei Venediktov, Viktor Shenderovich.

Basic values: discrete ontology, liberty, individualism, modernization through Westernization, market economic principles, acceptance of a strategy of Russia's dependent development.

Conservative/revolutionary (Slavophile) epicenter. Politicians and political projects: Sergei Glazyev, Dmitry Rogozin, Natalya Narochnitskaya, Eduard Limonov, the Rodina party in the early periods of its history, the Communist Party of the Russian Federation (KPRF) (partly), the National Bolshevik Party (partly). The newly formed Spravedlivaya Rossiya (A Just Russia) party may develop along that line in the future too.

Mass media: newspapers *Zavtra* and *Limonka*, People's Radio, Internet portals Pravaya.ru and APN.ru (partly).

Ideologists and publicists: Alexander Prokhanov, Alexander Dugin, Mikhail Delyagin, Vitaly Averyanov and authors of the Russian Doctrine project, Mikhail Remizov, Konstantin Krylov.

Basic values: development, blending of traditions and innovation, modernization without Westernization, organic principles of society construction, patriotism, a weighty social element in government policies in many cases.

Conservative/preservationist epicenter. Politicians and political projects: Boris Gryzlov, Sergei Ivanov, Oleg Morozov, Valentina Matviyenko, Vladimir Zhirinovsky, the United Russia Party, the Liberal Democratic Party of Russia (LDPR), the youth movement Nashi.

Mass media: ORT television, the state-run RTR broadcasting company, *Ekspert* and *Russky Zhurnal* magazines.

Ideologists and publicists: intellectuals concentrating around the Efficient Policies Foundation, Gleb Pavlovsky, Sergei Markov, Valery Fadeyev, Alexei Chadayev, Mikhail Leontyev, Vitaly Tretyakov, Vyacheslav Nikonov, Andranik Migranian and some others. Analysts traditionally say that Vladislav Surkov, the chief ideologist of the "sovereign democracy" project, falls into this category too.

Basic values: order, stability, steadiness and a controllable political system, continuity of power, state paternalism, restrictions on or absence of public politics, patriotism.

Historically, the Slavophiles and supporters of the conservative/revolutionary trend have had the most unstable and disadvantageous position. In the 1840s, they clearly fell out of the format of the "official *narodnost*" doctrine. Tsar Nicholas I hated them, and the theological works of Alexei Khomyakov (and note that they contained apologetics of Orthodoxy) were banned in the Russian Empire and were printed abroad in French. As regards today's political, information and intellectual space of Russia, the Slavophiles often look like losers and outcasts. They cannot count on support from the state, from oligarchic businesses or from Western funds.

The Westernizers can rely on financial, organizational, moral and political support from Europe and the U.S. It was not only Alexander Herzen, the publisher of the émigré *Kolokol* magazine in the past, but also hundreds of non-governmental institutions and foundations that built "democracy and civic society" in Russia in the 1990s and 2000s with a great deal of commercial success.

The preservationists can always hope for getting 'a state contract' and support from administrative resources. Their group includes well-calculating conformists, enlightened loyalists, or simply committed people who honestly believe that any departure from the "the strategic guidelines" opens the road to turmoil, instability, chaos or 'orange revolutions.'

CONSERVATIVE REVOLUTION AS A PRESERVATIONIST TECHNOLOGY

An analysis of Vladislav Surkov's policy document called *The Nationalization of the Future* reveals that the author borrowed the bulk of his ideas from the conservative/revolutionary ideology and political philosophy.

Surkov shows that he works in the conservative/revolutionary conceptual field by breaking with the intellectuals, for whom the sun rises in the West, and with the decadents, who claim that Russia has become overstrained under the burden of its imperial mission and is now bowing out of history; by dissociating himself with isolationism and autarchy; by declaring the "conserving of the people" as a goal and tool of rejuvenation; by saying that Europe need not be idealized, and by decrying so-called "progress."

The four priorities of sovereign democracy keep up the same spirit and apparently go down to Ivan Ilyin and "solidarity concepts." They are civic solidarity as a force preventing social and military conflicts; the creative class as society's leading stratum replenished in the course of a free competition of citizens and envisioning innovative approaches and synergies on the part of creative groups of people; culture as an organism of notion-building and ideological influences and education and science as

sources of competitiveness making the economy of knowledge an important priority.

Surkov's text contains tentative covert polemics with Anatoly Chubais's liberal thesis about a "liberal empire" and even with Putin's thesis about an "energy superpower." The author speaks with superlative overtones about a "puissant energy power" that will rise "out of a struggle for possession of high technology and not out of an overgrowth of the energy sector."

The author's former pro-Western liberal convictions show through the Eurocentric thesis about Europe as the main generator of modernization processes. Also, he describes Russia as "a most influential European nation." The same spirit glimmers behind his interpretation of Russia's historic credo – "to avert a falling out of Europe and to abide by the West is an important element in constructing a new Russia."

A discussion in absentia with the leading forces of the Georgian and Ukrainian 'colored revolutions' surfaces only once, and yet everything suggests that this is the main point of reference on which the metaphysical and technological legitimacy of the whole concept of sovereignty hinges. "The multiplication of entertaining 'revolutions' and democracies governed by external forces, which seems artificial, is a natural fact precisely in such countries," Surkov writes. This is to say, the countries that do not set themselves the goal of attaining genuine sovereignty and hence exist under the patronage of other states. He defines Russia as "non-Ukraine" and "non-Georgia." "Long-lasting foreign rule is inconceivable here."

Given the fact that Surkov's conservative/revolutionary ideas are largely addressed to the United Russia Party, whose ideology, rhetoric and key functionaries' image put it into the conservative/preservationist ideological camp, a question comes up about how big the mobilization potential of that ideology really is.

It was not the brightness of life or any kind of ideological mutation that prompted the authorities to assimilate the parlance of the conservative/revolutionary milieu. The real reason was the exhaustion of the government's own conceptual reservoirs. Values

like order, stability, and keeping the balance delivered the goods at the start of Putin's presidency, but in the past few years the power-wielding camp has run out of resources. The anti-'orange' rhetoric as a factor for the legitimacy of the regime is losing its vigor right in front of our eyes, while the regime's mobilization demands have grown, especially in the light of the parliamentary election in fall 2007 and the presidential election in 2008.

That is why the matching of the political, organizational and media capabilities of the conservative/preservationist camp and conservative/revolutionary values with some semblances of liberal rhetoric emerges as the most adequate response to the challenges of time from the viewpoint of political and ideological marketing and the survival of Putin's political regime.

Nonetheless, it is worth noting that the conservative/revolutionary discourse and notions remain alien to the ideologists of sovereign democracy, its operators and its consumers.

THE WRITER SURKOV

Quite remarkably, Vladislav Surkov, the author of the 'sovereign democracy' manifesto, a document consisting of conservative/revolutionary concepts, is a person whose outlooks and objectives in his previous life (the one before he took to ideology making) could be identified as liberal. His professional activity as deputy chief of the presidential administration developed in the conservative/preservationist vein, and his musical and poetic oeuvre draws on post-modernist and decadent-Gothic learnedness.

Many of the people who map out the political, notional, information and ideological contours of today's Russia and the incumbent political regime rose up as professionals in corporate PR and political technologies. Their professional mentality is specific due to their faith in the omnipotence of humanitarian technologies. This is where Surkov comes from. It has not been ruled out that this background had an impact on the pragmatism and feasibility of the 'sovereign democracy' concept he codified.

In terms of style and semantics, Surkov's concept bears striking resemblance to the songs of the Russian pop group Lyube, with

their down-to-earth patriotism. Incidentally, the group's vocalist Nikolai Rastorguyev is an advisor to Putin on cultural affairs. On the one hand, Lyube's songs carry a claim containing something "genuine, personally experienced and painful." They tell us about a battalion commander "who never hid his heart behind the boys' backs," the rustle of the birch trees that spellbinds the Russians, the simple, robust "guys from our courtyard" and many other things that sound like revelations in an era of collapsing spiritual values and showbiz PR. However, Lyube's success came from clever marketing, studying the demands of the target audience and a calculated pursuit of the fashion for "genuineness."

WHAT SOVEREIGN DEMOCRACY IS MADE OF

Russian political and expert communities are split on the issue of sovereign democracy. Liberally-minded politicians – Dmitry Medvedev, Mikhail Gorbachev, Mikhail Kasyanov – had a lukewarm reception to the concept. Some of them believed that the very phrase was an oxymoron sounding like 'hot snow' [the title of a novel about the battle of Stalingrad by Soviet writer Yuri Bondarev – Ed.]. Others, including Putin, said that 'sovereign' and 'democracy' are notions standing for two different phenomena, with 'sovereign' denoting a country's position in the outside world and 'democracy' being a method of organizing society and the state. That is why the formula is awkward even if the idea behind it is correct, they said. Some ideologists, including Alexander Dugin, have proposed that the power-wielding camp augment sovereign democracy with the concept of 'commissar dictatorship' evolved by the German conservative philosopher and lawyer Carl Schmitt. "We're heading for a dictatorship, but don't get frustrated [...]. It'll meet the interest of the entire people, the nation, and the interest of Russia instead of the interest of narrow oligarchic groups or even classes."

It seems, however, that the assessment of sovereign democracy as a mechanical merging of two antiliberal concepts – a collective democracy model in the style of Jean-Jacque Rousseau and

Hans Morgenthau's realistic international policy model — is the most precise one.

The phrase 'sovereign democracy' came into use long before Surkov. During the Cold War, it meant a democratic state independent of the Soviet Union and the Communist camp and having an appropriate political regime. In today's world, it is broadly used in Taiwan where it provides an explanation for the island's independence from China and juxtaposes the democratic principles of the regime in Taipei to the regime in Beijing.

Sovereign democracy has a structure, in which the accent alternates between sovereignty and democracy depending on the circumstances. The current situation in Russia as interpreted by Surkov necessitates an accent on the problem of sovereignty and Russia's international substantial, thus proving that the existing top list of threats and challenges differs from the one of the beginning of the decade.

'Sovereign democracy' is related to 'managed democracy.' But the latter emphasized Russia's domestic problems in the early years of Putin's presidency. It legitimized the young political regime and fixed the power-wielding camp's exclusive status regarding the heritage of the Yeltsin era marked by a collapse of the state, the rule of oligarchs, chaos and total de-modernization. Sovereign democracy highlights international problems in the first place. These are global competition, the struggle for energy resources, attempts by some countries to restrict the sovereignty of other countries, 'colored revolutions,' etc. But the goal is roughly the same — to furnish the power-wielding camp with grounds for claiming the exclusive right to the upkeep of its preponderant status and to legitimize itself in the eyes of the nation and the world community.

'Sovereign democracy' carries two simultaneous messages to Russian society. The first message says that we are a party wielding state power and a sovereign elite, and the sources of our legitimacy are found in Russia, not in the West, like it was during the 'guided democracy' of the Yeltsin era. Second, being a power-wielding force we are the guarantors of Russia's sovereignty and survival in the context of globalization and other external super-threats.

Constructive elements of the 'sovereign democracy' concept make it similar to the well-known Orthodoxy-Autocracy-Narodnost [national character] triad stipulated by Count Sergei Uvarov [Russia's education minister in the 1830s-1840s – Ed]. Autocracy might probably serve as a prototype of Surkov's sovereignty while *narodnost* as a prototype of democracy. The basic difference between 'sovereign democracy' and 'official *narodnost* is the absence of a spiritual benchmark of some kind, the one that Orthodoxy provided in Uvarov's formula. Was it dropped owing to pragmatism, political correctness or equidistant positioning of religious denominations?

The evidence shows that political correctness or unwillingness to give a religious coloring to politics was the least likely reason. The mentality of the creators of 'sovereign democracy' does not leave room for any transcendence and that is why the very concept breathes with utilitarianism, pragmatism and technicality.

Since 'sovereign democracy' is understood in this concept as a collective phenomenon ruling out the rise of democratic procedures to the level of institutions, democracy in it may invoke comparison with the concept of *sobornost* [togetherness] offered by Alexei Khomyakov. The comparison looks reasonable at first glance since, according to Khomyakov, the Sobor – a council or a decision-making assembly representing all strata of society – reflects the idea of a gathering, not necessarily convened in a single place as such assemblies can function without a formal binding, and means, in fact, unity in a magnitude of diversities. For the Church, the principle of *sobornost* dictates that neither the Patriarch, nor the clergy nor Ecumenical Councils are the holders of truth. The only such holder is the Church as a whole, the Church that is identified as a transcendent reality. "The Church is not a multitude of persons taken separately in their individuality but, rather, a unity of God's Grace that exists in innumerable sensible creatures submitting themselves to it." In other words, *sobornost* is an ontological condition and not a mechanical mass of people or a technology governing them. Democracy in Surkov's concept has only a superficial resemblance of *sobornost.* It has a

similar form and leaves out the formal institutions and norms of law as chief regulators of relationships in society. The problem is that *sobornost* compensates for this absence with the aid of heavenly Grace, a transcendent factor, while the concept of 'sovereign democracy' does not have it, replacing it by interest and rationality. That is why it would be appropriate to view 'sovereign democracy' as technology without ontology.

MOBILIZATION VERSUS ENTROPY

The emergence of the 'sovereign democracy' concept signifies a big step forward compared with the Yeltsin era or the beginning of Putin's presidency.

All facts suggest that any text on 'sovereign democracy' would have been labeled as fascist, chauvinistic, anti-democratic or anti-Western during Yeltsin's term and its author would have been pushed out of the effective information space. Now such texts have become mainstream and their authors are operators of the 'official *narodnost.*'

The concept of 'sovereign democracy' has mobilization objectives. It does not aim to explain being, it aims to transform the social and political reality. That is why, if the power-wielding camp decides to change along with rhetoric the actual ideology (conservative/revolutionary instead of conservative/preservationist) and to replace the actual priorities of the country's development (innovative modernization instead of stability), there will be grounds to claim then that 'sovereign democracy' has broken out of the framework of utilitarian political technologies and has been fleshed out with real content. Otherwise this ideological program will remain nothing more than beautiful words devoid of both ontological veritableness and mobilization potential.

Russia Today: Up the Down Staircase

Vladislav Inozemtsev

Discussions about the socio-political system that has been established in contemporary Russia have long been marked by two clearly different approaches. On the one hand, supporters of the Vladimir Putin regime believe that over the last seven years Russia has recovered from its economic crisis, solved many internal problems, strengthened the state governance system, and restored, albeit partially, its positions on the international scene. On the other hand, opponents of Putin's *nomenklatura* emphasize that the country has been swept by corruption and arbitrariness, the judicial and law-enforcement systems have been built into the "power vertical" to serve its interests, Russia's wealth is being plundered even more intensively than before, relations with leading Western powers and former Soviet republics are becoming increasingly strained, and social problems in the country are being aggravated.

However, both sides admit that the system built over the last few years contains a wide margin of security. It remains stable in the face of any "external threat," that is, it can withstand any criticism from the outside and any mass movement inside the country. It is even less dependent on standard economic and financial

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factors (for example, fluctuations in oil or gas prices) than was previously believed to be the case. Meanwhile, it is highly unlikely that Russia will find itself in international political isolation, while chances are also slim that it will get involved in military conflicts that would demonstrate its inefficient defense potential. Finally, a social outburst, which might be caused by increasing wealth inequality and economic distress among a significant part of the population, is also ruled out.

But what are the fundamentals of the existing system – the "principles of Putinism" – that allow an elite that emerged by sheer accident to run the country in a manner that is highly effective for itself and not too ruinous for others, yet in a direction that is opposite to the one chosen by the more successful states in the world?

IN THE NEW CENTURY WITH LATE-SOVIET MENTALITY

The present system owes its emergence to President Putin. It reflects his mentality and the mentality of his entourage, together with their positive and negative features. It reflects their dreams and hopes, grievances and fears, and views of how the world should be built. Apologists of this system attribute to it the historical and "natural" features of Russian society, which are in fact not peculiar to it. Thus, we are witnessing an attempt to lead society along a path that is more understandable to the ruling minority than to ordinary citizens.

The majority of this elite has features that preclude the possibility of society's effective management entering an information epoch. The ruling regime acquired their qualities in the late 1970s-early 1980s, at the time when their personalities were being formed. These are people with a late-Soviet mentality; many of them have a record of service in the Armed Forces, the Interior Ministry or security services. The Soviet military's views of the world were, as a rule, "black-and-white;" they tended to attribute unfavorable developments to conspiracies or actions by one or another interest group. Such people are wary about the "risks" and "uncertainty" associated with the contemporary world, where momentous events

may result from a coincidence of numerous circumstances and cannot be precisely predicted. At the same time, their lifelong adherence to a simple and even primitive worldview makes them reject all the other points of view on any issue.

The old mentality shows in dual peculiarities in the conduct of the Putinite elite. First, the Soviet outlook was based on the idea that the Soviet Union had a global mission to show the world the way to the Communist future. Members of the present regime have preserved that world outlook, but have discarded the "international" component, focusing their dreams instead on the historiosophic "Russian idea" of the late 19th-early 20th century. This is why the Russian elite does not make much effort to understand the reality: it oftentimes seeks to find a clue to a plan given from on high.

Second, while being at odds with reality when it comes to high politics and strategic goals, the "workers" of Putin's "power vertical" show exceptional commercial enthusiasm and tailor any "administrative resource" for the purpose of increasing their personal wellbeing. No other country has so many ministers and high-placed officials from the presidential administration on the boards of directors of major corporations. At the same time, in no other country does state participation in a company make these business entities less transparent and accountable to other shareholders.

In 2000, power in Russia fell into the hands of individuals who had previously served as cogs in the vast bureaucratic hierarchy. It cannot be ruled out that many of them still cannot get used to their rapid rise. Their narrow-mindedness, coupled with an unnatural situation, produced an irresistible desire to use all of the available opportunities for personal gain. The volume of "classic" and latent corruption over the last five years has increased three to five times.

President Putin stands out among his associates only by his rank. He is flesh of the flesh of the team that came to the Kremlin with him. Had he been a cut above the others, as is believed today, he would not have brought them with him. Today's Russia is ruled not by a leader, but by a strong-knit *nomenklatura*; it contains no individuals who would be distinguished for their talents and abilities.

At a time when the ruling elite is not waging a political or ideological struggle, the only chance to lose one's post comes when an individual is found to be professionally unfit for his job. But since each bureaucrat knows perfectly well that he occupies his position not according to meritocracy but rather due to sheer accident, the desire to conduct personnel purges is rare simply because no one feels safe. This once again underlines an obvious fact: the present Russian elite is a cohesive mass that recruits new members that are of a similar mental and intellectual mold.

PHANTOM OF A STATE

The State is the main obsession of the ideology of Putinism. In the contemporary English language, the words 'state' and 'nation' are not only interchangeable, but the latter is even gradually replacing the former. Meanwhile, in Russia, 'state' and 'nation' are not only mismatching notions – they are practically opposite in meaning to each other. The contradictions between citizens and the state are discussed in a way that suggests that citizens are no longer a part of the state and the bureaucrats have long ceased to be citizens. A Putinite state is a classic *Leviathan* [an absolute authority] derived from the title of Thomas Hobbes's book, which bears no responsibility to the people and pursues only its own interests. In fact, the "state" is a synonym for the ruling class and the mechanism this class has created to uphold and consolidate its domination over society.

Putin's etatism graphically manifests itself in his efforts to strengthen the 'power vertical' in the country, and 'state sovereignty' on the international stage. Both efforts remarkably point to the absence of one important element in the discussions led in Putinite logic, namely efficiency. Europe recognizes that the transfer of a portion of sovereign rights and powers of the state to supranational institutions can improve the efficiency of services essential for society, while in the United States no external challenges can result in a redistribution of state powers in favor of the federal government. In Russia, however, the issue of efficiency of governance and the interests of the population are not taken into

account at all. It seems that nobody has ever tried to calculate the changes in the efficiency of power after the abolition of direct gubernatorial elections. No one has established to what degree the needs of the disabled have been met following the implementation of 'monetization of benefits,' nor the efficiency of so-called 'national projects.' No one has calculated Russia's benefits from the 'gas wars' with Ukraine and Belarus, the deterioration of relations with Georgia and Azerbaijan, or the absence of real progress in negotiations concerning membership in the World Trade Organization. Finally, no one has considered the consequences of Russia's cooled relations with the European Union.

A Putinite state does not seek to solve problems but rather to accumulate powers. The state in today's Russia is not "Vladimir Putin personally," but rather a mysterious "nothing." Suffice it to cite official reports that "there are shortcomings" in the work of public services, or that the system "needs to be improved and reformed." Occasionally there are obvious failures, yet no one bears personal responsibility for them. Has anyone been punished for the hostage-taking drama at Moscow's Dubrovka Theater, or for the Beslan tragedy? Has anybody been held responsible for the educational and pension reforms, or for many more programs that cost dozens of lives and hundreds of millions of dollars? No one.

The Russian state not only is ineffective; it is also irresponsible. These qualities are essential features of the Putinite 'power vertical;' they stem from the total cover-up that binds all of the individuals who are admitted to government posts. Such a state of affairs is extremely dangerous – a government that bears no responsibility and is unable to determine its goals and tasks must not be extolled and given virtually unlimited powers.

So what exactly is a Putinite state? It is a system that provides for a three-tier structure of society, a structure that is archaic and inefficient. This structure cannot be described in terms of 'democracy' or 'authoritarianism' – it is neither democratic nor authoritarian; it is simply disunited. The first tier comprises ordinary people who make up an overwhelming majority of the population. People are now freer than in Soviet times: no one is forbidden to

own property, leave or enter the country, do business, or even avail themselves of the imperfections of the Russian legal system. The second, smaller tier comprises those "admitted" to participate in economic projects that the federal or local elite consider to be important. This group of citizens is much better off than the rest of the population; yet they are seriously limited in their activities since the ruling elite have many ways to quickly and effectively destroy their businesses. The third tier comprises the ruling bureaucracy, which establishes and changes the rules of the game at its own discretion and bears no personal responsibility for the game's result.

This system of "divided society" crystallized during the second term of Putin's presidency and is now a well-established structure. It corresponds to increasing budget revenues, when the authorities are in the position to buy off the population. It also gives them the ability to confidently control limited resources, access to which opens the way to wealth for controllable businesses and — especially — lucky representatives of the bureaucracy.

How stable is such a system? It is believed that the main risk is a fall in commodity prices and a decrease of budget revenues. This is true, yet the significance of this factor should not be overestimated. The Russian economy is now growing not only due to petrodollars, but also because of the multiplier effect of domestic demand. Reforms intended to reduce imports, partially depreciate the ruble rate, and carry out minimal demonopolization on the consumer market can remove the negative effect of the commodity price decrease.

More dangerous would be the disorganization of the bureaucratic class, a subject that is not discussed at the present time. Unlike the Soviet Union, today's Russia is an open country. Members of the elite can transfer their capital abroad, register property in offshore areas, and send their families and relatives to other countries. Many industrial assets today are pledged to attract bank loans. Therefore, the king-for-a-day logic, which prevails amongst the ruling elite, has every chance of being translated into practice. Any serious test, even a test that the economy will be able to withstand, may have disastrous consequences for the elite's

cohesion and for its ability to continue controlling the situation inside the country. Just like the owners of American companies who are always ready to sell them for a good price, the Russian elite will abandon the country if it senses that the capitalization of the "Russia Corporation" has reached its highest level.

DE-INTELLECTUALIZATION OF THE COUNTRY

Over the 15 years of its independence, Russia has not come out with a national idea, while those versions that have become widespread among the population have proven to be nationalistic as opposed to national. Yet a way out has been found: Putin has chosen 'de-ideologization' as his ideology, and the people's insulation from information as the main task of the information and propaganda system.

This project embodies – perhaps in the best way – the principles of Putinism. The authorities, which have had to admit their inability to formulate attractive national ideals, are now seeking to dupe the nation and thus bring its mentality closer to the mentality of their own. News is replaced by events, and meanings are replaced by images. Sensational scenes and happenings that are covered by television or coffee table magazines only serve to distract people's attention from reality or, at least, from attempts to understand why this reality is such.

In contemporary Russia, it is not information that has become the target of attack, but rather the demand for it. This attack has been quite successful. In Soviet times, one could not even imagine that a newspaper like *Novaya Gazeta* could be freely published, or a radio station like *Ekho Moskvy* could freely broadcast, or that people could freely browse the Internet. Today, such news outlets are considered to be natural – because the number of those who read and listen to such news outlets and respond to their reports is insignificant, while such people are increasingly considered to be outcasts.

The general feeling of helplessness in citizens – and the ensuing devaluation of any information – is only one aspect of the present

regime, however. Another aspect is the generation of images – usually abstract ones – that are intended to substitute for major ideologies that governed the world throughout the 20th century. Russia, Cosmos, Russian Idea, God, State, People, West – all these different words (which are often written with a capital letter) have flooded much of the dull writings by modern political analysts, as if to emphasize the profundity of the thoughts behind them. Putin's era has created an unprecedented demand for theories explaining specific phenomena by highly abstract reasons or reasons veiled from the eyes of the man in the street.

Original concepts, like 'sovereign democracy' or 'real sovereignty,' alternate with kaleidoscopic speed. Sometimes one even would like to believe that a united Russia cannot be just, and vice versa. Oftentimes, fantasies are translated into life: even the wildest speculations made in 2002-2003 about the possible clampdown on democracy in Russia are a far cry from the present reality. At the same time, optimistic economic goals have been overshadowed by unprecedented prosperity over the last few years. These developments make any hope for a "return to reality" illusory, at least for the time being.

In recent years, the Putinite system has completely devalued the meritocratic principle, peculiar to all managerial structures. Amidst the absence of competition, new bureaucrats are recruited from among those who are believed to be incapable of undermining the positions of those individuals higher in the hierarchy. This is the classical system of "negative selection" where the absence of talent and ability is not considered to be a shortcoming of a candidate, but rather a merit, thus guaranteeing that he is less dangerous for those already riding the gravy train. This is why the professionalism of the decision-making process is on the decline, while the state machinery is steadily worsening, even though poor performance is not its goal. At the same time, ideas concerning the merits of dilettantism, and disregard for professional qualities, are being imposed on society as the new ideology of contemporary Russia. The new heroes of TV now include cynical young people without any particular profession – pop stars, for example,

who decide on a whim to skate together with world figure skating champions in front of millions of television viewers. This is like a game where anyone can become an "outstanding politician" if he or she attends a presidential meeting, sitting next to the president with an intelligent air without uttering a word.

The de-intellectualized elite of Putin's Russia represents the main threat to the country's security, whose real scope cannot be assessed only because of the de-intellectualization of its citizens. The emergence of even slightly uncontrolled situations drives the elite into a stupor, making it absolutely helpless. But in our difficult and dangerous world, such situations will often emerge, and it cannot be denied that Russia has done its utmost to become completely unprepared for them.

DESTRUCTIVE ECONOMY

The Putinite system rests on a raw-material economy that dates back to Soviet times when the worldview of the present Russian elite took shape. The mass privatization of the early 1990s did a disservice to the Russian economy – not because industrial assets fell into the hands of inefficient owners, but because privatization changed the views about their real value. Private investors, who bought factories, electric power plants, oil fields, or pipelines, began drawing up balance sheets on the basis of the valuation of fixed assets, at which they purchased them. This is why nearly all serious investment in the retooling of production facilities – especially where the pricing instruments of competition were primarily used – only resulted in negative results, increasing production costs, and no advantages. Thus a "de-industrialization spiral" was launched, which became the main economic phenomenon of post-Soviet Russia. In 1989, energy resources and raw materials accounted for 58 percent of Soviet exports, whereas in 2005 this figure increased to 78 percent. The rapid growth of export prices promised new prospects, but in reality little changed. Sensing an improvement in the economic situation, oil companies quickly put into operation oil fields that had been sitting idle and boosted supplies to international markets. As a result, between 2001 and 2004,

oil exports from Russia increased by 59 percent. However, the vast development potential was soon exhausted, and production peaked at the level that the Soviet Union had reached in 1991 – not the most successful year in Soviet history. In 2005, Russia produced only 469 million tons of oil and 637 billion cubic meters of natural gas. By comparison, in 1991, when Russia was a Soviet Republic, it produced 462 million tons of oil and 643 billion cubic meters of gas. Over the same 15 years of independence, oil production in Azerbaijan has increased from 8 million to 16 million tons, and in Kazakhstan, from 27 million to 59 million tons. Gas production in Kazakhstan has grown from 8 billion to 20 billion cubic meters, and in Uzbekistan, from 42 billion to 60 billion cubic meters.

Healthy economic news came from a different direction: increased export revenues allowed Russia to easily service its foreign debts. The country's sovereign rating was eventually upgraded, while domestic and foreign investment began to flow into the Russian stock market, which had been oversold in 1998. In 2003, stock exchange indexes exceeded the 1997 figures. From then on, the capitalization of major companies was a new obsession, and was used as a gauge to assess the state of the economy. This factor played a crucial role in the economic growth in the period 2002-2007: business people closed their eyes to rising costs, as they could rely on additional loans secured by their assets – a thing inconceivable in the 1990s. At the same time, export revenues allowed the authorities to ignore the limited nature of the effective demand. Starting in 2004, they switched from the tactics of intimidation and devastation, employed against YUKOS, to the "friendly takeover" of assets that seemed attractive to them. As a result, the capitalization of major industrial companies went up, which did not stop the buying frenzy: Sibneft was purchased by Gazprom when its price was at the highest, and Norilsk Nickel, if the authorities decide to purchase it as well, will also pass into the state's possession at an obviously overestimated value.

By early 2007, when the RTS [Russian Trading System] index approached 2,000 points, the capitalization of 10 major Russian

commodity companies reached U.S. $650 billion, or two-thirds of Russia's GDP, and the value of Gazprom stood at $270 billion, more than a quarter of the GDP (the market capitalization of the most expensive U.S. company, ExxonMobil, does not exceed 3.5 percent of the U.S. GDP). Eventually, the state share in the aggregate equity capital of Russian companies reached 35 percent. This bubble, which had no direct relation to the performance of these companies, caused a massive buildup of external borrowing. While in 2003-2006, Russia's public debt decreased from 98 billion to 66 billion dollars, or by 49 percent, the debt of Russian banks and industrial companies (primarily the state-owned ones) surged from 31 billion to 167 billion dollars, or by an astonishing 440 percent. Has this money been utilized? You bet, as the spending of corporate investments is much less controlled than national budget spending, and if something happens, it will be the whole of Russia that will pay for it.

Since the demand of both consumers and producers is considered to be unlimited, the authorities do nothing to curb the appetites of the monopolists. As a result, average production costs in 2003-2006 grew by 160 percent, although the official inflation rate over the same period decreased to below 10 percent. Russia is quickly losing its last competitive advantages and has actually become a freeloader in the global economy, trading raw materials for industrial products. Russia lives exclusively on the exploitation of its resources: if we would deduct the revenues from oil and gas exports to Western Europe alone from all our export revenues, Russia's balance of payments in 2006 would be in negative territory. However, it seems that the authorities do not see that the Russian Federation is simply becoming redundant in the world: while discussing Russia's role as a "bridge" connecting East and West, they fail to notice the 40-percent decrease in shipments by the Trans-Siberian Railway following yet another rise in tariffs by the Ministry of Communications (whose chief so much likes to speak about the "dialog of civilizations"). But the authorities do not consider this noteworthy: it seems that the appetites of the Russian bureaucracy are close to satisfaction.

BALANCING BETWEEN CHAOS AND CHAOS

What will happen in Russia in 2008? Everyone is discussing this today, and there are serious grounds for entertaining this question. The year 2008 will be critical for the Putin system, most importantly because it will test the much-publicized stability that the incumbent regime views among its main achievements. It is for the sake of stability that the government is increasing spending on law-enforcement agencies, cutting down democratic norms and civil liberties, and so on. And for the time being, Russian citizens seem willing to sacrifice their freedom for the sake of stability.

But the problem is that the regime, which continues to speak about stability, cannot ensure it. How can one speak of stability when any decision can be revised as many times as the authorities want? Or when Duma elections have never been held by the same rules for at least two consecutive times. The inability to achieve stability is the main problem for Putin and the individuals he has brought to power. This is not surprising as the source of the power and wealth of the bureaucratic class lies in control over changes in rules rather than in their implementation. Stability, which everyone supports in word, is actually dangerous for the elite and therefore unattainable. This is why public attention is now focused on "Problem-2008."

The year 2008 will be problematic because the bureaucratic class is divided. One part of the bureaucracy, which has gained control over substantial assets, is ready in principle to formally change the image of bureaucrats for the status of businessmen – especially since they have actually been engaged in business for a long time already. The other part of the bureaucracy, which has recently gained access to state funds, or acts as a parasite on the management of financial flows, fears any changes. The conflict between the two parts of the bureaucratic structure remains latent, and the system has been working in a "managed chaos" mode. "Managed chaos" is an adequate strategy in a system that lacks clear-cut norms and rules; the problem is whether it can grow into uncontrolled chaos.

And on this point there are obvious grounds for concern, primarily because today we are witnessing, on an increasing scale, a

sign of a transition from managed to uncontrolled chaos, namely a hypertrophied overestimation of nonexistent threats. In such a situation, "Problem 2008" does not seem to be far-fetched. If President Putin does leave his post, the authorities will have no problems with the election of a Kremlin protégé, which will be a kind of "confidence plebiscite." To all appearances, problems will emerge later, when the highest post in the country will go to a person who only yesterday was a cog in the system of controlled disorder. Then all the participants in the 'power vertical' (including the president) will need some new legitimization. What will this legitimization be based on? Not on emphasizing the merits of one official or another, simply because these merits are not so easy to detect. The main tactic will be to whitewash oneself and organize any compromising leaks regarding competitors. Very soon there will erupt a war of all against all, which most certainly will be marked by an increasing number of cases of contrasting the new order with the previous one – simply because all compromising leaks will one way or another be linked with events that took place under the current administration. Putin's image may remain unaffected, like the image of Mao in China, but his present associates will certainly face difficult times.

The prolongation of Putin's rule – through a third presidential term, amendments to the Constitution, the introduction of a state of emergency, etc. – would not be the worst option. Not because that would ensure further stability, but because it would enable the system, built by the incumbent president, to finally reach a complete stalemate, which it is now heading for. It would show that the principles of Putinism are ineffective not only in the absence of Putin, but also in a situation where the symbiosis of primitive nostalgia and occasional economic achievements, which generated this system, is becoming history. That would cause the Russians to accept an obvious fact, namely that they themselves – not an accidental group of former fellow students and colleagues – must choose a way for their country to develop.

Free from Morality, Or What Russia Believes In Today

Svetlana Babayeva

In 2006, President Vladimir Putin said at an economic forum in St. Petersburg that some countries subsist by the power of ideas. "Russia is precisely one of them," he said. "A country, first of all, that seeks to build a society of justice based on moral values."

Starting in the spring of this year, the question of morality started appearing in the President's speeches with noticeable regularity. Putin is a pragmatic man and hides all traces of sentimentality, but as he read out the annual state-of-the-nation address, he suddenly spoke about "the moral values uniting all of us," which he called "as important a factor of development as political and economic stability." Toward the end of the speech, he again returned to the issue using expressions that rarely occur in his personal vocabulary. He described the government's inattentiveness to the problems of average Russians as "immoral."

Except for some comments about Boris Yeltsin, the address was overtly technocratic and its genre did not need to be dressed up. That is why the four passages concerning morality seemed especially unusual. Notably, Putin aired this topic twice.

A month and a half later, the Russian President took up the issue of justice and moral values again. The fact that the word 'justice' is very popular in Russia and imparts an almost sacred sense has long been noticed by historians, philosophers, political scientists, and sociologists. Nevertheless, the allusions to morality in the President's speeches deserve special attention.

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Similar motives appeared in the speeches of Vladislav Surkov, the deputy chief of the presidential administration staff. Additionally, sources claim that, according to convictions in the Kremlin, the next president, whoever he might be, will have to concentrate on society's moral norms, in addition to the oil and gas sector.

It seems that even the top-rank strata of society have developed a need for morality, together with the more down-to-earth strata. This could partially explain the incredibly high ratings of director Pavel Lungin's movie "The Island." Its popularity ratings proved that people crave for moral guidelines and clear notions of good and bad to a greater degree than they crave for religion per se.

MODERN VALUES

What precisely is known about the values of Russia today? What do the people around us, our friends, society and the state encourage? What do we classify as shameful, disgraceful, irresponsible in terms of social behavior, or inhumane, in the final run?

Forming the web of new immaterial relations after two decades of tectonic shocks that the country has lived through is a difficult business. To paraphrase the U.S. researcher Abraham Maslow, the satisfaction of primary needs like housing and food comes first. Next in importance are the natural instincts (for example, security), followed by spiritual values and deeper reflections. But first, one must get down to the business of organizing the household. (It should be noted that many people never get beyond this phase, although it is broader than the mere primeval necessity of survival.)

Add to all of this the completely changed structure of society. It is not that the people lost everything in a blink of an eye and are now regaining the material values, earned by toil in the past. The change has been overwhelming. It affected the criteria of professional and social advance, the notions of what is desirable or respectable, and the hierarchies of goals and tasks. This process of restructuring is still continuing.

The vacuum of ideas, compounded with the insecurity of material status (the Russian market still remains an unpredictable place), makes it impossible to set and fulfill objectives (materialize one's

dreams) or cause aggression or unwillingness to make progress. People have developed the ability to "enjoy the moment," contrary to what the gurus said about the ability to go beyond the moment to consider distant consequences of current events, since this very ability sets man apart from the animal world.

Famous psychologist Rollo May was guided by the notion of 'role confusion' when he spoke about cultural norms, which an individual is unable to observe. This gives rise to frustration, which eventually causes cruelty and conservatism on the part of the individual. These are the mechanisms of self-defense that result from the individual's mismatch with the world and with other people.

Presently, the economy is growing, people are developing faith in the future and even the pessimists acknowledge that there have been great changes for the better – noticeable in various sections of society. But increasing material standards do not always generate immaterial enlightenment that, in its due turn, produces the common truths responsible for bonding society together and allowing it to move forward. Hence, the resultant movement lacks both vector and meaning.

Public life has provisionally split into two general trends – business and glamour, where the politics is obscure and social project-making is awkward. That is why some people revel in the pleasures of Courchevel, while others get soaked with beer. May each of us get what is affordable. Along with it, all the strata are busy settling in life. Some seek to regain the Soviet-era goodness, even though these memories have witnessed changes over years and induce images totally different from the reality of 20 years ago, which consisted of dreams of a new TV set, a suite of furniture, and long queues in the stores just to buy some sausage.

Today, people enjoy the ability to move from a two-room apartment to a three-room, replacing the Russian-made car with a foreign model, gazing into Japanese- or South Korean-made TV sets and carrying handbags by some impressive French designer.

But Man shall not live by bread alone, as it were. This may partly explain why glamour, overblown to the point of fatuity, blooms in some social classes, while other classes pour out their

aggression everywhere – from street scenes to foreign-policy speeches. Just stop for a moment and watch the conduct of your fellow human beings, as hordes of people try to overtake, press or push others, both literally and figuratively. The assertion of one's own importance through the humiliation of others (often at a subconscious level) seems to be happening all around us.

Theaters, books and parties have turned into tools for escaping the reality. They serve to fill the vacuum that has formed between career-climbing and moneymaking. Even the most successful and pragmatically minded sections of society display this escapism. It reveals an underlying deficit of fundamental things – meanings, heartiness, unification around some idea and, generally, of all things comfortable, kind, reliable, comprehensible and eternal.

"The things that society feels nostalgia for perfectly illustrate what it is craving," says VTsIOM [Russian Public Opinion Research Center] director Valery Fyodorov. "It craves order, organization, unification factors or even congregating rituals. Beer cannot replace all those things."

A NOSTALGIA FOR MEANINGS

Social Darwinism is a rather non-inspirational topic. As for the lures of luxurious Courchevel, "not everyone wants to go there," a top businessman commented recently. Russian society has been living for many years without any kind of moral guidelines, principles or commonly accepted notions of unification. However, the overt use of brute force, lavish money and clout cannot uphold the social system forever. Life will eventually require something that is only found in a different dimension. Perennial values, as one might call it. An alternative option is the irreversible marginalization of society. It is also true, however, that the word 'society' scarcely applies to Russians today, since the Russian people mostly exist as suspended and isolated particles toiling their way to the surface or resignedly sinking to the bottom.

Yet social volatility is on the wane today and after almost twenty years people have acquired a new sense of space and time, looking around them and pondering casual rules and meanings. The

youngsters of the 1990s have grown to maturity; some have become humbled, while others have shed their crimson jackets [a status symbol of the so-called New Russians in the early years of post-perestroika reforms, especially among the nouveau riche with poor taste – Ed.], learned foreign languages, settled down and started to raise children. But suddenly an eternal problem has sprung up. "The conflicts of generations between fathers and children have existed for ages and won't vanish in the future," says Valery Fyodorov. "But there is another thing that has existed for ages, too. It is the set of basic precepts for living that the fathers instructed their children in. Today's dilemma is what precepts they should teach."

However correctly society might be developing in a "capitalist" or "bourgeois" vein – call it any way you want – its development still does not create a basis for eternal values and commonly accepted notions.

For instance, there are obvious and well-established biblical commandments, such as, 'Thou shall not kill.' These are readily acceptable. But today, commandments such as, 'Thou shall not steal' appear rather problematic. Take, for example, a corporation manager who knows that his boss is extorting money. How should he react and how should he view his superior? Not in the sense of direct practical actions, like 'whistle blowing' to the upper management, or reporting the theft to the Prosecutor's Office, but simply in the evaluative sense? Should the boss be admired because he is so shrewd and has panache for such behavior? Or should he be despised because he robs from the corporation and country, and consequently, robs his subordinates – both employees and people? Or should it all be ignored because there is no way to stop such activities anyways and hence a waste of time and effort?

The conduct of drivers on the road provides yet another example on routine Russian life. How do we describe the brazen individual who tries to squeeze his car into the lane in front of you, risking an accident just because he needs to get somewhere in a hurry? Can he act like this merely because he has an important position, is wealthy, and in a hurry? He is a damned scoundrel but stay away from sorting it out with him – you don't have enough nerves to set

every pig down. In the West, drivers flash their high-beam lights, or pour scorn on the driver who ignores the rules of the road. If the transgressor happened to overlook a sign or became lost, his fellow drivers will attempt to politely assist him. But if he violates the traffic regulations simply because he finds it convenient, this is considered inadmissible behavior from the perception of commonly accepted norms. Not the law as such, since the police do not lurk behind every road sign. The uncoded regulations are more important in this case – the transgressor showed disrespect for others by putting his interests above theirs. (Even though people in some parts of Southern Europe often do not bother to use their safety belts, for example, and have a habit of flashing their lights at approaching cars to indicate that road police are checking drivers' speed, this does not break the universal basic norms of society.) As a European journalist noted recently, traffic regulations are the same for everyone, whether he or she drives a Rolls Royce or an old Skoda.

Today, Russia offers no shortage of examples of opposite behavior. How do we describe situations where government officials ride in luxury cars escorted by a motorcade? Or when adults swill liquor in city parks in plain view of children? Or when people make bonfires in the woods? And how do we explain to children that it is no good to cheat others and build fortunes on other people's misfortunes? How do we explain that men behave like wolves to other men?

VALUES OF THE INDIVIDUAL AND VALUES OF SOCIETY

At this point, we must draw a line between the values of the individual and values of society. They augment rather than contradict each other, although they are not exact copies of each other. The most vivid example of this is the treatment of extramarital liaisons in the West. Society generally does not chastise people for such affairs anymore, but social morals do not entice everyone to become free-loving roués either. Socially successful and affluent personalities set an example to others, yet this does not mean that get-rich-quick schemes and career leaping are hammered into the

heads of children from the cradle. On the other hand, adolescents are stimulated to learn the value of money and experience. It is no accident that teenagers from many well-off families in the West do not shun work during vacations.

Another example of a typical Western approach: it is quite honorable to fight for one's country and nation. Those who die in combat become heroes, but if one must surrender to save his life, this is acceptable. The value of life is the highest value. He who surrenders remains a hero all the same. (In Russia, however, such an individual will be considered a traitor or a coward at best.)

Finally, there is the purely down-to-earth social aspect. A Friday night relaxation in a pub is a normal thing. People should shake off their tensions, and drinks seem to prove convenient to these ends. But it does not mean that such a retinue of relaxation becomes the norm under every circumstance. Everything has a strict segmentation — the pubs are for drinks, parks for strolls and bikeways for bikes, although they are all meant for relaxation and removing stress.

The West places emphasis on the self-realization of the personality through respect for oneself and for others. On balance, the family, social and economic laws produce an accumulation effect that has prompted other countries to look at the West over the decades (if not centuries) with a certain amount of envy, which sometimes stimulates imitation or kindles hatred.

Russia faces the dual problem of forming both values for society and values for the individual. And what values are there to offer and who (or what) should become their sources and carriers? This is the biggest dilemma of the day.

Historically, it was Russia's ruling class that produced all of the norms, concepts and motivation for actions and regulations. It is worth recalling, though, that the sages of antiquity also spoke about a class of guardians who carried on the values of society. "What those who have the chief power regard as honorable will necessarily be the object which the citizens in general will aim at," Aristotle said.

The philosopher lived in an epoch of societies composed of classes, but today's proponents of Western-style liberal democra-

cy also believe that the state must play a significant role in the formulation of rules and norms. Francis Fukuyama writes in *The Great Disruption* that a statement on the impossibility of administering the morals is only partly true. Government cannot compel citizens to follow norms that run counter to innate instincts or interests, yet it can (and does) designate more informal norms. The abolition of segregation in the U.S. in the 1960s due to the creation of civil rights laws and franchise played a crucial role in the change of public norms regarding racial issues.

Rollo May produced a formulation that sounds relevant for modern Russia. He referred to Spinoza, who wrote about freedom from fear. Spinoza believes, says May, that the state should relieve every man from fear so that he may live and act with a sense of protection and without doing damage to both himself and his neighbors.

This means that the ruling class bears responsibility, at the minimum, for initializing unifying truths and notions, which will help transform the country from a bunch of chaotic atoms into a real society. The truths and notions will not grow from the bottom, but if they do they will come in the form of a marginalized concept of living that will spoil some and be rejected or ignored by others.

In this respect, North American researchers say there is little hope that the types of endemic mistrust found in southern Italy and Russia will go away on their own anytime soon. The natural abilities of the people in those regions to create order sporadically will not suffice for changing the cultural stereotypes of behavior (Fukuyama). Authoritative Russian thinkers share this idea. "State power has a much greater responsibility than ordinary citizens to observe moral boundaries," Alexander Solzhenitsyn said recently. "By doing this, it will set an example to follow without coercing people to do so."

The crux of the matter, however, is that none of the people who have recently expounded on moral norms bothered to clarify what sort of norms they were speaking about, what kind of society they would like to see for Russia in, say, five to eight years from now, and what they classify as 'moral' or 'immoral' behavior. Putin spoke about "respect for the native tongue, identical culture, identical values, the memories of past generations, and

every page of our history." Frankly speaking, this is an appeal for honoring the national heritage – the traditionalist foundations that certainly should be present in the culture of every nation. But the situation of an open global information society obviously demands something more expansive. What is more, the literal observance of this advice will sooner halt society's development and thus impair its prospects in global competition than stimulate progress. It is scarcely possible to formulate the concepts of evil or fairness exclusively on the basis of a self-identical language and culture, especially when it comes down to Russia's multicultural environment. Self-identity is a necessary but insufficient condition.

One more thing Putin spoke about was justice – a notion that arouses some problems, too. Alexander Auzan, for example, the director of the Public Contract Institute, has vehemently refused to use that notion in his lectures in the future because of its rather disjoining connotation. Some politicians claim that justice will still be associated with the "confiscate-and-divide" concept in the next fifteen or so years, although the number of supporters of that idea will diminish along with development of the economy and maturing of the generations of people unlinked to the experience of Soviet-era wage-leveling.

The notion generates other differences. For instance, some believe that a healthy foundation incorporating private property and individual freedoms was laid in the 1990s in spite of all the nightmarish consequences. Then this stage passed and other things emerged, such as the possibility to redistribute private property freely and substitute the freedom of the individual by skills of "playing to rule."

Others disagree with this, saying that the country is generally moving in the right direction regardless of some major mistakes, since apart from structuralizing of the economy, the assets of the average man in the street (TV set–car–country house–good school–big wages) are also beginning to take hold. But as soon as the man in the street realizes that he owns something that he can lose, and that he has lost his guidelines, he will look at the issue of justice from a different angle. Thus, a surveyor of public sentiments commented: "We understand now where we are. Revolutionary sentiments have vanished, the situation has stabilized, objectives have appeared, the out-

rageous chaos of the past is gone, and the game has acquired rules. But many of us understand that the rules are wrong."

Russian society really needs a readjustment across the board in order to eliminate injustices – from labor relations in big corporations and small companies to the habits of road policemen (who assess the rules of the road very selectively), to the way retirement benefits are computed, to heartlessness in the services sector, including inside the government. Let us put the word 'justice' aside, though – at least until the moment when it acquires a common meaning for most people. After all, we can find good substitute words for it, like kindness or respect.

But on this point, too, a momentous problem arises. As shown in recent research, people distrust almost everyone, apart from their families and one or two of their closest friends. The level of trust in government institutions is so low that even if the state wants to shout out a note of unification, few will heed or believe it. This means that ***the state and its separate representatives will first have to correct their own reputations and the reputations of their institutions***. Otherwise, any talk about widening the radius of trust will lose all meaning.

The life of Russian society reveals a peculiar feature. A decade ago, the mass media watched closely what cars government officials used, what they wore, and where they spent leisure time. Then, when the state bureaucracy was shaken up by campaigns that forced them into Russian-made cars, it was considered somehow improper to get into BMWs or late-model Toyotas. Even though many inquiries did not delve into morality issues, and sounded hysterical, they attained a certain result – many bureaucrats were cautious not to behave in a manner that could draw scrutiny. But what has transpired today? Government departments and branches have replaced their fleets of corporate cars over the past year, and now it is not considered inappropriate for a government official to ride around in a car that costs $100,000 or more. Compare this figure to the monthly pensions that vary from $100 to $300 a month.

At this point, it would be worth making a note on corruption. This problem began to subside in many countries after decisions were taken

to change the attitude of whole sections of the population to corruption. A change of attitude often marks a pivotal point in the development of a society and changes their future from that of 'negative' to 'stable positive.' Russia badly needs such a change of attitude now. Why? Because no one has any idea how this problem should be treated, especially if you judge from the multitude of actions and events.

The required result will not be achieved without a high level of openness and responsibility.

Scholars of social sciences say that morality is possible in societies where public information circulates freely. Erich Fromm wrote in this connection that "in the absence of information, debates and the power capable of making decisions efficacious, a democratically expressed opinion of the people has no more meaning than the applause at sports competitions."

Again and again, yet another problem is hidden here, and this problem looks the most dreadful even to those who consider issues of morality quite topical for Russia. It consists in the dangers posed by cartelism that instantaneously voids any word, action or phenomenon of value. As a researcher said, "the best way to discredit any reflections on morality now is to make everyone talk about it and to let parties include it in their election programs."

Last but not least, the problem of personalities. "There's much to talk about, but who should do it?" a political scientist said. According to sociologists, the Russians think that even Alexander Solzhenitsyn and Patriarch Alexy II cannot do it. Some expect the surfacing of unusual bright individualities of the Putin-1999 mold (much more in the sense of ability to present something new — and this is what society is waiting for — rather than in the sense of unexpected successorship). Others believe the next president will have to raise the matter all the same and other personalities will take it up after it.

If not, a totally different danger may arise otherwise. As mentioned earlier, society cannot live endlessly with moral ambiguity and social turbulence without producing something from within itself as a natural protection against external shocks. For a while not long ago, xenophobic sentiments were being circulated, and not without involvement of the government. The individuals

responsible for spreading these ideas hurried to to stop them when they noticed their snowballing popularity in the masses, which craved for an object to vent their frustration.

Attempts of a somewhat different nature are noticeable today, appealing to the experience of the Church. Unfortunately, they imply allusions to church dogmas rather than the commandments of Christianity. As we turn to God, we run the risk of bumping into the institution of conservatism – let us not say reaction – which is now admitted even by many religious people. But since there is nothing else to turn to, we can expect a somewhat convulsive reversion to the basic elements of traditionalism.

This reverse side of globalization has already transpired in large parts of the globe. A loss of self-identity in today's universe (which, in Russia's case, has the form of chaos and incompleteness of self-realization) breeds a desire for something understandable, simple, even totalitarian. A desire for a leader who is capable of cleaning up society and emphasizing lofty goals; a leader who can set the course and personally lead the Crusade. And if the flirting with the topic of conservative values continues, Russia will get a drastically different leader – a Savonarola compounded with the priest Gapon and Rasputin. A reaction-minded revolutionary, as it were.

The soil is still not ready for such an individual to burst onto the scene, but this does not mean it will not appear in the years to come. Eventually, there will be order arising out of chaos, but not in the way that the Nobel Prize winning physicist Ilya Prigozhin interpreted it. This will be an authentically Russian interpretation.

That is why the lower the morals sink and the longer that sinking continues, the tougher the measures that one might offer or demand to rectify the situation. Russian and world history abounds in radical steps, including the ones that aimed to embed new values and morality – from the Crusaders to the Great Inquisition to the Islamic and Socialist revolutionaries. It would be highly desirable to eliminate any form of radicalism in the field of human relations at the present time.

Russian Federalism and Evolution of Self-Determination

Ivan Sukhov

Over the past one hundred years, the problem of self-determination of one or another constituent part of Russia has overwhelmingly overshadowed the problem of the country's self-determination as a whole. To ignore this looming dilemma would mean putting into jeopardy Russia's political stability or successful integration into the global community.

SELF-DETERMINATION UP TO SECESSION

The history of Russian federalism is relatively short. Two attempts to hammer out a federal system were tantamount to emergency landing maneuvers. The first one took place in 1917-1922 and culminated in a de facto restoration of unitary rule. The second attempt started in the 1990s and it risks sharing the fate of the previous attempt, despite the fact that the effective Constitution proclaims the principle of federalism. Sadly enough, that principle got there as a fragment of the Soviet heritage, not as a product of Russia's new self-determination.

The Soviet federation once in the past turned out the only type of state structure that proved capable of stopping the country's disintegration and channeling the energies of the former ethnic provinces into revolution at the same time. However, the "right to self-determination up to secession" embedded in that structure

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and a rather arbitrary selection of the so-called 'titular nations' [after which entire constituent republics were named – Ed.] predestined problems for territorial integrity.

The two-tier system of Soviet federalism – the constituent 'union republics' and the autonomies subordinate to them – also contained logical flaws. It was believed that "historical progress" had driven the 15 titular nations to a level worthy of statehood, even though they were still inside the Soviet Union, while several dozen ethnic groups chosen as 'titular nationalities' for the autonomies had not reached it yet. As expected, the junior ones grew up and loudly claimed their rights in the late 1980s and early 1990s. Their claims unleashed a 'parade of sovereignties' in Russia that brought into existence what can be seen as the second edition of federalism.

The Soviet federation had one more major problem – the divided ethnic self-identification of citizens. In spite of the broad propaganda of internationalism, the Communist leadership attached significance to the ethnic identity or even exclusiveness of titular nations, fleshing these categories out with formal and juridical notions. Meanwhile, the 'multi-ethnic community of the Soviet people' remained a notional bubble.

Special studies and attempts to mold a community of people along the principle of loyalty to the state without ethnic and/or religious boundaries were launched in the Soviet Union only fifteen to twenty years before its disintegration. Their progress was very uneven, as they were regularly sidetracked in favor of efforts to perfect unitary rule or, sometimes, to openly Russify the ethnic republics. The ideologeme of 'proletarian internationalism' was commonly invalidated by the routine practices of Soviet governmental and public organizations. No one gave serious attention to grassroots xenophobia, which has grown into a major problem for Russian cities today. The authorities plucked the measures for regulating migration out of arsenals of repressive methods that varied from Stalinist ethnic deportations to a gradual resettlement of hundreds of thousands of ethnic Russian workers to the Baltic republics. At the same time, they drafted practically no programs to help the arriving newcomers adapt to the local conditions.

The multi-ethnic Soviet Union failed to become a melting pot or a new historic union of Soviet people, and that is why it was fairly easy for the republics to leave the Soviet Union in the last decade of the 20th century. The Soviet Union failed both in Cold War battles and in its attempts to set up a civic society. When the critical moment came, it turned out to be a territory with a population lacking any civic feeling. Russia is facing a similar problem today.

SELF-DETERMINATION WITHOUT SECESSION

Boris Yeltsin's opponents could never forgive him for uttering a phrase that invited constituent autonomies of the Russian Federation to take as much sovereignty as they thought appropriate. Many people discerned in it the motto of the Soviet Union's disintegration, although in essence the phrase was meant to save the country.

At the very start of the 1990s, an acute stand-off broke out between the governments of the Russian Soviet Federative Socialist Republic (RSFSR) and the Soviet Union. Both played very tough against each other and the game involved some risky political methods. The Kremlin made an offer to the autonomies that would bring their status to a level equal with the 'union republics' that they were part of. The goal was to weaken Yeltsin's team.

Autonomies inside the RSFSR eagerly renamed themselves into republics and adopted declarations of state sovereignty. The most impressionable of them even planned on taking part in the talks to reshape the Soviet Union that were held at Novo-Ogaryovo outside Moscow. But the August 1991 attempted coup thwarted the negotiations.

After the Soviet Union was finally dismantled in December 1991, the Russian leadership had to sign the Federation Treaty that fixed new rules for the relationship between the center and regions. The scope of the latter included a separate group of about twenty former autonomies. The authors of the treaty tried to reproduce something that had not been effectuated at the Novo-

Ogaryovo union talks on the scale of the Russian Federation. The goal was to keep the country's unity by forming new foundations for the federation with a clear division of actual powers rather than fictitious ones. In December 1993, a new federal Constitution was adopted in a referendum. It also contained the word 'self-determination,' although it did not mention a possibility of 'secession.'

The splitting of the volumes of powers, which poured down on the country's regions the powers unseen until now, had the guarantees inherent in the Constitution, in the Federative Treaty and in the very essence of the deal formalized by those legislative acts. It boiled down to an exchange of unity for the regions' rights. But as the new federated formation stabilized, it turned out that the federal center was inclined toward revising the distribution of powers, while the Constitution and the Federative Treaty were worded in such a way that did not require an introduction of amendments – even if a drastic overhaul of the relationship was in the cards.

It was Russian President Vladimir Putin's administration that started taking persistent converging measures, partly dictated by the very circumstances that surrounded its rise to power. At the end of the summer of 1999, an armed conflict broke out on the administrative border between Chechnya, which had been living under a suspended status after the 1996 Khasavyurt agreements, and Dagestan, whose status fully rested on provisions of the Constitution and the Federative Treaty.

The fact that hostilities had broken in three operational theaters at one time in a constituent territory that had previously been considered peaceful gave Moscow a big headache. Putin, who had been appointed Prime Minister by then, took dramatic steps to keep Dagestan inside the Russian Federation and then to affirm Chechnya's status through the use of force. These steps did not envision a dismantling of the federative structure, but they gave the new Russian leadership the image of a 'gatherer of lands'.

Moscow supported that image over the next seven years correspondingly to its understanding of state unity – it gradually stripped the constituent territories of the rights they had won. The institution of presidential envoy in the newly established seven

Federal Districts became a transitional – in fact, unitarianist – link of governance between the federal center and the regions, although the envoys had rather limited powers. Projects for regional enlargement, partly implemented by now, slashed, albeit moderately, the number of the federal center's "counterparties."

In the early 2000s, the Prosecutor General's Office and lawyers for the presidential administration did a tremendous amount of work analyzing and editing regional laws. Certainly, any attack on the principles of federalism was out of the question, but the authorities displayed a clear trend toward leveling out the asymmetric federative relations, i.e. toward smoothing out the differences in the status of the republics and other constituent territories. By and large, this kind of unification is typical of relations in a unitary state that consists of administrative units subordinate to the center rather than of power-wielding subjects.

Several dozen treaties were broken off now regarding special arrangements for a distribution of power that Moscow and separate regions had signed in the aftermath of the common Federative Treaty in 1992. Regional elites used those documents as wrappings for the sovereignty that Boris Yeltsin had granted them in the form of budget discounts, preferences in the development of mineral resources and other special concessions.

Simultaneously, changes affected the patterns of forming the Federation Council, the upper house of Russia's Federal Assembly. While previously seats there had been taken by governors and speakers of regional legislatures ex officio, the new rules required that they should delegate their representatives, whose appointments should unavoidably be coordinated with the Kremlin.

Finally, the population of constituent territories stopped electing governors in 2004. Instead, gubernatorial candidates were endorsed by legislatures at the president's recommendation. This move looked like a response to the terrorist attack in Beslan and it confirmed once again that the Russian leadership identified the build-up of national security with controllability and a smooth adjustment of all elements of state machinery rather than with the fostering of people's civic vigilance.

SELF-DETERMINATION IN LIEU OF SECESSION

Two of Russia's republics took avail of Boris Yeltsin's invitation to sovereignty and took more of it than the others. In 1992, Presidents Dzhokhar Dudayev of Chechnya and Mintimer Shaimiyev of Tatarstan did not sign the Federative Treaty. It was in these two regions that ethnic movements had the widest appeal, and the energies of an ethnic explosion remained a dominant factor in their regional policies.

Both republics abstained from voting on the 1993 federal Constitution. Their formal inclusion in Russia's political and legislative space encountered variegated problems and ended only in the 2000s. Since Tatarstan and Chechnya followed different paths, the results they have achieved to date also differ. Tatarstan lived through "the wars of Constitutions" but eventually gained the status of a key region in the Volga river basin, both loyal and prosperous. It is a vital center of moderate Islam after settling some ethnic and inter-religious conflicts that smoldered there in the early 1990s.

Chechnya fought two wars with Russia. It lost a great part of its social and economic infrastructure and still remains an embarrassment for public opinion both inside and outside the country. The vast majority of ethnic Russians who used to live in the Chechen Republic have left it for good.

Nonetheless, it was Chechnya, and not Tatarstan, that won the race for the title of an exemplary constituent part of the federation in the past few months. The Tatar government proposed the signing of a new treaty on a discrimination of powers, but the federal center rejected the proposal in a refined Byzantine style: a draft endorsed by the president and adopted by the State Duma, the lower house of parliament, was voted down by the pro-presidential majority in the upper house. Even if the Duma manages to override the veto somehow, after two years of consultations with Kremlin lawyers Tatarstan will get a purely formal symbolic agreement.

Chechnya turned down a similar treaty in the past and recently got a new president. At the same time, the republic obtained exclusive internal independence. The federal authorities have

already been rebuked for de facto renouncing a strategic line at consolidating vertical power along with creating grounds for discontent in a loyal region and giving incentives to a disloyal one. However, the Kremlin's decisions have an internal logic. They vividly attest to the current status and political meaning of Russia's state structure, which quite frequently reduces federalism to an informal relationship between the federal and regional elites as regards economic resources.

TATAR SELF-DETERMINATION

Tatarstan refused to sign the Federative Treaty in 1992. Almost simultaneously with that, it held an internal referendum that reaffirmed the republic's declaration of independence it gained in 1990. The question in the referendum was, "Do you agree that the Republic of Tatarstan is a sovereign state and an international legal entity that is building its relations with the Russian Federation and other republics and countries on the basis of equitable treaties?" The regional authorities explained on many occasions they had no plans whatsoever to drive the situation to the verge of secession, but one way or another, the referendum set the scene for a 'constitutional war' between Moscow and the government in Kazan.

The only document that formally linked Russia and Tatarstan over a period of nine years was an agreement on the division of spheres of competence and mutual delegation of powers between agencies of state power of the Russian Federation and agencies of state power of the Republic of Tatarstan, which Mintimer Shaimiyev and Boris Yeltsin signed in February 1994. The document reflected provisions of Russia's Constitution related to the federal structure, thus making up for the blank spots that had appeared after Tatarstan had abstained from the referendum on the Constitution. Its status had a whole range of specific features, like impressive budgetary and tax privileges, preferences in natural resource production, powers in settling privatization policy issues, and even guarantees against interference by the federal Armed Forces in the republic's political life. All of these were fixed in a series of intergovernmental agreements.

The tax privileges and rejection of landslide privatization practices enabled the Tatar authorities to cushion the aftershocks of the social crisis that swept Russia in the early 1990s. However, the metered-out privatization eventually brought a sizable part of resources into the hands of the irremovable local elite.

The republic's government did a lot to overcome social tensions, emphasizing the equality and communion of citizens, irrespective of their ethnic origin or religious affiliation. The mighty wave of the ethno-nationalist movement of the early 1990s was thus cushioned and the republic came to view itself as a component part of Russia.

Tatarstan's 1992 Constitution was amended and supplemented in 2000-2002 in compliance with the federal law. Its new version included the notion of 'the Russian Federation' and a phrase about "an unbreakable historic unity" of Tatarstan and Russia. Article 1 said relations between the federal center and the republic were determined by the two Constitutions and the treaty on the division of powers, still in effect at the moment.

In 2003, the federal center denounced the treaty along with forty or so similar documents. The draft of a new treaty, which many believe contains signs of the 'parade of sovereignties,' can be described as a centripetal one. The single feature it inherited from the previous treaty makes reference to Chapter 3 of the Federal Constitution that stipulates division of the spheres and aspects of competence.

The new treaty empowers the republic's leaders to make agreements with the Russian government on any issues reflecting the historical, economic and ecological specificity of Tatarstan. In theory, such agreements may revive a system of budgetary privileges and some special regulations for mineral resource development, but only with the authorization of the federal cabinet of ministers and approval by the State Duma. Any activity on the part of Tatarstan in the field of foreign policy should also require consent from appropriate federal agencies, although the draft singles out the republic's right to give assistance to ethnic Tatar communities outside Tatarstan.

The authors of the draft hope that its endorsement will provide an opportunity to fill it with real content over time. By doing so, the parties that endorse it will get more reliable guarantees for their interests than the de facto existing unofficial protocol of relationship between the federal and local Tatar elites gives both of them. There is hope that the treaty will at least partly prop up the status of the republican elite in the run-up to an inescapable change of top players both in Moscow and Kazan. However, the final text retained only symbolic elements of this status and the upper house's veto cast doubts over the sincerity of the Kremlin's plans to impart legal force to the draft. It cannot be ruled out that the whole story was kicked off merely to display courtesy toward President Shaimiyev in a way that perfectly fits the above-said informal protocol.

People in Tatarstan do not see any reasons for Shaimiyev's early resignation yet, as his powers were extended for another five years quite recently. Shaimiyev has ensured stability and ethnic/religious concord in his republic. He maintains good working relations with Putin and is one of the pylons of the United Russia party. Also, the federal quarters have the 2007 and 2008 elections ahead of them — a context in which a replacement of regional leaderships does not look appropriate.

Still, observers have begun to name possible successors to Shaimiyev and the lists compiled by Moscow experts are apparently much longer than the lists compiled by local experts. The replacement of the important leaders in Kazan is most likely unavoidable and Shaimiyev's advanced age is not the only cause for it. There is an incipient conflict rooted in the sphere of access to Tatarstan's economic resources, now under control of the republic's elite. Tatarstan occupies an important place in Russia in terms of crude oil production. Its monthly output compares to Chechnya, although the quality of its oil is much lower.

The practice existing now is such that the problems of resource redistribution are solved much more easily with the aid of personnel reshuffles than through the signing of public contracts. It looks like officials in Chechnya have realized the fact quite properly.

CHECHEN SELF-DETERMINATION

In 1990, Chechen-Ingushetia ceased to exist as an autonomous republic of the RSFSR and tried to jump onto the departing train of the Novo-Ogaryovo talks. As the Chechen-Ingush legislature supported the organizers of the abortive coup in August 1991, Boris Yeltsin's team bet on the leaders of the Chechen nationalist movement in response. As early as November 1991, Moscow made an attempt to deploy more troops to Chechnya so as to cut short the mass outrages committed there. The self-proclaimed Ichkeria (Chechnya) adopted its own sovereign constitution the next year and divorced itself from Ingushetia that undersigned the federative treaty. Federal troops were pulled out of the Chechen capital of Grozny and other places of deployment. Ichkeria did not take part in the 1993 federal referendum on the new Constitution. A sizable part of the republic's territory was controlled by armed Chechen opposition units that drew support from some quarters in the federal government. The first Chechen war that began in December 1994 was a result of Moscow's attempt to demonstrate its unwillingness to tolerate separatism.

Yet the separatists seized Grozny in the summer of 1996, after which agreements on a ceasefire and the so-called 'suspended status' were signed in Khasavyurt. These documents indicated that Chechnya's status inside/or outside Russia was to be determined in 2001 at the latest. Russian troops, police and government officials left the republic for the second time in the decade.

Aslan Maskhadov, who became Chechen president after the death of Dzhokhar Dudayev, now had to face a government consisting almost exclusively of field commanders who believed they had won a war of liberation against the empire. Maskhadov had to keep equilibrium on the brink of a civil war, but he could not prevent the militants' invasion of Dagestan in 1999. By 2001, when the problem of Chechnya's status should have been raised again under Khasavyurt terms, he had already been a president in the underground for two years.

Moscow decided to discard the services of the old Chechen-Ingush elite this time, however, and started looking for allies among

the "moderate separatists" and opponents of fundamentalist Islam. It finally bet on Ichkeria's former mufti Akhmat Kadyrov, who was unexpectedly appointed as the interim civilian administrator in 2000. The Chechen Constitution, adopted in a referendum in March 2003, finally attached the republic to the Russian Federation. Kadyrov was elected Chechen president that same year.

These developments unfolded in parallel with wide-scale amnesties, as Russia's recent adversaries surrendered to Kadyrov personally on guarantees that no prosecutions would follow. That was how a kind of private guard, formally added to the tables of organization of federal enforcement agencies, took shape. One must admit, however, that it really brought out hundreds of people from the forest who had fired on federal posts and troops in the not so distant past and had been the engine of subversive activity in the North Caucasus in the first half of the 1990s.

In 2004, Kadyrov was assassinated in Grozny and was replaced by Chechnya's former Interior Minister Alu Alkhanov, who had fought against the separatists. The old Chechen-Ingush elite and part of the Russian leadership pinned certain hopes on him, but he never received all-round support.

Ramzan Kadyrov, the thirty-year-old son of Akhmat Kadyrov who became president in April 2007, is often accused of "systemic separatism," which means a type of situation where Chechnya officially remains part of Russia, but actually lives of its own free will. Critics especially point out the strength of the forces of law and order in the republic, which total about 15,000 men – almost the same figure as the strength of federal armed units deployed in Chechnya (about 22,000 troops at the moment). Chechen forces mostly consist of former militants, whose competence in the field of law and maintaining order is quite questionable.

Yet the authorities allowed the presence of this private guard as a replacement for Russian regular units, thus lifting from the latter responsibility before Russian and Chechen families. The "guardians" fulfill their task successfully.

Moreover, Ramzan Kadyrov has managed to convince some sections of the ethnic Chechen business elite to invest money in

the republic's postwar reconstruction. This investment stands on a par with federal subsidies. The young leader's crude authoritative methods pushed the system of executive power into operation. It also looks like he has found a way to lead the economic reconstruction process out of a corruption deadlock. The only thing Ramzan Kadyrov does not control is the legal production of high-grade oil that totals about 2.2 million tons a year. In contrast to neighboring Ingushetia, where the government controls the oil industry, albeit a modest output, or to Tatarstan, where the local elite is extremely active in the oil business, Chechnya only has formal control over a 49-percent stake in the company Grozneftegaz. The controlling stake in it belongs to Rosneft, which reports to the federal center. Ramzan Kadyrov, who rejected a draft treaty that placed the problem of mineral resource development in the central position, is now looking for alternative ways to "restore justice."

And yet Moscow is pleased with the current situation. In essence, Chechnya offers an ideal model of a relationship between the federal center and a constituent territory where the ashes of conflict are still smoldering. It has been tied together with its population and a strong local leader, who depends personally on the Russian president, but who has virtually unlimited powers in his own republic. The price of this relationship is the ceding of control over oil resources to a government company. This is a kind of condition of a contract, since any attempt on the part of Ramzan Kadyrov to gain control over oil wells in Chechnya will have an immediate effect on his career.

It is noteworthy, however, that Kadyrov and the people around him, who are mainly made up of former militants, seem to be more committed to the idea of unity of the federation than many politicians in Moscow. That is why apprehensions that he may "escape back to the forest" one day seem groundless. Unity is more than a slogan chanted by former militants at previous marches. It guarantees a status to the new elite. But sooner or later, the availability of a loyal prince, who receives powers from one hand while the other hand strips him of his means for subsistence, may stop being a sufficient factor. Since the current

Chechen elite are not going to secede from Russia, what is left is to try and change Russia's rules of the game. If the attempt succeeds, the role of the locomotive in writing a new edition of Russian federalism will go to Chechnya, not to Tatarstan with its courteous treaties.

STATE-FORMING SELF-DETERMINATION

The pattern of informal regulation of the relationship between the federal center and constituent territories that has been adopted in Russia now is reminiscent of a decaying ancient Rome that did not feel squeamish about handing over border provinces to barbarian federates.

However, this pattern does not work everywhere. Elites in many Russian regions simply do not have any attractive resources to exchange for guarantees of their status. One such case is the North Caucasian region of Karachai-Cherkessia, a depressed republic where an absurd local standoff is continuing for the fourth consecutive year. It paralyzes any possible progress, regularly provokes unrest and drags on unresolved, as the federal center does not interfere in it. The central authorities ignore the situation persistently, although it is developing near the state border and in the face of a looming threat of Islamic fundamentalism.

Second, the pattern implies a closed system of interrelations between elites, as the elimination of gubernatorial elections has fully ruled out any feedback from the people. Many regional leaders who relied on popular support about ten years ago have lost a big share of their authority now and they prefer using good relations with the center as a guarantee to their status. Chechnya remains an exception to the rule, as the new elite there still does not have a long "credit history" of relations with Moscow.

In the meantime, mutual alienation between the people and the authorities strips the center of its consolidating role. The center (or regional elites at their level) seeks to keep up the informal balance of interests and obstructs any attempts to change it. The government knows exactly who should not do certain things and what things, but it never explains what things people can do.

Recent developments prove that this alienation has also affected ethnic Russians who form the majority of population in Russia today. History proves that ethnic Russians continue to be the most loyal social segment and their protest capability, if it ever shows up, is never fuelled by ethnic sentiments. The reason for this consistency, which did not dwindle even during the "ethnicity boom" of the early 1990s, lies in the fact that the Russians have traditionally regarded the state as the most efficient and most reliable public organization for them. But now the veil of silence has been pierced, as ethnic Russians are adding themselves to the list of those who are discontent with the existing rules of the game.

A criminal incident in the northwest town of Kondopoga in early autumn 2006 exploded into unrest and rampage. It was not the ethnic problem as such that triggered it, but, rather, mistrust in law enforcement agencies, which proved unable to guarantee security to an individual or to punish the guilty. A wave of disgust turned into a sporadic and crippling attempt by the ethnic Russian population to organize in order to defend their rights and interests. Kondopoga is not the only instance, as the problem of migrants' conduct and their contacts with the indigenous population stands out noticeably and requires consistent decision-making. However, the authorities prefer to respond to it only by stepping up tactical measures of police impact.

Meanwhile, the list of "Russian questions," which the government leaves unanswered, is not confined to the number of foreigners working at open-air food markets. It is much longer and includes, among other things, the much-spoken-of demographic statistics and the disastrous position of refugees from neighboring countries and "blazing" regions of Russia.

Kondopoga also exposed the way in which the population may rise to such questions. It put some fear into the authorities, but their reaction did not exceed the limits of political technologies – experts beating about the Kremlin are working hard to snatch the electorate from marginal radical nationalistic parties through imitating a broad appeal to the interests of the ethnic majority. For this purpose, the United Russia party

launched the blatantly political Russian Project television program that emphasizes the "Russian civilization" aggregating all of the country's ethnic diversity.

The contents of that project are still too vague. It is unclear if the expected results can justify the risks inherent in achieving them. At any rate, it is not the first time that the authorities have appealed to ethnic feelings and reminded Russians of their "status as the country's backbone." The Stalinist leadership acted in the same way during World War II when it declared the Russians to be "nation number one among equals" in the Soviet federation. But even though the share of ethnic Russians in today's Russia has increased compared to the former Soviet Union, this technique looks anachronistic. Just a cursory glance at demographic and migration statistics is enough to understand that the country is losing its Russocentric status. In this situation, a real, not elitist, federalism offers many more opportunities than any unitary system.

Federalism never played the role of a counterpoint to unity, since Russia's multi-ethnic nation has always been the source of state power. This postulation is true for any constituent republic. Unlike union republics in the Soviet Union, they cannot be considered 'ethnic,' although many politicians still look at them this way out of inertia. The function of a state founder cannot belong to any separate ethnic group in a multi-ethnic society. This applies even to Chechnya and Ingushetia, which have become mono-ethnic territories due to the conflicts of the 1990s.

Russia's extreme nationalists harbor an idea of creating a separate republic on Russian territory where the Russians would be a titular nation. This is a retarded manifestation of the "self-determination up to secession" principle. The tiniest verbal flaw by the masterminds of the Russian Project programs can set off a large-format replication of that principle and bring into existence one more "ethnic apartment" [the term used in the early 1990s to describe a tendency toward isolationism among former Soviet republics – Ed.]. This will intensify ethnic estrangement, stimulate governmental isolationism, and lead to the country's territorial disintegration over the long term.

The development of this very pessimistic scenario can only be prevented by removing ethnic and religious barriers inside the community of all Russian citizens. The situation is not altogether unpromising. Opinion polls indicate that the word '*Rossiyanin*' [a person identifying himself with Russia as a country rather than with Russian ethnicity; used emphatically at the beginning of the 19th century, but introduced into broad everyday use during Boris Yeltsin's presidency – Ed.] is not associated with the unpopular President Yeltsin anymore. This means that the country called the Russian Federation is gradually winning recognition among its own citizens. The latter fact has a much greater importance than the artificial climate of interrelations inside elites, however strong their illusions might be about their exclusive right to shape political reality.

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The World Disorder

"A Game of Badminton." Cartoon by Honore Daumier, 1869

It is not clear yet what will result from the changes that we have been witnessing in the past 18 years. Drawing historical analogies, we can compare the 'end of the bipolar system' in 1989-1991 to the beginning of the Thirty Years War, the fall of the absolutist regime in France and, finally, to World War I.

The European World After 1989

Timofei Bordachev

The revolutionary events of 1989-1991 in Central and Eastern Europe, crowned by the collapse of the Soviet Union and the Communist bloc, triggered a long and dramatic process in the history of the European states. The geopolitical change in Europe was set in motion, but the results are still unclear. This motion has affected all levels of European life: political systems, the state of relations between European countries, and the domestic "social pacts" in each of them.

Attempts to artificially halt the radical turn on the continent and achieve some sort of status quo have either yielded no result or their outcome is unclear. Such initiatives include the desire to impart a constitutional, rather than treaty-based, nature to European integration, democratize the enlarged NATO and turn it into a "global policeman," and fix a specific political system for Russia and its relations with its neighbors.

All of these attempts invariably run up against the same problem: on the one hand, there is the desire to preserve the unique role of the sovereign European states. On the other hand, there is a need to limit that role in order to stabilize the institutional system and improve the economic efficiency of

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Europe as a whole, as well as in each European country. This would include, of course, Russia.

CRUCIAL EPOCHS

The history of modern Europe has already witnessed three painful periods of major upheavals that lasted for 25 to 30 years on average.

First, the Thirty Years War (1618-1648) ended in a treaty that created the principle of state sovereignty and noninterference in internal affairs. Later, the French Revolution (1789-1815) brought the people on to the political stage and, having suffered a crushing defeat, reaffirmed the primacy of the sovereign state. Finally, the tragedy of 1914-1945 produced a new balance of forces in Europe: a confrontation between two ideologically hostile alliances, each being under the dominant control of a sovereign power – the United States or the Soviet Union.

Fortunately, Europe's ongoing radical revamping has proven less destructive than previous attempts, while its violent manifestations have affected only the periphery – the Western Balkans and part of the former Soviet space. Yet, although interstate conflicts within the European Union are of a relatively friendly nature, the Union does not resemble an island of stability.

The regional and global consequences of the present "neighborly" miscommunications between Berlin, London, Paris and Warsaw may eventually exceed any massacre, in Africa, for example, or some other global catastrophe. Furthermore, an unbalanced and weak Europe will itself become a theater of military-political actions for countries and non-state actors, whose conduct is far from the one accepted in the Old World.

It is not clear yet what will result from the changes that we have been witnessing in the past 18 years. Drawing historical analogies, we can compare the 'end of the bipolar system' in 1989-1991 to the beginning of the Thirty Years War, the fall of the absolutist regime in France (1789-1793) and, finally, to World War I (1914-1918). The latter destroyed three European empires, brought Soviet Russia on to the international stage (the logic of

Soviet Russia's conduct markedly differed from the logic of the Russian Empire), and made primitive nationalism one of the leading political forces in Western Europe.

In all of the above cases, the varying degrees of violent change of the established order of things were only the beginning of major changes. The crisis-prone expansion of European integration, the painful transformation of Russia's identity and vague international prospects of Eastern Europe, the erosion of the political and military importance of NATO, and the rapid aggravation of transatlantic relationships are all manifestations of the latest turning point in European history.

All former similar periods ended in the continuation of the unique role of sovereign European states as the main actors in international relations. Each time a balance of forces was established, as well as zones of influence for countries or alliances, new social pacts were concluded with regard to political and economic organization inside countries. Today, the main questions remain the same: What is the role of the state? How should states implement their sovereignty and ensure a balance of forces? European political leaders from Moscow to Lisbon will have to find answers to these questions whether they realize it or not.

GOALS AND CONDITIONS

The European Union now poses as a major political actor (the aggregate population of its member countries in 2007 stands at about 500 million people), so it bears the main responsibility and burden of challenges of the transitional period. Maastricht-like integration of the EU has encountered three major challenges.

First, the strategic goal of the EU is extremely vague. Determining this goal could assist it in making difficult political decisions that go beyond the usual initiatives for maintaining and improving its socio-economic model.

However, the possibility of establishing a shared strategic vision and goal is limited as a new pan-European identity, gradually emerging in the Old World, cannot yet replace, even partially, the national, sovereign identity of the European states. It follows from election

programs and public discussions in Europe that, despite statements about their allegiance to the EU, politicians and voters in EU member states remain within the frameworks of purely national agendas. Even such integration-minded countries as the Netherlands and France mostly focus on national policy toward the united Europe.

Second, Europe, faced with global competition from the United States, China, Japan and even India, cannot overcome its economic inefficiency. High social guarantees, which ensure the existence of the European public pact, are a heavy burden on the economies of the EU member states and impede their innovative development.

A technological breakthrough, cited as the main goal of the European Union for the immediate future, is impossible without a common policy in such sovereign areas as the funding of the social sphere or regulation of labor migration. Numerous difficulties with the implementation of the so-called 'Lisbon strategy' – an action plan that aims to make Europe the most competitive economy in the world by 2010 – show that national measures to attract investment in innovative industries are not enough, while member states are not ready yet to delegate their corresponding powers and distribution functions to the Union.

Third, the EU displays a low level of governability in that it is unable to reform pan-European institutions that are intended, in a manner that would suit everyone, to check and balance the national egoisms of the individual EU members. The existing EU institutions are not fit for taking into account and harmonizing the interests of the 27 EU member states. For example, the political life and debates in the European Union show that its major institutions, such as the European Commission, are now formed by member states according to the "leftover" principle.

All tasks that could be resolved without limiting the sovereign rights of integrating states were resolved within the framework of the 1957-1992 European projects. Switching to a federalist model, that is, by forming a European government and a full-scale European parliament, could galvanize the economy and society. However, such an idea is unrealistic today.

Apart from intra-European challenges, the EU is now faced with external threats that were hard to imagine in the past. The external factors include cross-border terrorism and the proliferation of weapons of mass destruction, the increasingly noticeable decline in the stabilizing role of the United States in European politics, and the globalization and practical freedom of capital movement. These characteristics of the contemporary world challenge sovereign European states and their existence inside the frameworks of relatively close alliances.

The world is ceasing to be Eurocentric. Europe still remains a guiding light for the majority of countries and peoples in terms of culture and prosperity, but its role as a center for production of goods – and knowledge – is decreasing. Furthermore, values that are capable of ensuring competitiveness in the 21st century do not always coincide with Christian or generally accepted human values of the Old World.

DEPARTURE OF THE U.S. AND 'PARADE OF SOVEREIGNTIES'

The United States, which will continue to be the world's strongest power militarily and economically, is drastically changing its role within the European system.

The disappearance of the Soviet center of power – which resulted in the creation of Russia, another large yet ordinary European country that is unable or unwilling to dramatically rebuild the world – reduced the practical need for the U.S. military presence on the European political and military stage.

Participation in European affairs lost any meaning for Washington after September 11, 2001. The military attack, which claimed thousands of lives in America, originated beyond Europe. Thus, the struggle against the militants was to be waged in other military theaters. A military horn sounded in America's army barracks, calling for the military to abandon the quiet front and move to where the attack came from.

Washington's renunciation of reliance on NATO signaled the reduction of U.S. expeditionary corps in Europe, thus causing a

rapid erosion of the Euro-Atlantic's main security institution. A statement by then U.S. Defense Secretary Donald Rumsfeld that "the mission will determine the coalition" was a sentence to the Alliance. The devaluation of NATO in America's eyes (which began even before September 2001) was graphically manifest in several events: the approval of NATO's "childish" expansion of 1999-2004, which was senseless from a military point of view; the pragmatic disregard for NATO mechanisms when preparing for anti-Taliban operations in Afghanistan; and the de facto bilateral decision concerning the deployment of elements of a U.S. missile defense system in Poland and the Czech Republic in 2007.

The reduction of America's historically stabilizing role is creating a power vacuum in Europe, which the European states, acting within the framework of their Westphalian sovereignties, have thus far been unable to fill. Actions by the British government as part of the George W. Bush administration's Iraqi campaign were the most serious attempt in recent years to keep the United States within the European orbit, or at least to fasten Europe to the changed America.

Having ceased to play the role of stability in Europe, Washington – voluntarily or not – is beginning to act destructively. When making the serious decision to deploy a missile defense system in Poland and the Czech Republic, the White House seems to have taken into account all motives except the strengthening of stability in international relations in Europe, including ties within the European Union. Therefore, it is not surprising that Britain and some new EU members described the heightened rhetoric between Moscow and Washington, especially since February 2007, as an aggravation of Russia-West relations in general.

Finally, the departure of the stabilizing force of the United States – the only leader holding a dominant position on the European arena after the collapse of the Soviet Union – ushered in a 'parade of sovereignties' by the European states, which was one of the factors that thwarted efforts to solve the problem of the EU's institutional and economic inefficiency. Deprived of its friendly tutelage from U.S.-dominated NATO, the EU's Common

Foreign and Security Policy suddenly found itself on "the firing line." In late 2002-early 2003, when there emerged a need to formulate the EU's position toward Washington's Iraqi plans, the EU members immediately showed that they either viewed common initiatives as a continuation of their national foreign policy, or simply did not take them seriously. In both cases, there was nothing remotely 'European' in those initiatives.

Europe's situation has been aggravated by the behavior of some of its leaders, which, to paraphrase a French scholar, has been one of the continent's more unfortunate problems. They tried to prove that a new geopolitical reality had come into being on the ruins of the bipolar balance of forces of the Cold War times. The most serious attempt of this kind was made through the massive enlargement of the European Union, together with referendums on a Constitution for Europe in 2004. The failure of both projects only confirmed that this half-cooked soup of European changes was impossible to swallow and digest.

The admission of ten new members to the European Union, as well as the initiative to build a neighborhood on the 'sharing-all-but-institutions' principle (as formulated by Romano Prodi), were aimed at creating a ring of satellite states along the EU perimeter. This move was expected to herald in a new 'center of power' in Europe, with a modernized 'Concert of powers' of Old Europe playing a dominant role there.

To this end, the candidate countries, mostly former members of the Communist bloc, had for a long time been simmering as they attempted to meet the Copenhagen criteria. Yet even the best implementation of these framework requirements could not solve the main problem – that of stripping the new EU members of their sovereign rights. And the new member states were not slow to demonstrate these rights, which in the first half of 2007 seriously complicated attempts to reach a compromise on a renewed constitutional setup and make progress in the EU's external relations.

However, to prevent any sort of destructive behavior on the part of Warsaw, Prague and some other European capitals in the course of debates over a European Constitution was impossible in principle.

The Copenhagen criteria, successfully implemented by the candidate countries, were laid down in accordance with the norms and rules for interaction between the previous 15 EU member states. Although the inviolability of state sovereignty in the EU-15 was covered by numerous coordination mechanisms at the EU level, it remained the main principle of relations among the member states. In 1991, it received additional protection in the form of subsidiarity rule.

Furthermore, the EU's enlargement, together with the proclamation of the European Neighborhood Policy, forced the Union to exceed the boundaries of the postmodernist EU-15. Thus, its new neighbors and partners were reluctant to reckon with the tradition, accepted in this community, to settle conflicts through patient and multi-level dialog.

And in general, by starting to address security issues (a highly sovereign sphere even in the EU-15) at the level of European integration institutions, the EU members actually used trade policy and other instruments of the Union to forward their own national interests. As a result, institutions common to all EU members have either lost a significant part of their powers, or begun to engage in activities that are not common for them. By way of example, one can cite the bustling activity of EU Trade Commissioner Peter Mandelson in politics.

Another political mega-initiative, which provides for placing the integration project on a constitutional rather than treaty-based foundation in the future, was to help mold a new sovereignty in the person of the European Union.

Formerly, however strong was cooperation within the EU (up to the lifting of all restrictions on the movement of goods and the introduction of uniform technical standards), it always rested on treaty-based relations between sovereign European states. A European Constitution was expected to provide for and symbolize a transition to a new, proto-federation entity, rather than a deeper union of states.

Subsequent developments confirmed that the European leaders, strong enough to initiate both projects, lacked the resolve to successfully implement them by convincing the population and

even themselves that a European Constitution had true value per se. The Constitution for Europe broke to pieces as it hit the wall of national sovereignties during the course of discussions over political and economic issues. Meanwhile, the EU's enlargement further damaged the Union's institutions and decision-making mechanisms. As a result, a new European 'center of force,' the emergence of which could theoretically balance out the world order after the collapse of the Soviet Union and the United States' departure, must now be forgotten.

RUSSIA'S ROLE AND TRANSFORMATION

Russia's transformation into a European nation-state, albeit with extensive possessions in Asia, is a factor that will have a great impact on the future image of Europe in 10 to 15 years. A transformation like this represents a great historic challenge.

In 1618-1648, Russia was on the periphery of Europe's tumultuous events and did not play any prominent role in them. The Westphalian "world" order, which laid down the fundamental principle of sovereignty of modern European states, developed without the participation of Russia, which was only incorporated into this system of political, military and partly economic relations to the extent it could and desired; participation in European politics did not always meet the interests of its domestic development.

Russia played a basically different role in the events of 1789-1815, when Russia's autocratic sovereignty was able — largely due to its periphery status — to deliver a fatal blow to the forces of the European revolution led by France. Russia's significance in the European sovereign 'Concert' increased essentially at the cost of its final transformation into a European country, and the need to respond to the same challenges that faced the sovereign West European states. The most important of these challenges included Russia's involvement, since the mid-19th century, in an advanced socialist discourse, which involved the direct impact of transborder revolutionary processes. As regards interstate relations proper, Russia had to actively compete on a highly competitive field of European international politics.

In the course of the "Second Thirty Years War" (1914-1945), as Robert Cooper described that period, Russia itself became a seat and engine of revolutionary changes. The geopolitical results of that period were set down in Yalta and Potsdam. Unlike revolutionary France of the early 19th century, the Soviet Union (Russia) did not suffer a military defeat; it established a union of European states, and was seen as a consolidated external threat for the West.

Russia's ability to influence the results of European transformations has experienced an obvious upward trend. This factor suggests at least two assumptions.

First, this trend may continue, and Russia will either become an independent pole in the European balance of forces, or it will join the West European core nations as an equal partner. A Strategic Union of Russia and the EU, as proposed by Sergei Karaganov, would be able to "softly" compete with the United States and other centers – perhaps even with China.

Second, one can assume that Russia passed the peak of its influence on the European stage in 1945, just as France did in 1815 after experiencing 150 years of growing might. Now Russia is transforming into a normal European nation-state, albeit the largest one geographically, which will no longer rank as an independent 'center of power.' This type of Russia will soon cease to claim a special role in the world, and perhaps will even join an organization that will evolve from the present European Union according to the 'sharing-all-but-institutions' principle.

Russia's ultimate choice largely depends on the outcome of its own struggle in the transition period. The growth of the "Westphalian" understanding of sovereign rights and the scope of state interference in economic activities is inevitable in returning to a nation-state – especially as the need to develop a knowledge economy calls for the greater regulatory role of the state, which is already becoming a noticeable tendency. According to some outstanding economists (for example, ex-World Bank Vice President Jean-Francois Richard), the success of innovation in, for example, Finland is due to a state policy that concentrates investment

flows into those industries where private business does not see immediate profits and therefore is not active.

At the same time, challenges closely related to regional globalization processes in the Old World, and the expansion of economic and humanitarian ties between countries, are equally important for the young Russian sovereignty and the "older" sovereignties of the European Union members. Modernization of the bulk of the Russian economy and society as a whole – from improving minerals extraction methods to upgrading the quality of higher education – requires real limitations on national sovereignty rights, even though insignificant in each specific case.

It is in these framework conditions that political, economic and cultural relations between the two major actors of European politics – Russia and the EU – have been developing over the last 16 years. The practical content and results of these multilevel relations directly depend on the state and society's response to the challenges of the historic transition, which began in 1989. This process still has a long way to go. Attempts to codify the status quo ("pragmatic" interests and mutual expectations of the parties) in a new political-legal document are doomed to failure in the medium term.

By force of historical circumstances, these interests and expectations are short-term. Therefore, they will either repeat the fate of a Constitution for Europe, or will prove impracticable. Future relations between Russia and what we now know as "the European Union" may take different forms, as well as the final result of another large transition period for the two foundations of the European system, which is made up by the sovereign state and a balance of forces.

The Dialectics of Strength and Weakness

Thomas Graham

Six years ago, I published an essay in *Nezavisimaya Gazeta* that began as follows: "It is hardly a secret that U.S.-Russian relations are at one of their lowest points, if not the lowest, since the end of the Cold War. Gratuitous anti-Americanism, once confined to the fringe, has become regular fare for the mainstream Russian press, while Russophobia is penetrating increasingly into American discourse on Russian developments. Russian leaders have been disturbed by what they see as excessively harsh or dismissive rhetoric coming out of the new Bush Administration, while American leaders have been shocked by language they find reminiscent of the Cold War coming from senior Russian officials. The appearances of then-Russian Security Council Secretary Sergei Ivanov and U.S. Defense Secretary Donald Rumsfeld at the Munich Conference on European Security Policy, in early February, neatly encapsulated each side's grievances." Replace Sergei Ivanov with President Putin and Secretary Rumsfeld with Secretary Gates at the Munich Conference, and what I wrote six years ago pretty much sums up the situation today.

Relations are deteriorating. And yet today, as was the case six years ago, as was the case fifteen years ago, each side – and the rest of the world – still stands to gain considerably from constructive, forward-looking relations. Instability in the Middle

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East, the rise of China, non-proliferation and international terrorism, energy security, pandemic diseases, global warming, among other things, can all be dealt with more effectively when the United States and Russia are working as partners and not at cross purposes. At some level, each side understands that. But on both sides injured pride and arrogance, the desire to appear strong coupled with a sense of vulnerability, and great disappointment with the accomplishments of the past six years coupled with a breakdown in communications, have deepened suspicions about the other side's motives and undermined cooperative efforts.

Halting and reversing the current deterioration in relations is critical to the national interests of both countries. But it will not be easy, particularly given that each country is preparing for a transition of power, a process that shortens timeframes, politicizes issues, and disrupts decision-making. A necessary step — and in preparation for those transitions — is trying to understand the character of the current world and how that affects U.S.-Russian relations. In that spirit, let me offer eight theses on U.S.-Russian relations in the current world.

1. We have entered a period of great flux of uncertain duration. Although the bipolar international system ended with the Cold War nearly two decades ago, it is only now that the struggle for the shape of the new international system has been engaged in earnest. The easy optimism in the West in the immediate post-Soviet period that history had ended with the victory of liberal democracy and free markets was undone by the mounting global disorder of the last years of the 20th century and the first years of this century. 9/11 punctured the complacency, at least for Americans.

Global dynamism — and therefore power — is ineluctably shifting from Europe to Asia. The vast expanse of the Islamic world has entered a fierce struggle between tradition and modernity. Rapid global economic growth and nationalistic economic policies in producer countries are tightening energy markets and

deepening concern about energy security. Under these circumstances, it will take years for a new equilibrium to form.

Liberal democracy and free markets may in the end prove better able to master the challenges of the present – and certainly most Americans believe that based on our own national experience. But this is something that has to be demonstrated in reality, not simply asserted. In particular, the great liberal democracies of the West have to demonstrate that they can forge a sense of common purpose and offer models of success for others to emulate.

2. Relations among the great powers remain the key to global security and prosperity, but it is not clear what countries will have the greatest sway in world affairs.

Despite the fascination with the power of stateless terrorist organizations, states still remain the dominant players in international affairs. The great powers by definition will play the leading role in determining the shape of the new international system. In particular, relations among the great powers will determine how, and how soon, the terrorist threat is mastered and at what cost to societal openness and pluralism.

What countries will have the greatest sway in world affairs over the next decade remains an open question. Although its margin of superiority has narrowed over the past several years and will likely continue to narrow, the United States remains the preeminent power. China's rise is widely assumed, but it must still overcome the seeming contradiction between its more open economy and closed political system. Current European disunion militates against a growing role in world affairs, and the unwillingness to bear major sacrifices to advance national interests precludes a larger role over time. India and Japan could play larger roles under various scenarios. As for Russia, its rapid recovery from the crisis of the 1990s surprised most observers, but it must master formidable challenges – in health, education, infrastructure – to sustain that recovery into the next decade if it is to maintain and enhance its position as a major power.

3. Russia's self-assertion masks continuing weakness.
President Putin's chairing of the G8 summit last summer highlighted Russia's return to the high table of global politics. On a number of high-profile issues – Iran, Syria/Lebanon, Israel/Palestine – Russia is increasingly effective in ensuring that its voice is heard. The next step is to demonstrate that Russia can help forge durable solutions to urgent global problems. Too often, Russia's advice is simply to continue the dialogue or negotiations. But great powers have a responsibility to persuade other powers, through the use of incentives and disincentives, that their interests lie in pursuing reasonable solutions. In short, great powers must bring to the table more than just words; they must bring the hard and soft power necessary to forge solutions within a reasonable timeframe.

In addition, many observers doubt whether Russia's self-assertion, particularly vis-a-vis its immediate neighbors, in fact advances Russia's long-term strategic interests. Economic boycotts, for example, of Georgia and, more recently, Estonia appear to have persuaded those countries to reorient their commercial ties away from Russia, without in any way encouraging more positive interactions with Russia. So the question: Are these policies signs of strength or evidence of weakness?

Finally, outsiders look at Russia's domestic politics and wonder whether what they see as overreaction to small opposition groups and autonomous NGO's inside Russia is a sign of the Kremlin's strength and confidence or speaks more clearly of doubts and vulnerability. Similarly, outsiders look at the rise of aggressive nationalist ideologies, seemingly with the Kremlin's encouragement, that threaten the very social fabric of multinational Russia and wonder whether this is a sign of strength or of weakness.

4. The United States remains the power best positioned to help Russia deal with its security threats.
Although much attention is now focused on growing tensions between Russia and the West, and Russian officials often speak

as if alleged U.S. attempts to create a unipolar world are the gravest threat to Russia, the real threats to Russia lie elsewhere: to its South in the guise of radical Islamic fundamentalism in the near term and in East Asia in the guise of a shifting balance of power in the longer term. Add to this the various transnational sources of disorder: terrorism, WMD proliferation, organized crime, pandemic diseases, and so on. The United States remains the only country with the capability to help Russia confront all of these challenges. Europe is too disunited and lacks the hard power; China is an integral part of the East Asian equation, but its reach on other issues of interest to Russia is limited. At some level, Russian leaders understand that their strategic challenge is to harness American power to Russian purpose, even as the United States pursues its own national interests. It is particularly hard for Russia to act on this understanding now because, from its standpoint, U.S. policy has exacerbated instability in the Middle East and elsewhere and energized and radicalized Islamic fundamentalists, thus complicating Russia's security challenge.

5. The United States needs a strong, capable, confident Russia. Throughout the 1990s, the United States was more concerned about Russia's glaring weakness than its potential strength. We feared internal instability in a country that housed one of the world's largest stockpiles of weapons of mass destruction, bordered on other fragile states, and possessed vast natural resources that other countries might be tempted to seize. So the United States should welcome Russia's growing strength. A strong Russia could prove valuable to creating and sustaining a new political and economic equilibrium in East Asia. A strong Russia is critical to building reliable security structures in Central Asia and the Caucasus; it could help manage the instability in the Middle East, rebuild Iraq and Afghanistan, and deal with the problem of Iran. A strong Russia would be more able to work constructively in Europe on a range of European issues of importance to the United States. And a strong Russia should

be a leader in dealing with non-proliferation, terrorism, and other transnational issues. But the United States, so long accustomed to dealing with a weak Russia, finds it difficult to adjust to a more assertive Russia. While there is much that Russia does abroad that raises concerns, there is still a tendency in many circles in the United States to exaggerate the problems and to favor "pushing-back" to searching for pragmatic solutions to those matters that divide us.

6. Current fears of Russia are less a reflection of Russian strength than of Western weakness and insecurities.

An astute historian of Russia, Martin Malia, wrote several years ago that "Russia has at different times been demonized or divinized by Western opinion less because of her real role in Europe than because of the fears and frustrations, or hopes and aspirations, generated within European society by its own domestic problems." Such is the case today. To be sure, mounting Western concerns about Russia are a consequence of Russian policies that appear to undermine Western interests, but they are also a reflection of declining confidence in our own abilities and the efficacy of our own policies. Ironically, this growing fear and distrust of Russia come at a time when Russia is arguably less threatening to the West, and the United States in particular, than it has been at any time since the end of the Second World War. Russia does not champion a totalitarian ideology intent on our destruction, its military poses no threat to sweep across Europe, its economic growth depends on constructive commercial relations with Europe, and its strategic arsenal – while still capable of annihilating the United States – is under more reliable control than it has been in the past fifteen years and the threat of a strategic strike approaches zero probability. Political gridlock in key Western countries, however, precludes the creativity, risk-taking, and subtlety needed to advance our interests on issues over which we are at odds with Russia while laying the basis for more constructive long-term relations with Russia.

7. To rebuild relations, we need to focus on common interests, but we can't ignore values.

To a great extent, this is already happening in U.S.-Russian relations. Because of an overlap in interests, the two countries are working together effectively on a number of nuclear security, counterterrorism, and non-proliferation issues, including Iran and North Korea. But we cannot avoid the issue of values, because they shape the way we think about our interests and are critical to the trust needed to deal with sensitive issues, even when outside observers would posit a common interest.

A few guidelines for my American colleagues: (1) We need to respect Russian choices and preferences. It is their country and they will decide how it will be governed and bear ultimate responsibility for Russia's successes and failures. (2) We need to be patient. Russia is still only a short distance from its totalitarian past. Like any other country, it needs time and space to determine what political institutions work best for it, based on its traditions and current and future challenges. (3) We need to recognize that Russia is part of European civilization. Although it has lagged behind in many respects – and the Soviet period derailed its development in many ways – Russia has followed the main European path, which has witnessed an expansion of liberty for the past several hundred years. (4) We need to raise our concerns, but we must do it in a way that demonstrates that we understand the complexity of Russia's reality, including the contradictions in developments in the 1990s.

And what do we ask of our Russian colleagues? (1) That they not dismiss American discussion of values as a cynical ploy to advance geopolitical interests. Based on their own experience, Americans believe deeply in the power of democracy and markets to build free, prosperous societies. (2) That when they raise counter-concerns that they too do that in a way that demonstrates understanding of the complexity of American reality. (3) That they acknowledge that they bear ultimate responsibility for the conditions in Russia, including how they use any advice that is provided from outside.

8. Rebuilding relations requires sustained engagement at the highest levels of government and supportive constituencies.
The deterioration in relations has been paralleled by a breakdown in the channels of communication between the two governments, although there has been an effort since President Putin's Munich speech to step up engagement. Given the complexity of the issues involved, the persistence of Cold-War attitudes in the bureaucracies of both countries, and national sensitivities, U.S.-Russian relations cannot progress without sustained high-level engagement by the two presidents and their ministers.
But even that will not be enough without the expansion of constituencies in both countries that have a deep interest in improving U.S.-Russian relations. Such constituencies are limited at the moment. As a result, there is little political price to pay in either country for sharp – and often unreasonable – criticism of the other; in fact, in each country sharp criticism is a way of currying favor with powerful political forces and manipulating the fears and anxieties of the publics.

For the moment, commercial relations present the best opportunity for building the needed constituencies. American companies already working in Russia are expanding operations; others are considering entering or re-entering the market. Russian firms are looking for investments in the United States. We need to encourage the governments in both countries to facilitate such investment. The American companies themselves need to be more active in getting out the news of the business opportunities in Russia, without denying the obvious hurdles. And together, the Russian and American business communities must be more vocal in publicizing the benefits of U.S.-Russian cooperation and pressing the governments to seek pragmatic solutions to the problems that divide us.

* * *

As we look at U.S.-Russian relations over the next few years, we face a fundamental choice in attitude and approach, in Russia

and in the United States. We can play to our fears, stress the threats, and focus on our vulnerabilities. Or we can play to our hopes, stress the opportunities, and focus on our strengths. The actual approach in each country will surely fall somewhere between these two poles, but, I would argue, each country would be better off – and U.S.-Russian relations would revive – if we leaned toward the pole of hope, opportunity, and strength.

And so the question I ended my article in *Nezavisimaya Gazeta* six years ago stands: Does Russia have sufficient confidence in its own strength to enter a constructive dialogue with the United States, or will doubts about its abilities and injured pride lead it to seek ways to work against the United States? But I would add a second question now: Does the United States have sufficient confidence in its own strength and optimism about its future to engage in a constructive dialogue with Russia, or do the doubts growing from a less than successful foreign policy and injured pride lead it to see Russia as a source of its problems rather than as a potential partner?

Is A New Cold War Imminent?

Alexei Arbatov

Russian President Vladimir Putin's speech in Munich on February 10, 2007 represented a watershed moment in Russia's relations with the United States and other Western countries. Some experts and observers are even talking about the beginning of a new Cold War era. Are things really so bad? Do the latest developments represent a drift toward a global confrontation between the two powers and coalitions?

THE PAST

The Cold War was a political phenomenon, a product of a special historical period that continued from the late 1940s to the late 1980s. Its basic feature was a clear-cut bipolarity of the structure of international relations, which split the world along the East-West line. In the 1950s, the Soviet Union and the U.S. divided Europe and Asia into spheres of influence; the same phenomenon happened in the 1960s-1970s with Latin America and Africa. This standoff actually split several countries and nations, among them Germany, Korea, Vietnam, China (continental China and Taiwan) and Palestine (the present Arab-Jewish conflict actually resulted from geopolitical maneuvers of the great nations that led to the partitioning of the Palestinian territories). The globe became an arena of a tense tug-of-war between the two superpowers.

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The Soviet Union and the U.S. were behind each local and regional armed conflict in the world, standing on different sides of the barricades. The long list of their standoffs included conflicts in Korea, Indochina, Algeria, South Asia and Cuba. They were also responsible for the four wars in the Middle East, in Horn of Africa countries, Angola, Mozambique, Nicaragua and Afghanistan.

The international community came close to a Third World War at least three times: during the second and the fourth Middle East conflicts in 1957 and 1973, and the 1961 Berlin Crisis. Once, the world almost passed the point of no return in 1962 during the Cuban Missile Crisis. The catastrophe was avoided, due largely to a fortunate concourse of circumstances and the deterring role of nuclear armaments of the rival nations.

Fearing an armed clash, the superpowers and their allies invented a substitute for direct combat, namely, intensive preparations for a war; in other words, an arms race. In its peak years, the two states each commissioned on average one intercontinental ballistic missile (ICBM) a day, and one strategic missile submarine per month, as well as a thousand or more nuclear warheads per year for their strategic nuclear forces.

The scale of the buildup and modernization of conventional armaments was no less impressive. This was especially noticeable with NATO forces in the 1960s and the early 1980s, and in the 1970s-80s inside the Warsaw Pact. Each side annually commissioned hundreds of combat aircraft and tactical missiles of various classes. They also mass-produced thousands of armor vehicles and artillery and dozens of warships and multipurpose submarines.

To justify their global rivalry and ensuing victims, the parties waged a fierce ideological war, demonizing the enemy and attributing to it the most sinister conspiracies and aggressive intentions. This approach implicitly removed the need to understand the other party's point of view, to reckon with its interests and observe any norms of morality and law with regard to it.

There were two distinct stages in the Cold War. The first stage (from the late 1940s to the late 1960s) was marked by "pure" bipolarity. The second stage (from the late 1960s to the late 1980s) saw

the beginning of the formation of a multipolar world. The People's Republic of China emerged as an independent 'center of power' and eventually entered into conflict with Moscow, which led to armed clashes on the Soviet-Chinese border in 1969. China's invasion of Vietnam in 1979 put Moscow and Beijing on the brink of war. Other factors that were responsible for the breakdown of global bipolarity included the growth of the political and economic influence of Western Europe (for example, the Ostpolitik course pursued by West German Chancellor Willy Brandt), and the development of the Non-Aligned Movement, led by India and Yugoslavia.

THE PRESENT SITUATION

The present increase of tensions between Russia, on the one side, and the United States, NATO and the European Union, on the other, has nothing in common with the Cold War years in the second half of the 20th century.

First, the present dispute lacks the Cold War's system-forming element, that is, bipolarity. In addition to the global and transregional centers of economic and military force, such as the U.S., the EU, Japan, Russia and China, the world is witnessing the growth of regional leaders, among them India, Pacific 'small tigers,' member states of the Association of Southeast Asian Nations (ASEAN), Iran, Brazil, South Africa and Nigeria.

Additionally, the mighty currents of globalization and the information revolution are eroding traditional forms of interstate relations. Nor can we discount the ubiquitous growth of nationalism, and the increased role of transnational economic, political and even military actors.

Russian-U.S. relations no longer represent the central axis of global politics. It is just one of its many facets – and not the most important one in many issues. Apart from some contradictions, Russia and the West share major common interests. Finally, they have other competitors beside themselves. Thus, a zero-sum game is out of the question.

Whatever disagreements may divide Russia and the West, they are on the same side of the barricades in the ongoing internation-

al conflicts. In Afghanistan, for example, they act jointly, seeking to prevent a resurgence of Taliban and al-Qaeda activities. On other issues, such as the nuclear programs of North Korea and Iran, and the situations involving Palestine and Nagorno-Karabakh, they are attempting to solve these problems through multilateral negotiations.

The once irreconcilable ideological rivalry between the two parties is now relegated to the past. The real ideological divide now lies between liberal-democratic values and Islamic radicalism, between the North and the South, and between the forces of globalization and anti-globalization. Russia may not be fertile ground for liberal values, but it will certainly never embrace radical Islam. Over the last 20 years, Russia has sustained the greatest losses in the struggle against Islamic extremism (the war in Afghanistan, and the wars and conflicts in Chechnya, Dagestan and Tajikistan).

With regard to the arms race, despite the current growth in U.S. and Russian defense spending, the present situation is not remotely comparable to what took place during the Cold War. In the period from 1991 to 2012, that is, since the signing in Moscow of the Strategic Arms Reduction Treaty (START-I) until the expiry of the Strategic Offensive Reductions Treaty (SORT, also known as the Moscow Treaty), signed in 2002, the strategic and tactical nuclear weapons of the two countries will be reduced by about 80 percent [the Moscow Treaty expires on December 31, 2012].

Yet both parties are slowly modernizing their nuclear and conventional armaments. In 2006, Russia commissioned six ICBMs, 31 battle tanks, 120 armored vehicles and nine aircraft and helicopters. New warships and submarines are commissioned once in every few years. This is incommensurable with the figures of the 1970s-80s. The United States, which has a much larger defense budget, spends the bulk of this money on the upkeep of its Armed Forces and the operations in Iraq and Afghanistan. As opposed to Russia, the U.S. commissions more new conventional armaments, but less nuclear arms.

There are factors that are upsetting the strategic stability. These include the deployment of a limited missile defense system in the

U.S. against individual missile launches; plans to deploy elements of this system in some European countries; and Washington's plan to develop space-based armaments and equip strategic delivery vehicles with precision-guided conventional warheads.

Following the conclusion of the Cold War, the U.S. expressed the view that the fall of the Berlin Wall made redundant any agreements (and therefore negotiations) for the limitation and reduction of armaments, because only enemies allegedly conclude such treaties.

Victims of that irresponsible approach included the 1972 Anti-Ballistic Missile (ABM) Treaty, the 1996 Comprehensive Test Ban Treaty, which never entered into force, the 1993 START-II treaty, and the 1997 START-III Framework Agreement. Furthermore, the parties never held negotiations on warhead counting rules and verification measures under the SORT treaty, or on a ban for the production of fissile materials for military purposes (the Fissile Material Cutoff Treaty). In 2007, Russia announced its possible withdrawal from the 1987 Intermediate-Range Nuclear Forces (INF) Treaty and from the 1999 Adapted Conventional Armed Forces in Europe Treaty. The policies by nuclear and threshold powers jeopardized the most important agreement – the 1968 Nuclear Non-Proliferation Treaty.

REASONS FOR THE "COLD WAVE"

Although the present situation can hardly be called a new Cold War, Russia-West relations are obviously strained. What are the factors behind these tensions?

First, the correlation of forces between Russia and the West has changed over the last few years. Russia has achieved stable economic growth and relative social and political stability. Moscow has consolidated its power. It has obtained large funds for domestic and external investment, increased by 300 percent (since 2001) the funding of national defense, and suppressed mass armed resistance in the North Caucasus.

Russia's new status prompted changes in the rules of the game, established in the 1990s, in its relations with the West. The idea

that Moscow – voluntarily or not – follows in the footsteps of U.S. policy, while its interests and opinions are ignored, has become unacceptable to all political parties and government agencies in Russia. Meanwhile, a majority of American politicians – and almost as many European – view the 1990s model of Russia-West relations as natural and the correct variation.

Second, after the end of the Cold War, the world did not become unipolar. On the contrary, a new multipolar and multilevel system of international relations quickly took shape.

The new global conditions presented the U.S. with a unique opportunity. It had a chance to establish the supremacy of legal norms and take a leading role in international institutions (above all, the United Nations and the Organization for Security and Cooperation in Europe) in international politics. It was in the position to exert the primacy of diplomacy to resolve conflicts, and the principle of selectivity and legality to use force in self-defense or for ensuring peace and security (in keeping with Articles 51 and 42 of the UN Charter). Washington was presented with a historic opportunity to lead efforts to build a new, multilateral and harmonized world order.

But the United States squandered its chance. In the 1990s, suddenly finding itself in the position of "the only global superpower," the U.S. increasingly substituted international law with the law of force, legitimate decisions of the UN Security Council with directives of the U.S. National Security Council, and prerogatives of the OSCE with NATO actions. This policy was most graphically and tragically expressed in the military operation against Yugoslavia in 1999.

After administration change in 2001 and the horrible shock that the American nation experienced on September 11 of the same year, this policy was finalized. Following the legitimate and successful operation in Afghanistan, the United States – under a far-fetched pretext and without a UN Security Council sanction – invaded Iraq, seeking to "reformat" the entire Greater Middle East to suit its own economic, military and political interests.

The provision by U.S. government agencies of false information to justify the invasion of Iraq, the flagrant violations of human

rights under the occupation regime in Iraq, as well as in the Abu Ghraib and Guantánamo Bay prisons, the biased trials over Iraqi leaders and their barbarous executions, obviously approved by Washington (in defiance of protests from Europe) – all these scandalous facts have besmirched the moral image of the United States.

Even the strongest nation – which presumptuously challenged the new global system and embarked on a path of unilateral and arbitrary use of force – was to inevitably meet with cohesive resistance from other states. Predictably, its efforts were to end in fiasco. Indeed, an unprecedented growth of anti-American sentiments began throughout the world, along with a new wave of international terrorism and the proliferation of nuclear and missile weapons. Meanwhile, America got bogged down in the hopeless occupation of Iraq; it undermined the UN and NATO's coalition policy in Afghanistan, and tied its own hands with regard to Iran and North Korea. Moreover, the U.S. is losing its influence in Western Europe, in the Far East and even in its traditional fiefdom of Latin America.

The U.S. unilateral policy of force alienated many different countries and prompted them to join the international opposition to it. These countries included Germany, France, Spain, Russia, China, India, Uzbekistan, Venezuela, Bolivia, Ecuador, Nicaragua, and many member states of the Arab League. The Shanghai Cooperation Organization, established in 2001 as a coalition against Islamic extremism, turned into a counterweight to American interference in Asia. At the same time, opposition to the Republican administration is growing inside the U.S.

Gradually, America aggravated its relations with Russia, as well. Immediately after the September 11 terrorist acts, Vladimir Putin, guided by compassion and the wish to elevate the level of Russian-U.S. cooperation to a new level, took a major step toward Washington. In return, Russia received the U.S. withdrawal from the ABM Treaty (which was covered by the fig leaf of the Treaty on Strategic Offensive Reductions), the liquidation of large Russian oil concessions in Iraq, and NATO's eastward advance – which now includes the former Baltic republics of the Soviet Union.

Moreover, NATO has announced plans to accelerate the involvement of Ukraine and Georgia into the organization. Another plan – to build elements of a U.S. strategic missile defense system in Poland and the Czech Republic – contravenes the spirit of the 2002 Russia-U.S. Joint Declaration on the New Strategic Relationship, which provided for cooperation in developing such a system, and is at variance with negotiations at the Russia-NATO Council for a common theater missile defense system.

Third, the situation in the former Soviet Union is a major factor for the present aggravation of Russia-West relations. Moscow was indignant at the active involvement of the West in the "colored" revolutions in Georgia (2003) and Ukraine (2004), which worked to support anti-Russian politicians (this gave rise to suspicions that the same model was applied in Kyrgyzstan in 2005).

In the 1990s, Russia made many mistakes as it sought to dominate the post-Soviet space. However, as its economic and financial potentials grew, and as its independence strengthened, Russia moved to pragmatic policies vis-à-vis bilateral relations with its neighboring countries. Having waived illusory imperial projects, Moscow emphasized with its neighbors energy transit to Europe, the purchase of promising businesses and infrastructures, investment in prospecting and extracting mineral resources, the preservation of vital military facilities, cooperation in combating new transborder threats, and interaction on humanitarian issues.

The conflicts with Ukraine and Belarus over energy prices and transit rates resulted in the interruption of energy exports to Europe. An outraged West accused Russia of energy imperialism and blackmail, and proposed using NATO as a guarantee of the importer countries' energy security. Moscow's tactics might be seen as brazen, especially with regard to Ukraine, but the transition to world prices on the energy markets meant the renunciation of the former imperial policy of economic subsidies in exchange for political or military-strategic loyalty. This was confirmed by Moscow's equally pragmatic approach with regard to such different neighboring countries as Ukraine, Georgia, Armenia and Belarus.

Nevertheless, the escalation of tensions is caught in a vicious circle. Russia's toughening of its policy toward the GUAM countries (Georgia, Ukraine, Azerbaijan and Moldova) stems from NATO's possible extension into their territories. In turn, GUAM and NATO respond with more active counteractions against Moscow thereby instilling even more fear in Russia about the possible creation of a new "sanitary cordon" against it.

Fourth, political processes in Russia after 2000 represent another major factor behind the aggravation of Russia-West relations. In the 1990s, there was more freedom in this country than there is now – and especially more than in the Soviet times. But only a narrow circle of the liberal intelligentsia in the largest cities could appreciate that freedom. The rest of the population was exposed to the wind of change amidst shock reforms, universal impoverishment, rampant corruption, criminal mayhem, and the embezzlement of national wealth. The systems of social security, public health, education, science, culture and defense collapsed overnight. (The leader of the Yabloko party, Grigory Yavlinsky, said that "in less than ten years, the Russian people experienced two putsches, two financial defaults and two wars.")

This is why the majority of the population support President Putin's policy of consolidating state power around the Kremlin and broadening its control over the economy and domestic policy.

The main problem with Putin's "managed democracy" and "executive vertical" is that the country's present economic well-being and political stability rest on a very fragile and short-lived foundation. The economic growth of the last few years is largely due to unprecedented global energy prices. But such a model cannot ensure broad employment, technological development, social stability, or the revenues necessary for meeting all the acute needs of the country. Besides, high oil and gas prices will not last forever.

Foreign politicians do not seem to understand that their deep concern over Russia's ability to meet the West's energy requirements contradicts the West's concern over the state of Russian democracy. Democracy is incompatible with an economic model

that is dependent on the export of raw materials. This model has always been the basis of authoritarian-bureaucratic political systems.

The West is faced with the difficult problem of choosing a policy toward Russia in the course of its long, deep and very contradictory transformation. Until now, the U.S. and many of its allies have been going from one extreme to another over this issue: from high hopes to bitter disillusionment, from excessive involvement to utter indifference and disregard, and from enthusiasm to suspicions and hostility.

In 1951, the outstanding U.S. diplomat and political analyst of the 20th century, George Kennan, prophetically foresaw the downfall of the Soviet empire and left a wise testament, as if written in our days: "When Soviet power has run its course, or when its personalities and spirit begin to change [...], let us not hover nervously over the people who come after, applying litmus papers daily to their political complexions to find out whether they answer to our concept of 'democratic.' Give them time; let them be Russians; let them work out their internal problems in their own manner. The ways by which peoples advance toward dignity and enlightenment in government are things that constitute the deepest and most intimate processes of national life."

In Kennan's opinion, constructive relations and a gradual rapprochement with Moscow would be possible only if Russia fulfilled three major conditions: be open to the outside world; not turn its workers into slaves; and not seek imperial domination in the world while viewing those outside the sphere of its dominance as enemies. Despite its numerous problems and mistakes, Russia today fulfills these conditions.

Russia's relations with the outside world, above all the Western countries, have an essential impact on its internal evolution.

The better these relations are, that is, the deeper Russia's interaction in the economy, international politics, security, culture and the humanitarian sphere with the West, the stronger are the positions of democratic circles inside Russia. This increases the value of democratic freedoms in the eyes of the public, as well as the observation of democratic procedures and norms by authorities of all levels.

CHALLENGES OF THE MULTIPOLAR WORLD

The present cold wave in Russia's relations with the U.S. and the European Union has added tension to the separate links of the multipolar system, caused by the constantly changing correlation of forces, the kaleidoscopic changes and problems inherent to globalization, and continual "surprises" from third countries that are now free from the former superpowers' control.

Despite overwhelming anti-Western sentiments and pressure from certain political circles inside the country, Russia's leadership does not wish for confrontation with the United States or the European Union, nor an end to cooperation. Furthermore, Russia does not view itself as some sort of second superpower after the U.S. Moscow formulates its interests, first of all, in a trans-regional format and declares its rights at the global level only selectively.

At the same time, Russia wants to be recognized – not only in word, but also in deed – as a great power among other great powers. It wants its legitimate rights to be respected, and its views on major issues to be reckoned with – even if these views differ from those of the U.S. and its allies. Should any differences emerge, however, they must be resolved on the basis of mutual compromises, rather than by "pushing" the American policy, or by presumptuously suggesting that Moscow interprets its own interests in the wrong way.

This was the main idea of Putin's Munich speech, which cannot be refuted. At the same time, there were some objectionable points in the speech, in particular the threat of Russia's possible withdrawal from the Intermediate-Range Nuclear Forces (INF) Treaty, and criticism against the Organization for Security and Cooperation in Europe.

However, the low probability of a new Cold War and the collapse of American unipolarity (as a political doctrine, if not in reality) cannot be a cause for complacency. Multipolarity, existing objectively at various levels and interdependently, holds many difficulties and threats.

For example, if the Russia-NATO confrontation persists, it can do much damage to both parties and international security. Or, alternatively, if Kosovo secedes from Serbia, this may provoke similar processes in Abkhazia, South Ossetia and Transdniestria, and involve Russia in armed conflicts with Georgia and Moldova, two countries that are supported by NATO.

Another flash point involves Ukraine. In the event of Kiev's sudden admission into the North Atlantic Alliance (recently sanctioned by the U.S. Congress), such a move may divide Ukraine and provoke mass disorders there, thus making it difficult for Russia and the West to refrain from interfering.

Meanwhile, U.S. plans to build a missile defense system in Central and Eastern Europe may cause Russia to withdraw from the INF Treaty and resume programs for producing intermediate-range missiles. Washington may respond by deploying similar missiles in Europe, which would dramatically increase the vulnerability of Russia's strategic forces and their control and warning systems. This could make the stage for nuclear confrontation even tenser.

Other "centers of power" would immediately derive benefit from the growing Russia-West standoff, using it in their own interests. China would receive an opportunity to occupy even more advantageous positions in its economic and political relations with Russia, the U.S. and Japan, and would consolidate its influence in Central and South Asia and the Persian Gulf region. India, Pakistan, member countries of the Association of Southeast Asian Nations and some exalted regimes in Latin America would hardly miss their chance, either.

A multipolar world that is not moving toward nuclear disarmament is a world of an expanding Nuclear Club. While Russia and the West continue to argue with each other, states that are capable of developing nuclear weapons of their own will jump at the opportunity. The probability of nuclear weapons being used in a regional conflict will increase significantly.

International Islamic extremism and terrorism will increase dramatically; this threat represents the reverse side of globalization. The situation in Afghanistan, Central Asia, the Middle East,

and North and East Africa will further destabilize. The wave of militant separatism, trans-border crime and terrorism will also infiltrate Western Europe, Russia, the U.S., and other countries.

The surviving disarmament treaties (the Non-Proliferation Treaty, the Conventional Armed Forces in Europe Treaty, and the Comprehensive Nuclear Test Ban Treaty) will collapse. In a worst-case scenario, there is the chance that an adventuresome regime will initiate a missile launch against territories or space satellites of one or several great powers with a view to triggering an exchange of nuclear strikes between them. Another high probability is the threat of a terrorist act with the use of a nuclear device in one or several major capitals of the world.

In order to avoid unfavorable developments, Russia's slide into confrontation and rivalry with the U.S. and NATO must be stopped, even though this confrontation is not global but regional, geopolitical and selective in military-technical issues. Those politicians in Russia and the West who are attempting to gain political capital from this confrontation are recklessly turning the major national interests of their states into bargaining chips for internal political games.

Specifically, Moscow should, in the spirit of the Russian president's latest statements, put forward a package of proposals for reducing armaments in bilateral and multilateral formats, as well as consolidating the nuclear nonproliferation regime. Unlike Mikhail Gorbachev's initiatives of the 1980s, the new package must not be based on idealistic utopia, but on radical yet realistic military, economic and technical calculations. A program for effective military construction must back such a program. Russia must give up its take-it-or-leave-it policy of the last few years and push the new initiatives as a firm demand, using all available diplomatic and military-technical levers (there will be no harm in learning from the Americans in this respect). Moscow's position on the Iranian and North Korean nuclear programs will play a special role.

Russia's main and possibly only military-technical trump card is the Topol-M mobile ICBM program and a project for equipping these missiles with multiple reentry vehicles. Even the United States

is 10 to 15 years behind Russia in this sphere. However, the sluggish implementation of this program and the wasteful use of funds on other dubious projects sometimes gives the impression that Russia is willing to tolerate its growing strategic lag behind America; it seems that it does not want serious negotiations and is willing to let its only remaining trump card slip out of its hands.

Also, instead of devising integration plans for the entire post-Soviet space and then revoking them, Moscow should formulate – in very explicit terms – its interests with regard to each member state of the Commonwealth of Independent States, casting aside its neo-imperial idealism. But Moscow must compete hard for these projects, using all available levers and trump cards. In order to prevent NATO's expansion into the CIS, there must be guarantees of territorial integrity of the neighboring countries. At the same time, their acute problems must be solved in a way that is agreeable to everyone, and linked to the observance of ethnic minorities' rights.

As a result of the Kremlin's consistent and constructive policy, the West will eventually accept the new rules of the game as they meet its long-term interests. In the long term, Russia's economic transition from an energy-exporter to a high-tech innovator, accompanied by the growth of democratic institutions and norms, will remove, in a natural way, the differences over the country's domestic policy and will determine the European direction of the integration policy of Russia – the largest country and potentially the strongest economy in Europe.

Only time will determine the most favorable moment for integrating Russia into the European Union. The final product of this integration will be the formation of the economically, militarily, geopolitically and culturally mightiest global "center of power." This center will forever eliminate the threat of unipolarity and arbitrariness, on the one hand, and bipolarity and confrontation, on the other, and will lead the way for building a new, rule-of-law world order that will solve 21st-century problems.

Russia: The Latecomer to the G8

Martin G. Gilman

When Russia was invited to join the other G7 countries in 1997, it seemed odd. Many in the West sympathized with the political motivation to provide positive reinforcement to President Yeltsin and his hard-pressed government. However, the relevance of Russian membership in that exclusive Club seemed even more tenuous shortly thereafter in the wake of the 1998 Russian financial crisis and of a number of scandals which raised questions about governance.

The oddity stems from the basic *raison d'etre* of the G7 itself whose origins were, and essence remains, a grouping of the world's major economic powers. Russia's membership 10 years ago seemed like a contradiction of the group's principles.

How ironic then that only recently does an objective basis seem to be emerging to justify belatedly Russia's membership in the economic G8 – just as some Western critics question whether Russia should still participate in the political G8! The fact is that, within the last year, the Russian ruble has started to acquire the characteristics of an international reserve currency and the Russian economy in 2007 is overtaking two (Canada and Italy) of the G7 using GDP at purchasing power parity.

This article seeks to recall the origins of the G5 as an economic grouping of the major international reserve currencies, and

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Russia's seeming misfit within that club. It then goes on to outline the characteristics of reserve currencies and especially the primacy of the U.S. dollar – while stressing the likely decline of the dollar which opens the scope for other currencies like the ruble to achieve reserve currency status. Finally it considers the changes propelling the ruble toward an international role and the likelihood that the ruble will indeed become a reserve currency in the years ahead.

FROM G5 TO G7/8

The Group of Five began as a currency club after President Nixon closed the "gold window" in America in August 1971, effectively undermining the global monetary system. It brought together the representatives of the five major reserve currencies included in the basket of the SDR, a sort of international money created by the International Monetary Fund when the world was concerned earlier with a dollar shortage.

Following Nixon's unilateral decision about the dollar link to gold, there were several other major economic events in the early 1970s that had a profound effect on the world economic system, including the collapse of the Bretton Woods monetary system based on fixed exchange rates; the first enlargement of the European Community, with Britain, Denmark and Ireland joining the original six members; the first oil crisis, when OPEC placed an embargo on oil supplies following the October 1973 Yom Kippur war; and the 1974 economic recession in OECD countries, in which both inflation and unemployment rates rose sharply (i.e., stagflation).

In these circumstances, the traditional mechanisms of international cooperation like the IMF were no longer seen to be capable of reconciling the differences among the leading Western powers or to give them a sense of common purpose. It was in this evolving context that the finance ministers of the United States, Germany, Britain and France, meeting on 25 March 1973 in the White House library, became known as the Library Group. Later joined by Japan, the group met periodically and came to be known as the Group of Five finance ministers (G5), sometimes joined by central bank governors.

Some two years after the initial get-together of the Library Group, they began to meet formally. France hosted the first summit meeting in 1975 at the Chateau de Rambouillet. By that time, an aggrieved Italy inserted itself. In their first Communiqué in November 1975, the G5 agreed to work for greater stability to international monetary problems, involving efforts to restore greater stability in underlying economic and financial conditions in the world economy. They also pledged to act to counter disorderly market conditions, or erratic fluctuations, in exchange rates.

In the following year Canada was invited to join, as was the European Union in 1977. Over the years, the purview of the G8 has increased. From just economics in 1975, they expanded not only their format and structure, but also the number of issues on which they now take initiatives.

Russia's participation in this group was clearly a non-economic decision and underscored the dispersion of focus from management of the international monetary system. With politics in mind, the first President Bush proposed to admit Russia as a full-fledged G7 member at the Munich summit in 1992. His suggestion was considered premature, but Russia continued to be invited each year using a G7+1 formula. The June 1997 meeting in Denver was called the Summit of the Eight and Russia officially joined in 1998 at the Birmingham summit.

Even with its membership in the G8, it was understood that Russia, with its weak currency, low reserves, high inflation, extensive dollarization, and the recent memory of the 1998 default, was invited solely for the political side. It was commonly appreciated among the G7 finance ministries and central banks that Russia's presence wasn't just odd — it seemed ludicrous, so Russia was effectively excluded from the G7 league of the major international reserve currencies, those effectively managing the international monetary system.

WHAT IS A RESERVE CURRENCY, ANYWAY?

This topic warrants a whole article in itself. Suffice it to say that, historically, there have been around a dozen international curren-

cies used extensively outside the borders of the country issuing them, from the dinari and drachma of ancient Rome and Greece, to the dinar and ducato of the Islamic empire and Venice, through to sterling and now the dollar.

A simple definition of an international reserve currency would be one that is used outside its home country. Reserve currency status is just one aspect when considering the international use of a currency. The others can be thought of as the equivalents of the classic three functions of money domestically – as a store of value, medium of exchange and unit of account. Under each function, government authorities and private actors sometimes choose to use a major international currency that is not their own.

With this concept in mind, let me turn to the general characteristics that tend to denote international reserve currencies. For any currency to serve as an international reserve currency, three features seem especially important: first, the currency must be widely used in international transactions. Second, it has to be linked to deep and open financial markets. Finally, people need to have confidence that the purchasing power of that currency will remain fairly stable.

It is relatively intuitive why countries with a large share of global trade, or with large and active financial markets, would be more likely to have their currency used as a global reserve asset. The larger a particular nation's role is in international trade, the more cost-effective it will be for other countries to settle their international payments in that nation's currency.

These benefits are reinforced when these assets can be moved efficiently from savers to businesses and investors. This will happen when financial markets are safe, trading volumes are high, and capital controls are kept to a minimum. A country will make an attractive destination for global financial activity when its rules promote transparency and high standards of risk management. In this regard, a well-functioning regulatory and supervisory environment is especially important in promoting the use of a nation's currency in international transactions.

There are also network externalities involved in the use of a reserve currency. An individual (exporter, importer, borrower,

lender, or currency trader) is more likely to use a given currency if everyone else is doing so. If a currency is widely used to invoice trade, it is more likely to be used to invoice financial transactions as well. If it is more widely used in financial transactions, it is more likely to be a vehicle currency in foreign exchange trading. If it is used as a vehicle currency, it is more likely to be used as a currency to which smaller countries peg.

This networking power is why central banks hold dollars in their reserves in a far greater proportion than the proportion of trade their country conducts with the U.S. While less than 30 percent of international trade is with the U.S., it is estimated that almost 70 percent of central bank reserves are in dollars. It is why most commodities, like oil, copper and coffee are priced in dollars, wherever they are found and traded.

Once a currency is widely used for official and private transactions around the world, and once it is widely held as a reserve currency, its use is likely to continue owing to inertia. However, that situation can change. If a central bank fails to sustain confidence in the future value of its currency, participants in the global market will eventually find substitutes for the currency. One of the consequences of globalization is that substitutes do exist for any currency if policymakers allow its purchasing power to deteriorate.

Even then, historically, changes may occur only with a long lag. For instance, even after the United Kingdom ceded its position as an economic superpower early in the 20th century, the pound remained an important international currency. In the present context, this inertial bias favors the continued central role of the dollar. However, this may not be the relevant precedent as the UK remained a major creditor nation, while the U.S. is now the world's largest debtor. Doubts about the future soundness of the dollar could trigger a "run on the bank."

DECLINE OF THE DOLLAR – A ROLE FOR OTHER CURRENCIES?

If it were not for its "reserve currency" status, the value of the U.S. dollar would presumably have collapsed by now. An accu-

mulated trade deficit of $4.4 trillion since 1996, and a heavy reliance on foreign financing to pay for its external imbalances, has severely weakened America's global economic leadership over the past few years. The U.S. dollar's strength may result from still favorable factors such as America's political stability and military might, its large $12.5 trillion economy (28 percent of global GDP), deep and liquid financial markets for bonds and stocks, and not least, positive interest differentials.

And at the end of April, the U.S. dollar fell to an all-time low against the euro, a new milestone in a steep decline that began more than six years ago. The euro hit a record high of $1.3682 on April 27th, up from $1.20 a year ago and as little as 83 cents in October 2000, when the rally against the dollar began.

What if foreign central banks diversified their reserves? A sale of dollar-denominated reserves would depress the value of the dollar vis-à-vis other currencies, resulting in large capital losses and an appreciation of their currencies, which would make their exports less competitive. But it is not even a question of selling existing reserves. The U.S. economy requires net financing from the rest of the world of over $2 billion every day, absorbing almost two-thirds of net global savings. If central banks decide simply to withhold new purchases of dollar assets, the results will be similar.

The willingness of individuals and governments to hold a particular reserve currency depends on how they view the stability of that currency's long-run purchasing power. A potential loss of purchasing power can erode the economic benefits associated with using any particular currency for international trade. When viable alternatives exist, individuals and governments will gravitate toward the currency with the most stable purchasing power.

The debtor position of the U.S. underscores a key point, which is that a central feature of the next couple of decades could be about the unwinding of the "dollar balances." The inevitable decline of the dollar as the world's reserve currency could be a painful one. U.S. consumption and economic activity will be so constrained by the need to repay dollar liabilities owed to foreigners, as to lead to a build-up of social pressures or inflation or

both. The U.S. is unlikely to pursue such a painful path willingly and we can expect some recourse to economic, financial, political and maybe even military options to avoid or delay the inevitable.

Over the next decade or two, the dollar will lose its role as the key reserve currency, perhaps to Russia, China or India. Ironically, within this group, the ruble may be well positioned to play an important role, at least as long as it continues to be the world's largest energy producer.

CAN THE RUBLE BECOME A RESERVE CURRENCY?

What a difference ten years can make for the prospects of a currency. The "hard" ruble – dropping 000 – was introduced on 1 January 1998, at rub. 5.9 per dollar. A year later, it was at about rub. 20 per dollar, and inflation rose by 84 percent in 1998. It was clear that Russians minimized holding rubles, and held their savings mostly in dollars. This aversion to rubles was reflected in the figures for money demand at barely 13 percent of GDP in 1997.

So it's something of a landmark that, 15 years into its market transition, Russia made the ruble fully convertible on 1 July 2006.

The decision to lift currency restrictions is certainly a symbol of the remarkable turnaround in Russia's financial fortunes since the country's financial collapse and dramatic ruble devaluation in 1998. Record-high oil prices are a sign that Russia is earning tens of billions of dollars each year in extra export revenues, fueling the demand for rubles.

At the same time, the government has been pursuing a highly conservative fiscal policy, using a large part of Russia's oil windfall to pay off debts and build up reserves. Russia's hard currency reserves, which stood at a meager $15 billion in 1998, recently hit $400 billion. And meanwhile, Russia is becoming a significant creditor country and donor to poor nations and international development institutions.

Meanwhile, ordinary Russians are accepting rubles like never before. Recent weeks have seen Russians heading to the exchange kiosks in droves. Ruble-denominated bank deposits have mush-

roomed from 300 billion rubles in 1998 to 4.24 trillion rubles ($53 billion) today. This is reflected in the money demand numbers with the rate expected to climb to about 37 percent of GDP this year (a level still well below the rest of Europe).

True, the reason for this stampede has less to do with confidence in the ruble, and more to do with growing concern over the fate of the dollar. In late April, the dollar plummeted below 26 rubles for the first time since 1999.

Nevertheless, it will take more than simply lifting the final exchange restrictions to make the ruble a truly convertible currency – freely traded around the world in liquid 24-hour markets. There would have to be a greater interest in the Russian currency by markets and central banks. Indeed, international interest in trading rubles may only take off when the government reduces inflation (presently around 8 percent) and replaces its current managed-float exchange rate with a free float. Until then, the move toward ruble convertibility is unlikely to make much real difference to ordinary Russians, who will still find it difficult to buy rubles or open ruble accounts outside the country.

In the meantime, initial steps have been taken to make the ruble more attractive to the international market. Russian capital markets have been bolstered via the issuance of ruble bonds, which have helped to broaden the funding base of the Russian market, establish a transparent benchmark for Russia's debt and provide longer-term financing for the broad economy.

For instance, the EBRD has raised rub.19.5 billion via bond issues, launching a two billion ruble Eurobond in January 2007, following three domestic bonds issued earlier in the local currency market for a total of 17.5 billion. In addition, KfW Group, a German state agency, and the largest issuer of corporate bonds in Europe, and the Nordic Investment Bank have issued ruble-denominated Eurobond.

Likewise, institutional steps have helped to pave the way for the internationalization of the ruble. A key step was the 2003 Securities Market Law that ultimately allowed international borrowers to raise money on the domestic market. Another vital

preparatory element prior to actually issuing ruble bonds was the creation of the Moscow Prime Offered Rates (MosPrime), a transparent money market index which is Russia's equivalent of London's LIBOR.

Also starting this year, the ruble began trading as an international currency when Europe's leading clearing system, Euroclear, started settling inter-bank accounts in rubles. And the world's largest London brokerage, ICAP, has started trading rubles on its electronic trading platform, EBS, in competition with Moscow-based MICEX. These actions by the markets signal that the currency liberalization in Russia has achieved de facto international recognition.

In thinking about the future role of the ruble, a historical perspective is useful. Surely, if asked a 100 years ago about the potential role of the dollar, a London banker may well have been incredulous retorting that the United States did not have the institutional maturity, the air of stability and the depth of economy to possess the world's reserve currency. And they would have been right, in 1907, some six years before the Federal Reserve Board was established and just two decades after a period in which many states defaulted on their civil war debts. But nothing is preordained. The reality is more mundane. Institutional maturity and economic depth come with economic growth.

AND THE FUTURE?

It is not perhaps coincidental that almost a year ago First Deputy Prime Minister Dmitry Medvedev said that the global economy needed a more stable financial system based not on the single reserve currency, the dollar, but on several currencies. "The current economic situation in the United States, the issuer of the single reserve currency, causes concern," he noted. Today, he said, new leaders were coming to the foreground, with their stable currencies, which would lead to changes in the financial system. "There are all prerequisites for the creation of this system," Medvedev stressed, adding that the ruble could well become one of the world's reserve currencies.

Since the beginning of this year, 50 of the world's currencies have risen against the dollar while only eight have declined. Behind the falling U.S. dollar is a changing global economy. China and the U.S. are the locomotives in the global economy, accounting for 60 percent of all the global growth in the last five years. But now, the $12.5 trillion U.S. economy is slowing down as a result of the slump in the housing sector, while the $2.5 trillion Chinese economy is overheating, expanding at a blistering 11.1 percent pace in Q1.

India, China and other dynamic economies, such as Russia, are expected to contribute more than 50 percent of world economic growth in 2007, with China's contribution alone being 30 percent and India's 10 percent. In comparison, the U.S. contribution to world growth is expected to fall to 12 percent, after its economic output plummeted to 0.8 percent in Q1, the smallest gain in four years.

Every time U.S. year-on-year GDP growth has dipped below 2 percent since 1960, a full-blown recession unfolded. In contrast, the Euro zone economy is expanding at a 2.6-percent clip, its best performance in six years, and the European Central Bank is aiming to lift its interest rate in June, thus making the U.S. dollar less attractive next to the euro. As such, many foreign central banks have been reducing their exposure from the U.S. dollar and acquiring the euro and British pound over the past year.

The scene may be set for other currencies to start the road toward reserve currency status. Certainly, if current trends continue, then both China and India will be by far the largest economic powers within 20 years. If they begin to acquire some of the characteristics that are needed for reserve currency status such as stability, deep financial markets, and high legal/regulatory standards, then the yuan and the rupee could well become dominant in the international monetary system. However, both countries, especially China, have significant political, social, and legislative hurdles to jump in the process and the outcome is not guaranteed, especially within a horizon of the next ten years.

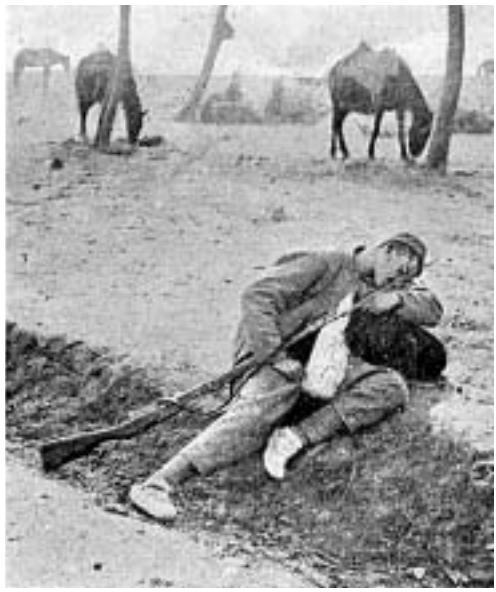
In the meantime, perhaps over the next 5-10 years, the Russian ruble may be well placed to start being used as an international

currency. The main obstacle may well be political. The current climate of mistrust in Russia's foreign relations can certainly impede the internationalization of the ruble, just as it raises serious questions in some Western capitals about Russia's continued participation in the G8 itself. Whatever the business community may prefer in pursuit of market preferences as one of the viable alternatives to the dollar, it is hard to imagine the widespread use of the ruble outside Russia until there is a rapprochement between Russia and its major economic partners. Such an improvement in good relations is of course important for its own sake, but it is indispensable if the ruble is to play a wider role in global finance.

It may be worth recalling some comments by former Fed Chairman Greenspan last October on the prospects of the ruble as a reserve currency. He said that the ruble is "still far from being a reserve currency. A reserve currency like the dollar and euro should be extremely liquid," he said. Greenspan added that for the ruble to be an "external currency" it is important that the "rule of law" prevails. "People would want to invest in a country where they feel their money would be safe. In the United States, we have worked on that for over 200 years. It doesn't happen overnight," Greenspan said.

Right now, the only serious threat to the U.S. dollar's international dominance is the euro. Even so, the Russian ruble has come along way since the 1998 default, and it is about time for the perceptions to catch up with the new reality. If only politics would cooperate, both the international role of the ruble and Russia's rightful place in the economic G8 would be assured.

Remapping Eurasia?



A tired Montenegrin soldier.
The Balkan War, 1913

Participants of armed ethno-political conflicts – simmering, or frozen but unresolved – tend to invoke principles of international law that best serve their interests. Some uphold the territorial integrity of nation states, while others defend the self-determination of peoples. Although this is a delicate matter, there is a pressing need to harmonize these provisions of the Helsinki Final Act.

Kosovo as a Test for Russia

Jan Charnogursky

The autonomous province of Kosovo, which is formally part of Serbia but is in effect under UN administration, has been one of the most dangerous trouble spots in Europe for the last decade. The fate of this small territory – a mere 11,000 sq. km with a population of around 2 million people – can seriously affect the course of events not only in the Balkans but also far beyond. The great powers that will soon vote on the status of Kosovo at the UN Security Council should bear this in mind. They must approach the problem in an extremely circumspect and judicious way. The vote will last just a few seconds, but it will most likely encapsulate Europe's entire past and future. For Russia, the Kosovo settlement will come as a moment of truth, as it were, since it will finally reveal its position, as well as the extent of its influence in the world.

AT THE SOURCE OF THREE STATEHOODS

Kosovo remains the last territorial problem leftover from the former Socialist Federal Republic of Yugoslavia. The aspirations of the Albanians to acquire complete independence from the Serbians, complicated by the desperate attempts of the latter to keep the breakaway province in the fold, led to a bitter war, death and destruction, and ongoing tension between the two peoples.

Although the disintegration of Yugoslavia was accompanied by several distinct conflicts, the aspirations of the opposing sides are

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nowhere more obvious and irreconcilable than in the Kosovo case. The dispute about the status of the province goes beyond the bounds of a territorial and political conflict since it is based on an emotional perception by the parties of their ethnic, cultural and historical identities.

To the Serbs, Kosovo is a source and an inalienable part of their national mythology. This is where Serbian statehood was born and eventually flourished (in the 9th-10th and the mid-14th centuries, respectively). It is also the source of Serbian Orthodoxy: many Kosovo monasteries were founded in the early 13th century by St. Savva, the most revered saint in Serbia.

But the main event in the province's history took place in 1389, when the Serbian army, led by Prince Lazar, engaged a superior force of the Ottoman Empire. In a pitched battle at Kosovo Field, the rulers of both countries were killed. Neither side was able to declare a victory, while the Turkish army soon returned and occupied Lazar's land. Nevertheless, to the Serbs, the Battle of Kosovo is a symbol of national heroism, and demonstrates the ability to sacrifice everything for the protection of the Motherland against aggressors, Christianity against Islamic invasion, and Europe against the Turks. Although the abovementioned battle was followed by four centuries of life under the Ottoman yoke, and discrimination against the Serbs who remained loyal to Orthodoxy, it still serves as a point of inspiration for Serbian patriotism.

True, Western historiography often questions the Serbian interpretation of events on the assumption that the Serbs in fact completely lost the battle. Moreover, there was no struggle between Christianity and Islam in the first place: in those days, numerous representatives of Christian powers were fighting on the Turkish side, and generally the confrontation was not so much religious as geopolitical.

This interpretation is evidently incorrect. Indeed, the clashes between Christianity and Islam were not exclusively religious either in Europe or in the Middle East. During the crusades, both Byzantium and Western Christians did tap Muslims for assistance. Byzantine military leaders even formed alliances with Muslims in the fight against the West Europeans. Likewise, during the Spanish

Reconquista, neither the conquistadors nor the Moors strove to keep religious purity in their ranks: even Cid, a hero of Spanish epos, fought side by side with Moors against his enemies, the coreligionists.

But the general trend of historical development is not subject to doubt. During the late Middle Ages, a struggle broke out in the Balkans between Christianity and Islam as systems representing different religions, ways of life, cultures and, finally, geopolitical aspirations. Having overcome the Serbs, the Ottoman Empire for almost two centuries continued its expansion into the center of Europe until, in 1683, joint Austrian and Polish troops defeated its army near Vienna. But even after that, it took the Europeans almost another 200 years to push the Turks back into Asia Minor.

Incidentally, if the Ottoman army had to be fought anywhere in Europe, the Serbs were always ready. In 1557, the Habsburgs built a strong fortress on the left hand bank of the Danube, near the town of Komarno (modern Slovakia), as an outpost in their struggle against the Turks. When the question arose as to who would be the staunchest defenders of the fortress, no one had any doubts: the Serbs, of course. Indeed, Turkish troops never managed to seize the Komarno fortress.

Throughout the many centuries of Turkish rule, the Serbs never betrayed their religion on a mass scale and never formed alliances with the conquerors. Due to their refusal to adopt Islam, they were treated as second-rate citizens and were subject to a special tax. In modern liberal jargon, the Serbs were upholding European values. The same cannot be said for the ancestors of the modern Albanians (when Ottoman Turks seized Albania in the 15th century, the Islamization of the country began – Ed.).

History repeated itself in the 19th century. At that time, Europe (and especially the Balkan peoples) acquired a new important ally – the Russian Empire. After two heroic uprisings at the start of the century, the Serbs won limited independence within the Ottoman Empire. In the Russo-Turkish War (1877-1878), the Serbs naturally took the Russian side. In early 1878, they managed to seize the northern part of Kosovo, but their subsequent advance was stopped by a truce between Russia and Turkey. Under the terms of the San

Stefano Peace Treaty (March 1878), the occupied part of Kosovo was to go to Serbia. But such an expansion of Russian influence in the Balkans was unacceptable to the West European powers, and at the Berlin Congress, Serbia received independence — but without Kosovo, which remained part of the Ottoman Empire.

Serbia's political advance and its brief military presence in Kosovo roused the Albanians who had until then been subjects of the Ottoman sultan. After the Berlin Congress, representatives of Albanian clans and communities formed the so-called Priznen League (June 1878). Having assured the sultan of their loyalty, the Albanians raised the question of national independence, at least within the Ottoman Empire. That triggered a chain of events that eventually led to the formation of an Albanian state shortly before World War I. This is how Kosovo has become a symbolic value for the Albanians as well.

Kosovo also played an important role in modern Turkish history. In July 1908, thousands of Kosovo Albanians converged on the town of Ferizai to oppose Austria-Hungary's plans to build a railroad across the province. Rumor had it that the project was just a pretext for an Austrian invasion.

During that time, in the disintegrating Ottoman Empire, a movement of military officers, who called themselves Young Turks, was gaining influence. One of those officers was Mustafa Kemal pasha, the future founder of the Turkish Republic, also known as Kemal Ataturk. The advocates of reform were demanding (without any success) the restoration of the 1876 Constitution, scrapped by the sultan.

When unrest started in Ferizai, Young Turk agitators went there, persuading the Albanians to send a telegram to Istanbul demanding that the Constitution be restored. Before the Turkish emissaries arrived, the locals had no idea about any problems related to the Constitution. But the message on behalf of 30,000 subjects, couched in very decisive terms, made a strong impression on the sultan (who did not know about the circumstances under which it had come about), and the Constitution was restored. That event marked the start of the triumphant march of the Young Turks.

DRAMAS OF THE 20TH CENTURY

During the First War in the Balkans (1912-1913), the Serbian army occupied the Kosovo province and annexed it to Serbia. That battle in Europe's "soft underbelly," which became a precursor of the world conflagration, aroused widespread concern. One individual in the battle zone was Leiba Bronshtein, (who a few years later would become known as Leo Trotsky, one of the leaders of the Russian Revolution), a correspondent with the daily newspaper *Kievskaya Mysl.* He reported, with considerable indignation, about the ethnic cleansing of the Albanians. The conflict was resolved with the declaration of Albania's independence. But before long, the Western powers imposed a protectorate status over the territory. During WWI, Kosovo was occupied by Austro-Hungarian and Bulgarian troops, while the local Albanians welcomed them as liberators.

From 1918, Kosovo was part of the Kingdom of Serbs, Croatians and Slovenes (from 1929, Yugoslavia). In 1941, the province was divided into three parts: the southern part went to Bulgaria; the northern part went to Germany, while the largest part went to Italy, which incorporated it into Rome-controlled Albania. Ethnic purges continued, but this time their victims were the Serbs, who were being driven out of Kosovo. In early 1944, the Nazis formed a Kosovar SS division called Skanderbeg (named for an Albanian national hero – Ed.). That military unit, unremarkable for its battle-worthiness, remained loyal to the Nazi Army to the end.

After the war, Kosovo was returned to Yugoslavia. However, Josip Broz Tito, in a bid to avoid ethnically motivated clashes, prohibited the Serbian deportees from returning to their homes. In the 30 years that followed, the latent confrontation between the two communities continued unabated. The Serbs argue that even in peacetime the Albanian majority was pushing them out of the province, deliberately creating conditions that forced them to emigrate.

Before WWII, there were approximately an equal number of Serbs and Albanians living in Kosovo. By the early 1990s, however, a census showed that Albanians accounted for around 82 percent of the province's population and the Serbs a mere 15 percent. That mix was not due to the ethnic cleansing that occurred in the first half of

the 20th century: that terrible event had affected both sides in equal measure. Rather, the decisive factor to account for the population disproportion is that Albanian families, which religiously follow traditions, have much higher birth rates than the Serbs.

It is impossible to ignore this ethnic correlation in tackling the Kosovo problem. The interests of people take precedence over any historical considerations, statistics, or geopolitical interests. A specific nation or ethnic group cannot settle any conflict based on the interpretation of historical justice: each nation has its own view of history.

HOW KOSOVO WAS SEPARATED

The fuse for the ongoing conflict was lit in 1987, when Serbian leader Slobodan Milosevic scrapped the privileges that had been granted to the Kosovo autonomy by the SFRY Constitution (1974). As the Communist regimes began to suffer collapse, it became evident that the country's federal structure was in need of reform. But instead of taking a cautious, carefully planned approach, Milosevic placed his bets on nationalism.

"No one will ever beat you [Serbs] again!" This phrase, pronounced before an audience of several thousand on Kosovo Field, June 15, 1989, the day of the 600th anniversary of the legendary battle, marked the start of Milosevic's rapid political rise. But it also doomed the Serbs to a series of military defeats.

Despite tense relations between the Kosovo Serbs and Albanians in the 1990s, there was no ethnic cleansing. Neither the non-governmental organization International Crisis Group, which monitored the situation in the province in March 1998, nor the Office of the UN High Commissioner for Refugees, reported anything that would suggest such a thing.

Nevertheless, the events followed a sort of political logic: Yugoslavia effectively disintegrated, and the Democratic League of Kosovo, led by Ibrahim Rugova, demanded independence. The group agreed only to negotiate on the technical details of the transitional period. That was unacceptable to Belgrade, especially since the status of the Serbs in an independent Kosovo would have been placed in a precarious position.

Starting in 1996, the Kosovo Liberation Army (KLA), an armed wing of Rugova's party, was created in the province. Hashim Thaci and Agim Ceku, Kosovo's current leaders, among others, led it. Money and weapons began to arrive from the fairly large Albanian diaspora in the West.

Initially, the United States included the KLA on its list of terrorist organizations, but later removed its name. However, KLA commander Ramush Haradinaj (later Kosovo Prime Minister from December 2004 to March 2005), had been charged by the Hague Tribunal with war crimes. In 1996-1998, the organization assumed responsibility for killing at least 25 Yugoslav police officers, local Serbs and "Albanian collaborators."

In June and July 1998, the KLA, supported by the local population, started a full-blown war, seizing a part of the province. The People's Army of Yugoslavia subsequently thwarted their attempts, but the fighting left about 250,000 Kosovars homeless. Refugees began to roam around the region, while some found refuge in Albania and Macedonia. Needless to say, atrocities were committed in Kosovo, but these actions were reciprocal. Nevertheless, accusations were made primarily against the Yugoslav army.

One of those events (the Racac Massacre, in the fall of 1998) in fact prompted NATO to include the use of force to end the confrontation. A reference to Racac was made at the Hague Tribunal's list of charges against Milosevic. But now that the former Serbian leader has died, we are left to wonder whether the judges would have found him guilty or not. In any event, after Kosovo was de facto separated from Serbia, some individuals in the West doubted that the Serbs were really responsible for Racac.

In all fairness, it should be pointed out that the great powers made considerable efforts to find a diplomatic solution to the conflict. In February 1999, a peace conference was held at Rambouillet near Paris. Under a draft agreement, drawn up primarily under pressure from Washington, the Serbian army was to leave Kosovo, NATO troops were to receive freedom of movement across Yugoslavia, while the province's final status was to be estab-

lished within three years. But the agreement failed to mention that Belgrade would have the final say on the future of the province.

Serbia was ready to pull its army out of Kosovo and not interfere with the deployment of international forces there, but it refused to grant foreign troops the freedom of movement across its territory. The Serbs also insisted that Kosovo's final status must be harmonized with Belgrade.

The conference ended with no results, and on March 24, 1999, NATO aircraft started bombing Yugoslavia. The KLA joined forces with the North Atlantic Alliance and enjoyed U.S. support in conducting its own operations against the Yugoslav army. In response, Belgrade sanctioned the eviction of all residents from all Albanian villages.

Contrary to the hopes of Western leaders that the war would be brief and Yugoslavia would soon capitulate, combat operations dragged on. The population courageously stood up to the attacks, while the defensive action was quite effective. After the military campaign, it turned out that the Yugoslav army had sustained minimal losses. Nevertheless, Belgrade was certainly not able to stand up to allied Western forces on its own, and in the end a ceasefire agreement was reached (with diplomatic assistance from Russia). NATO air strikes stopped, and on June 10, 1999, the UN Security Council adopted Resolution 1244.

Belgrade received what it had demanded at the Rambouillet Conference. The resolution confirmed the country's territorial integrity, including Kosovo. Furthermore, the document did not contain any provisions on the deployment of NATO troops outside Kosovo, in Yugoslavia. Under the resolution, Belgrade was to have a final say on the province's status. Had such a document been considered at Rambouillet, Serbia would have accepted it, and the war and all of its victims could have been avoided.

The states that had participated in air strikes against Yugoslavia assumed moral and legal obligations to create a more favorable climate in the province. NATO deployed its military formations in Kosovo, while the United Nations Mission in Kosovo (UNMIK) exercised civilian administration.

But almost all obligations contained in Resolution 1244 remained entirely on paper. As soon as the Yugoslav army left Kosovo, ethnic cleansing began there. Albanian militants killed and deported Serbs, while Orthodox churches and monasteries were plundered and destroyed.

The last wave of anti-Serbian atrocities, killings and the destruction of cultural landmarks swept the province in March 2004, almost five years after the peacekeepers were deployed there – that is to say, when the situation had become "relatively stable."

NATO troops and the UN administration proved unable to ensure security, with instability spilling outside the province. In neighboring Macedonia, armed clashes occurred between the Slavic population and the Albanian minority (2001), while the Albanians used weapons supplied from Kosovo.

According to Belgrade, by early 2007, approximately 230,000 Serbs who were forced to flee from Kosovo were still unable to return to their homes. Today, the province's remaining Serb population is only able to live in enclaves under NATO's armed protection. The Serbs cannot rely on local security forces: Kosovo police are comprised primarily of former KLA gunmen.

MORALITY IN PLACE OF POLITICS

The Contact Group for the former Yugoslavia (the United States, the UK, Germany, France, Italy and Russia) coordinated the principles of a Kosovo settlement. The main principle was the following: first, enforce humanitarian standards, and then achieve territorial status. But under pressure from Western participants, the formula almost completely reversed: first came status and then the standards.

The desire to grant Kosovo independence as soon as possible resulted from the concern that if the international community did not recognize Kosovar statehood in the foreseeable future a fresh outbreak of violence would erupt. Presently, it is assumed that finalization of Kosovo's status will help attract assistance from international financial organizations, as well as private investment to Kosovo. And although the plan proposed by UN Special Envoy for Kosovo Martti

Ahtisaari will establish formal international protectorate over the province, in effect it sets the stage for granting it full independence.

In this situation, all eyes are on Russia. Moscow has never approved of Western policies toward Kosovo or former Yugolsavia as a whole. Although Russia played an important role in ending the 1999 war, it is the only member country in the Contact Group that has not been assigned a sector of responsibility in the province. However, the appearance of Russian troops in Pristina in June 1999 was met with real jubilation among the Serbian population, which saw Russia's presence as the most reliable guarantee of their rights.

Formally, the question is this: Will Russia use its veto power at the UN Security Council if a draft resolution is submitted that, on the one hand, will grant Kosovo independence, but, on the other hand, will not be based on the principles coordinated by the Contact Group, primarily ensuring the return and security of the Serb refugees? But the importance of Moscow's position on Kosovo goes far beyond the bounds of a separate episode. The real question is: Is Russia ready to maintain its traditional contacts with friendly nations in the Balkans (primarily the Serbs, who are close to Russians religiously, culturally, historically and ethnically) or will it abandon them? Kosovo will become a litmus test as to how far Moscow, which has announced its return to the global arena, is prepared to go in protecting its traditional spheres of interests and its moral principles.

What is Russia's position on the Kosovo issue today?

Moscow demands that any resolution should respond to the universal principles of international law and be supported by all of the sides concerned – i.e., including Serbia. Russia emphasizes that a Kosovo resolution cannot be secured with different standards than those that are used in similar cases – for example, in Abkhazia, South Ossetia or Transdniestria.

Kosovo's separation from Serbia without Belgrade's consent will indeed set a precedent for the above conflict areas in the post-Soviet space. Nevertheless, a parallel between Kosovo, Abkhazia and other unrecognized states can only be drawn in the following scenario: Russia vetoes a UN Security Council resolution that grants sovereignty to Kosovo. Nevertheless, the province pro-

claims its independence, while one of the great powers recognizes such a status. This scenario would give Moscow the moral right to recognize the independence of post-Soviet formations.

But what if Russia supports a Kosovo resolution that grants the province independence from Belgrade, or even simply abstains at the UN Security Council? Then there will be no parallels with breakaway territories in Georgia or Moldavia.

Let us consider a similar scenario: Russia does not prevent the separation of Kosovo and at a later date the question of independence for Abkhazia or South Ossetia, for example, is raised. A corresponding resolution is submitted to the UN Security Council. What line will Western countries take in this situation? They will come out strongly in favor of Georgia's territorial integrity. And if Sukhumi or Tskhinvali then declare their independence, it will be considered illegitimate, as will its recognition by Russia. But Kosovo is already independent – furthermore, fully in accordance with international law, since the UN Security Council sanctioned the province's separation.

In global politics, moral considerations are often sacrificed to state interests or specific goals. But in the case of Kosovo, the situation is such that maintenance of moral principles, including the threat of using the veto power, completely corresponds to Russia's interests.

In this scenario, ***first,*** the Russian Federation should act as a guarantor of minority rights.

Second, if, due to Russia's efforts, Kosovo remains part of the Serbian state, Moscow will also have to guarantee the rights of Kosovo's Albanians.

Third, Russia should not allow a review of the Helsinki Final Act, in accordance to which a change of borders is only possible with the consent of the countries concerned.

Implementation of this policy will require courage and firmness, and it can complicate relations with important international partners who are looking for an early solution to the Kosovo problem in favor of the Albanians. But in the final analysis, commitment to principles of morality and law is a more advantageous position than attempts to ignore them out of some timeserving considerations of political expediency.

Two Helsinki Principles And an 'Atlas of Conflicts'

Vladimir Kazimirov

Participants of armed ethno-political conflicts – simmering, or frozen but unresolved – tend to invoke principles of international law that best serve their interests. Some uphold the territorial integrity of nation states, while others defend the self-determination of peoples. Although this is a delicate matter, there is a pressing need to harmonize these provisions of the Helsinki Final Act.

INTERNAL VS. EXTERNAL

Both of the abovementioned principles, like all 10 Helsinki principles, have equal value, and each one should be treated in conjunction with the others. However, some believe them to be mutually exclusive; others are inclined to interpret the first postulate as stipulating protection of state interests and privileges, and the second as positing the defense of individual or communal rights. In other words, the priority of the rights of a state over human rights is being called into question.

In some instances, attempts are made to eliminate the contradictions by separating the spheres of their application. Thus, the principle of territorial integrity is regarded as external (as a guarantee against encroachment by other states), while self-determination of peoples as internal. But oftentimes states attempt to use the first principle to fight internal movements for self-determination.

If the people agree to autonomy status, which leaves national borders unaffected, the collision between the two principles is min-

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imized. But what happens when there are attempts to secede, to break away from a "union" state? No Constitution (except the former Constitution of the Soviet Union) grants such a right. However, consider how many instances of secession there have been – sometimes peaceful, but more often bloody. In some instances, the first principle prevails, but then the second wins over, and vice versa. Conflicts with a combination of factors are especially complex: movements for self-determination often rely on active support from the outside (cf. Kosovo and Albania, Nagorno-Karabakh and Armenia, and South and North Ossetia).

Typically, the first reaction to a perceived clash of the two principles is the natural, conservative defense of territorial integrity and the inviolability of state borders. Only as it becomes clear that it is impossible to preserve the status quo in one state are the rights of those advocating self-determination recognized – at least, these forces are recognized as a party to the conflict. Ironically, national movement leaders, as a rule, stand firm on the self-determination of peoples. However, once they have come to power, they change allegiances to the principle of territorial integrity of states.

This brings up the first question: How applicable is this principle in a conflict situation? And the second, how viable and effective is each of them in a specific historical/geographic situation? It is essential to discover the logic, the internal springs, and their connections with other rules and norms. This would help mitigate the intensity of conflicts and prevent the parties involved from blindly relying on a principle that they believe better suits their interests.

There is a need for a concept to gauge the effectiveness of both provisions with a clear-cut set of criteria, as well as a comprehensive, systemic approach, not merely an approach based on precedent (precedent is convenient on the tactical level, but the issue at hand requires a more thorough, in-depth study).

HERE AND NOW

The idea of a 'Kosovo precedent' provoked strong objections from the West. It would rather see special emphasis being placed on the specific, even unique characteristics of each particular conflict.

But the concept of precedent does not presuppose a comprehensive or complete analogy. In the case with Kosovo, it is reduced to a narrow but fundamental question: Can a breakaway state acquire independence without the consent of the state from which it wants to secede? From this question we can see that the entire campaign against the 'Kosovo precedent' is off the mark.

Yet it is more important to set the record straight on the two principles as such.

First, a principle (especially in interrelation with other principles) is not a dogma. If any of the Helsinki principles can be assigned an 'absolute status,' these should rather be two other principles, which are also more applicable to conflict situations – namely, refraining from the threat or use of force and peaceful settlement of disputes.

Second, a principle is an abstraction: it does not work outside specific circumstances. They predetermine the viability and effectiveness of both principles, which is relative and comparable. But a standard yardstick is needed to gauge their effectiveness. Their application in conjunction with 'counterforce' principles is a demand of modern civilization: in the 21st century, the international community should raise the bar on these standards.

Third, historicism is an essential element in analyzing specific processes and events. After all, the array of Final Act principles is a product of a specific historical period, predetermined by the outcome of World War II in Europe. This comprised the existence of two systems and two opposing camps, as well as nuclear weapons. It serves as a kind of a truce, a ceasefire – between antagonists in an effort to avoid World War III. The 10 Helsinki principles provided a legal framework to the balance of interests between the two centers of power, serving as the "rules of the game" for relations between states during that era. But that era is over.

Both principles are inviolable, but today the emphasis should be shifted to their applicability and especially their viability and effectiveness. No international processes or events occur outside specific circumstances. So it is not enough to accurately cite a principle: each side should also substantiate its applicability and effectiveness. What were the main characteristics of the 1990s? It was an era marked

by the disintegration of states and formation of new ones in Eurasia and elsewhere. During that tectonic, force majeure period, the principle of territorial integrity proved to be not as fail-proof as it had been before. If this proposition is absolute and incontestable as some say it is, why then did it not save the Soviet Union or Yugoslavia or Czechoslovakia or Ethiopia? The principle of self-determination granted sovereignty to 23 Union republics (15 in the Soviet Union, six in the SFRY, and two in Czechoslovakia), as well as to Eritrea.

Kosovo, Abkhazia, South Ossetia, Transdnestria, and Nagorno-Karabakh are both actors and products of objective circumstances – demographic and political changes, disintegration of states, wars, etc. It is essential to understand the logic of change to take reality into account. Kosovo may become yet another argument, but only an additional one, for one or the other approach.

CRITERIA

There is a large number of factors in the applicability and viability of principles in each specific conflict – primarily the factors of 'civilization.' Following are some of these requirements: the period of time that a specific entity has been part of a 'union state;' the ethnic makeup of a territory that has become a subject of dispute, and its evolution and dynamics over at least the past 100 years; is this a popular movement or a struggle between some mafia clans; what kinds of methods are being used – peaceful or terrorist; how long has a seceding entity been in control of its territory; have there been any clashes; if so, how long, frequent and intensive have they been?

Needless to say, both the course and specifics of an armed conflict are critical. Are all parties committed to the idea that there is no alternative to a peace settlement? Who advocates a peaceful solution and who is inclined to favor the use of force? Which of the parties involved is ready to back up its commitment to peace by signing a ceasefire agreement? Who is for dialog, direct contacts and confidence building measures, and who is against? Are there any displaced persons and refugees? How many are there on each side? Are there conditions for their repatriation or what impediments are there? Who is observing the agreements

that have been signed? Have the norms of international humanitarian law been violated (obviously, their gross and massive violations seriously affect the viability of any of the two principles under consideration)? Have any attempts been made to find a peaceful solution – for example, through a referendum? If so, how was it organized? Or how can it be organized? Does the entity in question have trappings of statehood, self-governance, etc.? How representative and democratic is its system, especially compared to the "opposite" system? What are its chances for survival?

It is extremely important to differentiate between the causes and effects of a conflict: each has its own pre-history and legal specifics. Other essential factors include the form of secession, the extent of succession with respect to a "union" state, and the validity of these succession rights from the perspective of international law.

The recognition of a state's borders by the UN, the OSCE, the Council of Europe, etc. is oftentimes cited as an argument here. This is important, of course, but has no legal force since, in admitting new members, international organizations do not approve their socio-economic or political systems, their borders or prevailing religion. Any recognition of a state is a political act: its legal effects rarely go beyond the framework of relations between two particular entities.

There have been some rather amusing developments along these lines. The Soviet Union's administrative borders, for example, were sometimes rather arbitrary (remember Karabakh and the transfer of the Crimea to Ukraine). Today, by a quirk, Westerners, who reject all things Soviet, uphold the administrative borders that existed during the Soviet Union. Is such a precedent good or bad? It is good if it can prevent new conflicts. But what if bloodshed has already occurred in such regions? Should we pretend that nothing happened?

In short, a well defined, graduated, and formalized scale of criteria is needed. A broad discussion with the participation of all parties concerned – including experts on international law, political scientists, journalists, and diplomats – would be extremely helpful in this situation.

This "political atlas" of confrontation – i.e., a sum total of characteristic features of an era, region, conflict specifics, etc. – will

help establish a kind of a viability and effectiveness coefficient for each of the two principles under consideration. This would help cool some hot heads and provide valuable guidelines to the international community in its entire diversity.

But conflicts should be ultimately resolved at the negotiating table or through popular referendums. This rules out the use of "random" principles, ignoring essential characteristics and circumstances of a specific conflict.

AN "ATLAS OF CONFLICTS"

The international community is, without a doubt, interested in a peaceful settlement of disputes between states or parties to a conflict with full respect for the norms of international humanitarian law.

With regard to conflicts, any of the two aforementioned principles must definitely be linked with the requirement for peace settlement. International organizations would be well advised to be more consistent and persevering in this regard. All Helsinki principles are elements of civilization as compared to war. Therefore the scale of criteria should be built on principles of civilization, with special priority being given to the aforementioned requirements of the international community for all parties to a conflict. There must be no incentives to a party that continues to threaten the use of force, refuses to pursue a peaceful solution, arouses hatred and hostility or destabilizes the overall situation.

The development of a "political atlas" of any conflict comprises three main stages:

- elaboration of a general scale of criteria or characteristics of conflicts;
- determination of the share value of each criterion depending on how useful it is for a peaceful solution;
- application of these guidelines to a specific conflict, taking into account historical, geographic, regional, and other characteristics of a conflict.

Needless to say, this is not about producing some numerical indices but only general guidelines and proportions.

Russian Diplomatic Puzzles

"Dubious Peace". Cartoon by Herluf Bidstrup on the Camp David Accords.

"Despite the degradation of Russia's relations with the Moslem world and the relative indifference toward Islam, the Islamic factor remains a part of Moscow's foreign policy. With the end of the bipolar global system, Islam has fully integrated into international politics, while forces operating under religious slogans have become international political actors."

Nuclear Terrorism Remains A Credible Threat in the CIS

Andrei Novikov

Shortly after the breakup of the Soviet Union, it seemed – especially since the Cold War was over – that the threat of a nuclear conflict had disappeared. Nevertheless, nuclear confrontation remains a real threat.

Nuclear terrorism poses an even greater threat. In the 1990s, nuclear scientists supposed that amid globalization and scientific-technological progress, the majority of countries would not be able to acquire nuclear weapons before 2020. But the process is moving along much more rapidly. The "nuclear club" is expanding, but not all "newcomers" can ensure the security of their nuclear arsenals. This greatly increases the likelihood that weapons of mass destruction (WMD), primarily nuclear or radioactive weapons, as well as arms grade material, could fall into terrorist hands.

Andrei Kokoshin, Head of the State Duma's Committee for CIS Affairs and Contacts with Russians Abroad, is convinced that terrorist attacks with the use of nuclear weapons or fissile materials are especially dangerous and should remain an overriding priority for the world community.

DETERRENCE/INTIMIDATION WEAPONS

The uncontrolled circulation of various radioactive materials gives potential nuclear terrorists greater possibilities. According to experts at the International Atomic Energy Agency (IAEA), a

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'dirty bomb' can be created with any radioactive isotopes (Vienna, November 2006). Although an atomic chain reaction from such a bomb is impossible, the detonation of such a device would cause radioactive contamination of the terrain. The contamination level from such a device would not be high enough to affect human health, but the implementation of WMD and the threat of radiation could provoke widespread fear and panic. Intimidation is the terrorists' main objective: their aim is to force states to yield to their demands or act in their interests.

According to the Chicago-based organization Bulletin of the Atomic Scientists, as reported by the BBC, it is primarily organizations like al Qaeda that are seeking to obtain and use nuclear weapons. Jamal al-Fadl, a key prosecution witness in the U.S. vs. bin Laden case (New York, February 2001), said that in 1993 al Qaeda had conducted negotiations with a Sudanese citizen on the purchase of uranium in South Africa. In September 2006, Abu Hamza al Muhajir, al Qaeda's purported leader in Iraq, urged scientists to join the organization and conduct experiments with radioactive devices to adapt them for use against coalition forces. In October 2006, the Al Arabiya TV channel aired video footage of an address by Abu Yahim, another bin Laden associate, which contained calls to assemble "the nuclear bomb of jihad."

Lewis Smith, writing in *The Times*, argues with good reason that even reported seizures of radioactive material can fuel fears of a potential dirty bomb, especially when several kilograms of the so-called 'yellow cake' were discovered in December 2003 in a scrap metal shipment at a Rotterdam port. There was another case of strontium 90 and cesium 137 being seized by Georgian police from a taxi driver in Tbilisi in May 2006.

IAEA Director General Mohamed ElBaradei said recently that in the past decade his agency has recorded 650 international attempts to smuggle nuclear material, and urged the global community to multiply its efforts to protect the existing stockpiles of nuclear material against terrorists. Furthermore, *The Times* adds that the number of smuggling attempts in Europe (with the aim of making the dirty bomb) has doubled since 2002, reaching 300,

according to the IAEA. But the real level of smuggling operations, the agency warns, could be much higher. In 2005 alone, Western security services disrupted no less than 16 attempts to smuggle uranium and plutonium.

The post-Soviet space is another front line in this struggle. According to the RF Federal Customs Service, in 1995 it discovered four attempts to illegally transfer radioactive materials across the border; in 2004, this number increased to approximately 200. According to the RF Prosecutor General's Office, over 40 attempted thefts of radioactive materials have been foiled in the past decade. In Belarus, between 1996 and 2003, customs authorities thwarted 26 attempts to smuggle nuclear materials into their country; two of the attempts originated from Russia.

While Western experts are especially concerned by the possibility of radioactive leaks from "legal" nuclear power installations, atomic scientists in the CIS see the main danger coming from abandoned industrial facilities and installations, medical and scientific organizations, mothballed ore deposits, and tailing dumps.

In March 2002, Tajik police in the town of Chkalovsk seized two kilograms of low-enriched uranium from four men who had been trading in radioactive materials since 1998. In 2005, there was a marked increase in attempts by unidentified individuals to access the Bobodzhan-Gafur tailing dump. Furthermore, reckless actions by individuals who are searching for nonferrous metals have resulted in a substantial increase in background radiation, exceeding the maximum permissible level by 10 times or more (see: www.caresd.net 21.06.05).

Contrary to popular belief that Afghanistan has no significant potential for mineral resources (except for a ruby deposit), rich uranium ore was discovered in its Khanneshin region. According to some reports, the Taliban showed interest in uranium, while low enriched material was exported from Kandahar. Addressing a Russia-NATO Council session, then Defense Minister Sergei Ivanov said transport containers with inscriptions in Russian, purportedly with enriched uranium, were available on Afghanistan's black market. Such finds can be seen as preparations for provoca-

tive terrorist acts, while responsibility for them may be blamed on Russia, which allegedly does not ensure effective control of its nuclear installations.

LOSS OF NUCLEAR CONTROL

Following the breakup of the Soviet Union, a number of former Soviet republics were confronted with the problem of ensuring the security of nuclear installations on their territory. Economic difficulties, political instability and armed conflicts undermined the old system that had guaranteed strict control of nuclear arsenals and radioactive materials.

Some CIS countries partially lost control of radioactive materials, as their nuclear backyards began to attract criminal elements. Potential dirty bomb producers/buyers are closely watching nuclear submarine dismantling plants and other industrial (especially abandoned) enterprises that in some way or other used radioactive materials, as well as medical, scientific and research organizations, and to a lesser degree, abandoned uranium mines.

According to a report entitled *Inventorying and Disposal of Ionizing Radiation Sources in the CIS*, which was presented in June 2005 to the Seventh Session of the CIS Commission on the Use of Atomic Energy for Peaceful Purposes in Kiev, "sources of ionizing radiation cannot be reliably protected, on the same level as nuclear power plants or nuclear waste storage facilities; in the past decade, following reforms that caused the closure of a number of institutions, there are increasing numbers of 'orphaned' ionizing radiation sources; the relatively small dimensions and weight of ionizing radiation sources make them convenient targets of theft or unauthorized transfer, which causes particular concern today in light of the growing threat of terrorism" (http://sng.ainf.ru/po/images/stories/zasedaniya_komissii/7zasedanie/6.pdf).

Without calling into question the competence and good faith of the governments of states on whose territory hazardous installations are located, it is critical to take into account the possibility of theft and uncontrolled circulation of radioactive materials.

The radiological situation can also be affected by natural cataclysms, as well as man-made impacts, including acts of sabotage or subversion. The CIS should be fully aware of these threats, especially since Central Asia is a major black market for the sale of uranium. The region is characterized by a number of unfavorable conditions for the storage of nuclear waste, including political, geomagnetic and climatic instability. At the same time, it is in geographical proximity to Afghanistan and the Middle East.

For example, about 13 percent of Kazakhstan's territory is contaminated with radionuclides, according to the country's Institute of Nuclear Physics, an affiliate of the National Nuclear Center. According to scientists quoted by Interfax-Kazakhstan, there are more than 100 million metric tons of waste at uranium storage facilities in Kyrgyzstan, Uzbekistan and Tajikistan.

From every indication, Astana is greatly interested in eliminating the "radiological risks." It is considering such large-scale international projects as Navruz and Caspian Rivers, which are designed to create and put in place a system of radiological monitoring along rivers that border Central Asia, Russia and the Caucasus.

In 2006, during an official visit by U.S. Vice President Richard Cheney to Kazakhstan, a raft of joint documents was signed on this issue, thus marking an important step forward. These documents included an amendment to the agreement between Kazakhstan's Ministry of Energy and Mineral Resources and the U.S. Department of Defense on the elimination of WMD infrastructure, as well as an implementation agreement between the Kazakh Finance Ministry and the U.S. Department of Energy on cooperation in the suppression of the illegal circulation of nuclear and radioactive materials.

In Kyrgyzstan, "the threat of radiation security for the public is posed by closed radiation sources, a total of 1,200, which are stored at such installations, but due to funding shortages, it is impossible to bury them" (from the report entitled, *Inventorying and Disposal of Ionizing Radiation Sources in the CIS*).

In Kyrgyzstan's Batken Province, there are more than 20 major radioactive tailing dumps (left behind since the time when

the Soviet Union was actively mining uranium there). The Kyrgyz authorities have stated repeatedly that many of these facilities are in need of modernization, but the republic does not have enough financial resources for such a project. Experts do not rule out the possibility that should these dumps come under an adverse impact (for example, as a result of a massive earthquake), the densely populated Fergana Valley could be faced with an environmental disaster.

In the estimate of Ecosan experts, at least 7,000 tons of radioactive semi-liquid waste is stored in 23 burial sites on the banks of the Mailisu River in Kyrgyzstan. In addition to this, there are also 13 waste dumps of discarded ore with a total mass of 2.7 million cubic meters and active uranium content of around 200 grams per ton. Background radiation on the surface of these waste dumps is 100-200 microroentgens per hour (mR/hr) (the maximum permissible level is 17 mR/hr). Independent environmentalists say radiation levels in certain places can be as high as 2,000-3,000 mR/hr.

Tajikistan's uranium mines are concentrated in the Fergana Valley – Tyuyamyun, Taboshar, Adrasman, Mailisu, and other fields. This is where the Leninabad combine, one of the first uranium production facilities in the Soviet Union, was built (since the 1990s, it has been called the VostokRedMet uranium mining and processing enterprise).

In July 2005, an international conference, entitled *Uranium Legacy Issues in the Republic of Tajikistan*, was held in the city of Kairakkum in the north of the republic. It was organized within the framework of the Bishkek Declaration (2003) and attempted to solve the radioactive waste disposal problem. Conference participants – experts from Kazakhstan, Kyrgyzstan, Uzbekistan, Russia and Germany – visited waste burial sites in the Sogd Province where, according to various estimates, up to 54.8 million metric tons of waste from hydro-metallurgical enterprises was buried. Although it is low-level radioactive waste, it can remain a source of danger for hundreds of years, while Tajikistan does not have the necessary technology to handle such sites.

According to environmental experts, unless urgent measures are taken, a natural or man-made disaster could result in the spread of radionuclides from the Sogd burial sites and abandoned uranium mines through the Syr Darya River, which cuts across the region.

Hotam Murtazoyev, director of the Ecology and Scientific-Technical Progress research and development company, says the most serious source of danger is an industrial waste dump in the town of Dehmai, located nine kilometers from the river. This site, which contains 36 million tons of waste, has not been guarded for more than 10 years. A vast amount of water accumulates in its pit during the winter period, which then dries up in summer. Thus, radioactive dust rises from the dump and settles in some parts of the city of Chkalovsk, not far from Khujand, the center of the province. According to experts, in some parts of Khujand (primarily residential areas) the background radiation reading is 80 mR/hr and higher. But in certain parts of the Sogd area, background radiation can be as high as 1,000 mR/hr (IWPR; nuclear.kz 04.04.05). The maximum permissible concentration in Tajikistan is 57 mR/hr.

CIS member countries are certainly not indifferent to nuclear security problems. For example, in Ukraine (with its problem of "Chernobyl looters") amendments were introduced to the Code of Administrative Infractions and the Criminal Law Code, which are designed to toughen penalties for violations of radiation safety rules. According to the Seventh Session of the CIS Commission on the Use of Atomic Energy for Peaceful Purposes, the best radioactive waste storage and disposal practices are to be found in Russia, Kazakhstan and Armenia. The Commission's Eighth Session (Yerevan, September 2006) addressed the containment of radioactive sources in the CIS, and elimination of the effects caused by atomic energy enterprises from the Soviet Union.

Comprehensive monitoring and analysis of radiological security threats in the CIS on the regional level is still a sensitive issue. In this connection, the collective efforts of the CIS should be aimed at establishing control over all sources that may attract potential creators of a dirty bomb.

NUCLEAR ENERGY AND NUCLEAR TERRORISM

The so-called 'nuclear problem,' as part of the energy security problem, has yet another aspect. Fearing another energy crisis, governments are striving to diversify their energy sources. Suffice it to mention that in early 2007, Washington decided to lift an oil drill ban on Alaska, and build about 30 nuclear power plants. Japan and China announced a significant increase in nuclear power generation. China is planning to build 30 nuclear reactors in addition to its already existing nine by 2020. Without this, it will be impossible for China to achieve its ultimate goal: double GDP by 2020.

According to the IAEA, construction of NPPs can ensure a 30 to 80 percent increase in power generating capacities in Asia alone. Mukhtar Dzhakishev, president of Kazakhstan's Kazatomprom company, citing international energy experts, points out that by 2030, global energy consumption will double. The conclusion from such a prediction is that only nuclear power can save mankind from an energy shortage – that is, until thermonuclear power plants are built (www.c-asia.org/analit 01.12.06).

According to the U.S. based company, International Nuclear Inc., from 1985 to 2003, the world's commercial uranium reserves reduced 50 percent. In 2005, global uranium production was around 40,000 metric tons with annual consumption at 69,000 tons. Thus far, the uranium shortage is covered from existing stocks, reserves and secondary sources. In an IAEA estimate, by 2020, global uranium production will grow to 65,000-70,000 tons, while consumption will rise to 82,000-85,000 tons. Experts say there is a total of over 5 million tons of untapped uranium reserves in the world. The world's leader in proven reserves is Australia (989,000 tons), followed by Kazakhstan (622,000), Russia (615,000), Canada (441,000), South Africa (398,000) and Ukraine (250,000). Canada has the richest ore in the world (10 percent content), as compared to Australia's 0.5 percent and Russia's 0.1 percent.

Today, Russia is experiencing a uranium shortage of 5,000 tons a year, and this figure is steadily growing. Moscow plans to increase its NPP capacity more than 50 percent by 2010, and over 350 percent by 2050. Russia will first need to form a strategic reserve of 22,000 tons, which, considering its domestic needs, will require at least five to six years. Experts believe that Russia will soon go from being a natural uranium exporter to an importer. The amount of uranium coming from secondary sources (stocks) is expected to decline sharply, which will lead to a crisis. At this point, not even skyrocketing prices will be able to prevent a substantial shortage of uranium on the market. None of the key producers will have enough time to boost output (http://nuclear.kz/ru/illiteracy/uran).

Kazakhstan is actively developing its energy resources. According to Russia's Tekhsnabexport company (which holds 35 percent of the world's nuclear fuel market), a joint Russian-Kazakh-Kyrgyz venture, Zarechnoye, which is situated in Kazakhstan, has about 19,000 tons of uranium reserves. Kazatomprom, a national exporter/importer of uranium and other dual purpose materials, has increased uranium production to 3,363 tons, and hopes to become the world's leading uranium producer by 2010. Meanwhile, a uranium ore field with a capacity of 1,000 tons of uranium concentrate a year has opened in Vostochny Mynkuduk, southern Kazakhstan. According to some reports, the deposit has an estimated reserve of 22,000 tons of uranium. Similar mines are to be opened before the end of this year at Tsentralny Mynkuduk (2,000 tons), Yuzhny Inkai (2,000), Irkol (750), and Kharasan (2,000). In 2008, operations are due to start at Zapadny Mynkuduk and Budenovskoye fields (1,000 tons each).

South Korea signed a nuclear energy cooperation agreement with Kazakhstan, in which it is to receive around 1,000 tons of uranium a year. Kazakhstan (Kazatomprom) and Japan (Sumitomo Corporation and Canzay Electric Corporation) signed a memorandum of intent foreseeing the creation of a joint venture to develop the Mynkuduk uranium field in southern Kazakhstan.

Tajikistan has 14 percent of the world's uranium reserves. Uzbekistan's proven reserves vary from an estimated 80,000 to 120,000 tons, according to different sources. In the estimate of the IAEA, its possible reserves are at 230,000 tons, which will ensure sustained production for the next 50-60 years. According to the IAEA, Uzbekistan ranks seventh in the world in uranium reserves and fifth in uranium production. The republic does not have its own nuclear industry, exporting all of the low enriched uranium that it produces. Now, Uzbekistan has agreed to allow a South Korean investor, Korea Resources Corporation, to develop its uranium deposit at Dzhantuar in Central Kyzylkum. The South Korean market can digest up to 300 tons of uranium a year. Russia also has shown interest. Tekhsnabexport and Rusburmash are planning to create a joint venture with their Uzbek partners in 2007 to develop the Aktau uranium field, which has an estimated capacity of 300 tons of uranium per annum.

Within the next few years, the majority of energy dependent countries will take an even stronger interest in Central Asia. Competition will grow and possibly be accompanied by military-political pressure, including the use of force. Nor can one rule out the possibility of terrorist acts with the use of nuclear weapons or the threat of their use as a means of acquiring alternative energy sources and placing them under control.

To avert such a scenario, it is critical, in pursuing energy expansion programs, first to comply with technical and antiterrorism security standards at nuclear power installations; second, the states concerned should assume responsibility for the dismantling and removal of abandoned mines and mothballed installations; third, high priority needs to be given to tailing dumps and soil reclamation.

Antiterrorism measures are an indispensable element of all energy programs and projects. ElBaradei's comment that nuclear security is "a race against time" should not be interpreted as a figure of speech. He warned that the world faces a real threat from nuclear terrorism, adding that an extensive black market in radioactive materials is increasing the danger. "The world is engaged in a race against time to control the spread of nuclear

material," he said, warning that action was needed to prevent a nuclear or radioactive emergency.

CIS PRIORITIES

In 2005, the UN adopted an International Convention for the Suppression of Acts of Nuclear Terrorism. The Convention calls for states to develop appropriate legal frameworks to fight against nuclear terrorism-related offenses, investigate alleged offenses, and arrest, prosecute and extradite offenders as appropriate. It also calls for international cooperation with nuclear terrorism investigations and prosecutions through information-sharing, extradition and the transfer of detainees to assist with foreign investigations and prosecutions. The Convention provides for a mechanism for returning stolen radioactive material, device or nuclear facility, used by terrorists. It also provides that "upon seizing or otherwise taking control of radioactive material, devices or nuclear facilities, following the commission of an offence," the State Party in possession of such items shall render them harmless and ensure that "any nuclear material is held in accordance with applicable IAEA safeguards." Thus far, 107 states (with only five ratifying it) have signed on to the Convention. The document may only enter into force once it has been ratified by at least 22 states.

Implementation of this fundamental document has both a national and subregional aspect. Within the CIS, effective preventive action cannot be limited to the territory of just one state; especially considering that one of the CIS's essential functions is to ensure collective security, including protection against terrorist threats.

To eliminate the threat of nuclear terrorism, the CIS member countries need, as a matter of urgency, to implement the following measures:

- implement procedures to expedite the ratification of the International Convention for the Suppression of Acts of Nuclear Terrorism;
- draft a CIS agreement on the suppression of acts of nuclear terrorism, including an array of preventive measures, in line with

the basic provisions of the Code of Conduct on the Safety and Security of Radioactive Sources (IAEA, 2003);

- inventory all CIS installations that handle radioactive materials, accompanied by a realistic assessment of possible threats, such as thefts, illegal circulation of such materials and their use in building dirty bombs, taking into account the IAEA Categorization of Radioactive Sources (IAEA-TECDOC-1344);
- ensure effective monitoring, on a CIS scale, of aforementioned hazardous installations, as well as any criminal acts relating to trafficking in such materials, especially those moved across state and customs borders;
- put in place a unified radiation control system on the subregional level, primarily a "radiological barrier" on the borders between the CIS Member States; and
- continue joint antiterror exercises at radiation-hazardous installations.

The Shanghai Cooperation Organization: What Next?

Alexander Lukin

RUSSIA AND THE SCO

Russia is still the largest nation in the world, yet its power and influence on the international stage has markedly decreased compared with that of the former Soviet Union. At the same time, unlike the Soviet Union, Russia is not seeking to win the geopolitical struggle and to achieve the ideological goal of reshaping the world in its own way. Like any large country, it has national interests of its own, which may or may not coincide with the interests of other countries and blocs. As a large state with its own interests, Russia is not interested in a world where one force dominates; therefore it is seeking a multipolar world. At the same time, as a state that is not powerful enough to counter negative trends in global development on its own, it needs support from allies and sympathizers.

The establishment of the Shanghai Cooperation Organization (SCO) was prompted by the desire of some states, sharing Russia's views on trends in global development, to pool their efforts in the search for common approaches to find solutions to international and regional problems, and to develop regional economic and cultural cooperation. The SCO, which is not anyone's enemy, has become an association aimed at finding positive solutions to specific problems in the interests of its member states. This is the essence of the so-called "Shanghai spirit"

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which permeates the principles of international relations proposed by the organization for the international community. The declaration of the anniversary SCO summit (the SCO celebrated its fifth anniversary in June 2006) said: "The SCO owes its smooth growth to its consistent adherence to the 'Shanghai spirit' based on mutual trust, mutual benefit, equality, consultations, respect for the diversity of cultures and aspiration toward common development. This spirit is the underlying philosophy and the most important code of conduct of the SCO. It enriches the theory and practice of contemporary international relations and embodies the shared aspiration of the international community for implementing democracy in international relations. The 'Shanghai spirit' is therefore of critical importance to the international community's pursuit of a new and non-confrontational model of international relations, a model that calls for discarding the Cold War mentality and transcending ideological differences."

Attempts to transform the SCO into an anti-Western or anti-American bloc are doomed to failure as that would run counter to the vital interests of member states interested in cooperation with the West in many areas. At the same time, while actively working to ensure the interests of its own members in the first place, the SCO may meet – and already does – with misunderstanding and even hostility on the part of those who see the world as unipolar, while presenting their own interests as universal.

Nevertheless, the SCO's activities do not rule out or belittle cooperation mechanisms already built by its member states with other organizations or states beyond the SCO. The SCO wants to create additional spheres for cooperation, which did not exist earlier or are impossible outside its framework. The SCO's future will depend on how broad these spheres are and whether it succeeds in making its additional cooperation mechanisms attractive to the peoples of its member states, so that they become interested in the SCO's strengthening and development. Today we can speak of three elements of such additional cooperation.

1. Security and Counterterrorism

Cooperation in the security field, above all in the struggle against international terrorism, has been the main area of the SCO's activities since its establishment. Two years before the terrorist attacks in New York, the original Shanghai Five group began work on the Shanghai Convention on Combating Terrorism, Separatism and Extremism. The Convention, signed at the group's summit in Shanghai in June 2001, contains definitions of the terms "terrorism," "separatism" and "extremism," which is very important, considering that problems in agreeing on definitions often prevent international cooperation in combating these phenomena.

The SCO's approach to problems of international security, first of all, the struggle against terrorism, is much broader than that of the United States and its allies. While Washington puts emphasis on military strikes against international terrorist centers and attacks against states supporting terrorism (these may be any states unwelcome to Washington), the SCO nations see direct links between international terrorism, on the one hand, and separatism and religious extremism, on the other. So, while coordinating their actions with the U.S. in combating international terrorism, the SCO countries can act according to their own programs and in their own interests, closely linking this struggle with counteraction to separatism and Islamic extremism. Thus the SCO members seek to ensure their territorial integrity and the preservation of secular regimes in power in Central Asian countries.

Another area where the SCO member states have an approach of their own is the struggle against drug production and trafficking. These states have a strong view that the situation with drug production in Afghanistan has markedly deteriorated since the troops of the antiterrorist coalition entered the country, and that the new authorities of Afghanistan and the foreign troops supporting them do not wish or are unable to improve the situation. The inflow of Afghan drugs into neighboring countries has increased and now poses a serious threat to their security. This is why the SCO nations signed the Agreement on Cooperation in Combating Illicit Trafficking of

Narcotic Drugs, Psychotropic Substances and Their Precursors in June 2004 in Tashkent.

2. Economy

Issues considered by the SCO have recently been overshadowed by economic cooperation issues. This is not accidental, as the organization's future depends on its member states' ability to establish economic interaction. The SCO nations, so different politically, can be united into a constant and effective cooperation mechanism only by common economic interests.

SCO officials have very high opinions on the prospects for economic cooperation within the SCO frameworks. At a meeting of SCO heads of state with members of the SCO Business Council on June 14, 2006, Russian President Vladimir Putin said: "I am convinced that partnerships between business communities will become one more factor that will strengthen the Shanghai Cooperation Organization."

In November 2005, the SCO Secretariat, jointly with the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the Chinese National Bank of Development, organized the first Eurasian Economic Forum in China's Xian. Addressing the forum, Wu Banguo, chairman of the Chinese National People's Congress Standing Committee, said that Eurasian countries have the advantages of geographic proximity and economic complementarity, as well as broad spheres and good prospects for cooperation. He called on Eurasian countries to highlight the role of the SCO and other regional organizations on the basis of mutual respect, equality, mutual benefit and openness in the interests of more dynamic and stable growth of regional economies. An article published on the official website of the Uzbek Foreign Ministry said: "Participation in the SCO has opened new opportunities for the economic integration of Uzbekistan with the member countries of this organization." Indeed, the territory of SCO member states stretches across the European and Asian continents; the region is rich in resources and has a huge market; therefore the potential for developing trade and

economic cooperation within the organization's framework is very high. But whether this potential will be realized and how soon is still an open-ended question.

Formally, work in the sphere of economic cooperation is underway. Numerous documents have been adopted, each supplementing and following up on others: the 2001 Memorandum on the Main Goals and Areas of Regional Economic Cooperation, the 2003 Program for Multilateral Trade and Economic Cooperation until 2020, the 2004 plan of actions for implementing this program, and the 2005 Mechanism for Implementing the Plan of Actions. The SCO Council of the Heads of State, economic ministers and other high-placed officials meet annually to consider economic cooperation plans. The member states harmonize their legislation and hold economic forums. They have also established the SCO Business Council and the SCO Interbank Association, and put forward an idea to set up an Energy Club (the idea has never gone any further than an idea, however).

At the same time, one must admit that not a single project has reached the stage of implementation yet. All reports by ministries in charge of economic cooperation only enlist bilateral or (much less often) multilateral projects, which in fact are related to the SCO only because its members participate in them. Meanwhile, none of these projects is being implemented by the SCO proper; they are only included by SCO bureaucrats in the organization's reports and would be implemented even if the SCO did not exist at all. Even the two so-called "first-priority pilot projects," approved by SCO foreign economic and foreign trade ministers in August 2006 in Tashkent, began to be implemented before the SCO joined in them. These projects are the Volgograd-Astrakhan-Atyrau-Beineu-Kungrad highway, including an Aktau-Beineu-Kungrad leg as part of the E-40 international transport corridor. It also includes the construction of a bridge over the Kigach river (coordinator — Uzbekistan), and the development of an Osh-Sarytash-Irkeshtam-Kashgar transport route, including the construction of a transshipment terminal in Kashgar for organizing multimodal shipments (coordinator — China).

What is the reason for the slow start of mechanisms for real cooperation? Government officials usually explain it by the complexity of making decisions in the international organization where each member state has interests of its own, so it takes much longer to harmonize these interests. This is certainly right, but I think there are also other reasons; furthermore, more than enough time has passed since the SCO's establishment. Of the many factors slowing down economic cooperation within the SCO framework, I would single out the following ones.

The first one is the aggressive and selfish manner of China to uphold its trade interests, not always taking its partners' interests into account. China views itself as the leader of economic cooperation in the SCO and therefore has taken an aggressive line in this issue. In China, the government agency in charge of economic cooperation within the SCO framework is the Commerce Ministry, which wants to stimulate Chinese exports, ensure growth in trade, etc. The ministry has set up a department for SCO affairs, which operates actively, sometimes not coordinating its efforts with those of China's Foreign Ministry and does not always foresee the possible reaction from foreign partners. As a result, many initiatives coming from the Commerce Ministry fail to be implemented.

The Commerce Ministry does not display much interest in foreign investments or in aid and development programs abroad. Therefore it views cooperation within the SCO framework as a way to increase Chinese exports. Certainly, a growth in exports meets Beijing's interests, but it should not be the only interest for such a large and influential country as China. China seeks full development of the SCO economic space through the establishment of a free trade zone. However, these plans cause apprehensions in other SCO member states that their own markets and industries that are less effective than in China may collapse. A $900 million financial contribution to the SCO's activities proposed by China is intended for tied loans for the purchase of Chinese goods. Some SCO members, including Russia, consider the terms of this contribution disadvantageous for themselves.

Real cooperation would be achieved if Beijing displayed a more balanced approach and a better understanding that, apart from direct economic benefits, there are also long-term benefits based not only on economic, but also on political, civilizational and other interests. This is well-understood in the U.S. and Europe where there are numerous government programs for development, grants for non-governmental organizations, state educational funds, etc.

The second factor is the position of some Russian government agencies, first of all, the Finance Ministry, which reject the very idea of state funding for SCO economic programs. Because of this position, Russia has actually rejected an idea to establish a SCO Development Fund which would finance multilateral development programs, like, for example, the United Nations Development Program does. The SCO is seeking non-state funding through structures of the recently established SCO Business Council and SCO Interbank Association. However, it is already clear that private funds alone would not be enough to launch major multilateral projects: private structures of the SCO member states are either not powerful enough, or do not have enough interest to finance such projects in full.

Russia's position looks strange and at odds with its own interests. China is ready to allocate money for joint programs, but Russia is afraid of it as it thinks that China will control the Development Fund if its contribution is larger than Russia's. At the same time, Russia has declined making a contribution to the Fund, although it has enough money and its government refrains from investing it at home because of inflation fears. If so, why not use part of the money for SCO projects, which would increase Russia's economic and political influence in Central Asia? Especially since Russia spends millions of dollars on the activities of various kinds of European organizations and contributes much less to the SCO's small $4 million budget which is entirely used for the work of SCO structures.

Statements that the funding of economic projects is allegedly prohibited by the SCO Charter are groundless. The Charter says that the SCO budget is "drawn up and executed in accordance

with a special agreement between member states," which also determines the amount of contributions paid by each member state to the SCO budget. The Charter says further that "budgetary resources shall be used to finance standing SCO agencies in accordance with the above agreement" (Article 12). This does not mean, however, that funds from the SCO budget cannot be used for other purposes, as well.

Officials from Russia's Economic Development and Trade Ministry have recently promoted an idea that economic cooperation within the SCO framework must be limited as it is dominated by China. They propose that Russia should conduct economic cooperation with Central Asia via other organizations, such as the Eurasian Economic Community (EurAsEC), while the SCO should focus on security issues. Ideas like that were voiced, for example, at a session of the Interdepartmental Commission for Russia's Participation in the SCO Activities, held in early November 2006. Whatever is behind this approach, it fully contradicts declarations of the heads of state and government of the SCO member states (including Russia) and Russia's national interests. True, Russia's relative influence in the SCO is less than in the EurAsEC, for example. However, the SCO can play a unique role for Russia in having China and, later, other large regional actors join in the dialog on Central Asia. For Central Asian states, where the unilateral influence of Russia (as the successor to the Soviet Union) and China (as a powerful emerging force) is still often perceived with apprehension, their joint presence in an organization where they are equal members among the others and where all issues are decided by a consensus, is much more attractive. At the same time, it is obvious that without a serious economic basis the SCO cannot become an influential and effective regional force.

3. Science and Culture

There are good prospects for cooperation in the fields of science, education, culture and public health. The SCO Forum, established in May 2006 in Moscow, can play a major role in scientific

research. This is a multilateral public consultative and expert mechanism intended to promote interaction between research and political analytical centers of SCO member countries. As regards education, it is generally known that the Soviet educational system served as the basis for the educational systems of all SCO member states; therefore they still have many common features. Now Russia has joined in the so-called Bologna process and is seeking to unify its educational standards with those in Europe. However, the old educational system had many advantages. This is why it is a common task for all SCO members to harmonize their educational standards with international ones, while preserving the advantages of the old system.

The same refers to culture. Central Asian countries, China and Russia have ancient and unique civilizations. As these countries become increasingly open and as they make the best achievements of world culture an integral part of their own culture, they are being faced with a problem of preserving their national traditions in the face of an inflow of low-standard mass culture from abroad. However, little has been done in this sector yet.

DOES RUSSIA BENEFIT FROM SCO MEMBERSHIP?

Some experts in Russia are apprehensive that there is a dominating force in the SCO, namely China, which is allegedly seeking to solve its own strategic tasks in the organization at the expense of its partners, first of all Russia. Such views are absolutely groundless. Procedures for occupying leading posts in the SCO provide for a regular rotation between representatives of the member countries. Russia's contribution to the SCO budget equals that of China. The SCO members have agreed that the SCO Secretariat is based in Beijing as China has offered better conditions for that. At the same time, another major body of the SCO – the Executive Committee of the Regional Antiterrorism Structure (RATS) – is based in Tashkent. And in general, the location of a headquarters does not matter much. After all, one cannot say that the United States dominates the United Nations because the majority of UN

agencies are located in New York. On the contrary, the U.S. views the UN as an inevitable evil, while the New York-based UN Security Council and especially the UN General Assembly often take positions that differ from that of the U.S. Of course, the economic and political weight in the SCO of such a powerful state as China (just as the weight of the U.S. in the United Nations) is great. But this is why membership in the SCO, which proclaims equality for all its members, is advantageous to the weaker members because it gives them equal rights with the stronger ones. In the same way, membership on the UN Security Council makes the political weight of Russia (and its other members) equal with that of the U.S., which often annoys Washington.

THE U.S. AND THE SCO

During the first few years of the Shanghai process and the SCO's existence, the United States did not take the organization seriously. Some American analysts did not believe that the SCO would develop into anything more than a discussion club. Others regarded the SCO as a hopeless attempt by Russia and China to increase their influence in Central Asia, as both countries did not have sufficient resources and had to face numerous domestic problems. However, after the SCO had become consolidated enough and many states in the region had expressed a desire to join it, this attitude changed. The SCO first attracted serious attention from Washington in 2005 when its close partners India and Pakistan and one of America's major adversaries, Iran, were given observer status in this organization (Mongolia, another state closely cooperating with the U.S., received this status in 2006, and even U.S. allies South Korea and Turkey have expressed their interest in it). However, a declaration adopted by the SCO Council of the Heads of State in Astana in June 2005 caused serious concern in the U.S. as it urged members of the antiterrorist coalition to "set a final timeline for their temporary use of ... objects of infrastructure and stay of their military contingents on the territories of the SCO member states," "considering the completion of the active military stage of the antiterrorist operation in Afghanistan."

This provision was included in the declaration at the request of Uzbekistan, whose leadership was disappointed with a U.S. proposal to launch an independent investigation into the unrest in the Uzbek city of Andizhan in May 2005. However, concern over the American presence in Central Asia is shared by all the SCO members. They view the introduction of foreign troops on the territory of Central Asian countries pragmatically, as a measure required for fighting terrorism. Yet, they are apprehensive that the U.S. may use its unlimited military presence in Central Asia not only for this struggle, but also in its own interests at the expense of the states of the region. Tashkent even decided to change its policy of cooperation with the U.S. and the West and to reorient it toward Moscow, Beijing and the SCO, which show less concern over human rights. The Uzbek government demanded that the U.S. withdraw its military base from Khanabad, which had been deployed there at the peak of American-Uzbek rapprochement following September 11, 2001 for supporting actions by the antiterrorist coalition in Afghanistan. As a result, there was an impression that SCO decisions were effective.

Washington's reaction was prompt. On July 19, 2005, the House of Representatives adopted a resolution expressing concern over the SCO declaration. U.S. Secretary of State Condoleezza Rice, worried about a possible marginalization of the United States in Central Asia, visited Kazakhstan, Kyrgyzstan and Tajikistan in October 2005. During her visit to Bishkek, she convinced the Kyrgyz leadership to keep the military base of international forces in Manas and even to allow the transfer of U.S. troops, to be withdrawn from Khanabad, to Kyrgyzstan (for additional payment, which was much needed by the new Kyrgyzstan leadership).

Yet, that visit had, perhaps, an even more important result – the idea of a Greater Central Asia. The origins of this concept are believed to be rooted in an article by the Chairman of the Central Asia-Caucasus Institute at Johns Hopkins University's School of Advanced International Studies in Washington, Frederick Starr, published in the influential *Foreign Affairs* journal in July/August 2005. Its main idea was "the establishment of a Greater Central

Asia Partnership for Cooperation and Development (GCAP), a regionwide forum for the planning, coordination, and implementation of an array of U.S. programs." According to Starr, such a partnership, which would promote trade, cooperation and democratization in the region, is becoming possible as "recent progress in Afghanistan has created a remarkable opportunity – not only for Afghanistan but for the rest of Central Asia as well. The United States now has the chance to help transform Afghanistan and the entire region into a zone of secure sovereignties sharing viable market economies, enjoying secular and open systems of government, and maintaining positive relations with the United States."

Russia and China would have an insignificant role in such a partnership (although Starr wrote that they could join it "if they are donors"); Iran's participation was completely ruled out; Pakistan would be a member, while India and Turkey "would, along with the United States, become the unofficial guarantor of sovereignty and stability in the region." In this way, Central Asian states would establish close ties with India and Pakistan via Afghanistan, which would help diversify their international cooperation and (although this was not said openly) weaken their unilateral orientation toward Moscow and Beijing.

As if she were carrying out Starr's recommendations, Rice reorganized the Department of State's Bureau of South Asian Affairs into the Bureau of South and Central Asian Affairs in October 2005. In April 2006, the House Committee on Foreign Affairs' subcommittee on the Middle East and Central Asia held hearings on U.S. policy in Central Asia. Speaking at the hearings, Assistant Secretary of State for South and Central Asian Affairs Richard Boucher, the main executor of the new Greater Central Asia policy, obviously was guided by Starr's ideas, but went much further, making these ideas into an undisguised ideological cover for the promotion of American influence in the region. In his report, he made no mention of the SCO (which could be a result of his lack of knowledge, though, because when asked by a subcommittee member, the U.S. diplomat failed to even correctly name the SCO's members). While formally recognizing the his-

torical ties between the Central Asian states and Russia and their growing cooperation with China, Boucher made it clear that he did not consider Russia and China to be leading actors in the new American plan for the establishment of close ties between Central and South Asia via Afghanistan.

On June 13, 2006, just a few days before a SCO summit meeting in Shanghai, the United States Trade and Development Agency held an Electricity Beyond Borders Forum in Istanbul. At the forum, participants from Central and South Asia presented new large infrastructure projects in the field of power engineering planned for Afghanistan, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan and Turkmenistan. Representatives of Russia and China were not invited to the forum. Obviously, the forum was intended to demonstrate the new role of the U.S. and Turkey in the development of cooperation between the states of Central and South Asia.

The Greater Central Asia idea caused a mixed reaction in Central Asia, indifference in Moscow, and anxiety in China. Kazakh Foreign Minister Kasymzhomart Tokayev took a favorable view of its possible role as an incentive for scientific discussions, yet he emphasized that his country gave priority to cooperation within the SCO frameworks. Kyrgyz expert Muratbek Imanaliyev concluded that Central Asia viewed the project as American and capable of causing worry in Moscow and in Beijing. Yet, the sharpest reaction came from Beijing. A commentary by the official paper of the Central Committee of the Communist Party of China, *Renmin Ribao* (People's Daily), said that the reason why the U.S. had brought up this plan was that "it is determined to use energy, transportation and infrastructure construction as bait to separate Central Asia from the post-Soviet Union dominance. By doing so, it can change the external strategic focus of Central Asia from the current Russia-China oriented partnership to cooperative relations with South Asian countries. It can break the long-term Russian dominance in Central Asia, it can split and disintegrate the cohesion of the SCO and gradually establish U.S. dominance on the new plate of Central and South Asia. However, in the long term, the United States may make a strategic misjudg-

ment of other large countries by 'setting up another cooking stove'. It may also disrupt the existing cooperative mechanisms and put Central Asian countries into a choice dilemma."

The situation in Afghanistan has recently become aggravated, which has required more coalition troops in the country. These developments have complicated the implementation of the Greater Central Asia concept in its pure form. At the same time, the invigoration of U.S. policy in Central Asia and the active participation of Central Asian representatives, including high-ranking officials, in activities obviously conducted in the vein of this policy, show that a new situation is taking shape in the region. Paying insufficient attention to the new situation may result in the marginalization of the SCO and a reduced interest in cooperation within its framework among some SCO member states, which may choose other partners in the hope of receiving more economic assistance. Such developments would complicate Russia's general foreign policy aimed at building a multipolar world and stepping up cooperation with Asian states.

Of course, the situation should not be dramatized. The United States' political image in Central Asia, especially after the problems with Uzbekistan, has been considerably undermined. The majority of Central Asian countries understand that political orientation toward Washington may bring about many problems at home. At the same time, the image of the U.S. and other Western countries is still strong that they are successful and rich states capable of allocating significant financial and economic aid. Thus, they are more effective than Russia and China, even though politically these two countries are closer to Central Asia. Some public quarters in Central Asia also have a favorable view of economically effective, politically secular, and heavy-handed regimes in such culturally similar countries as Turkey and Pakistan, as well as of the emerging Indian economic powerhouse, capable of becoming an alternative to a rapidly growing China. The SCO's insufficiently active economic policy, its sluggishness in making decisions, and its tough stance regarding the admission of new members complicate the situation.

REQUIRED MEASURES

The following measures should be taken for the achievement of Russia's foreign-policy goals and to invigorate the SCO.

1. Make **India, Pakistan, Mongolia** and **Turkey** more interested in cooperation with the SCO. This interest has recently diminished due to the SCO's unclear prospects. India, Mongolia and, possibly, Pakistan must be admitted into the SCO as full members, while Turkey must be given observer status. India's admission is particularly in Russia's interests. Giving membership to such a large and authoritative state as India would make the SCO into a very influential international organization; it would boost economic cooperation within its framework due to India's potential, and would increase New Delhi's interest in political cooperation with its eastern and northern neighbors. Besides, such a move would also be geopolitically advantageous to Beijing, which has recently solved many of its problems with New Delhi.

There is an opinion that it would be difficult to admit India without Pakistan. Of course, the admission of Pakistan as a full member would bring some problems into the SCO. However, considering the secular nature of the Pakistani regime and its active struggle against terrorism and religious extremism, that is, the actual coincidence of Islamabad's interests with the SCO's political goals, such a move should not be feared (this move may have to be made if, for example, Beijing conditions India's admission to the SCO on a simultaneous admission of Pakistan). Benefits from involving Islamabad in the counterterrorism struggle within the SCO framework and from making Pakistan interested in cooperation with Central Asia, together with Russia and China, would outweigh possible negative effects.

The admission of Mongolia, apart from filling the territorial "gap" in the SCO and stimulating economic cooperation owing to this country's resource potential, would have a great demonstrative effect. Economically, Ulan Bator is now largely oriented toward the West. In addition, Washington views Mongolia as a model of post-Communist democracy in Asia, whose foreign policy must also be oriented exclusively toward the U.S. At least the

partial reorientation of Ulan Bator toward cooperation with SCO member states would be very useful not only to Russia and China, but also to other members.

Granting observer status to Turkey, which is a NATO member, would also have a significant demonstrative effect, without any negative consequences for the SCO. It would show that even a close ally of the United States may be interested in projects outside Washington's control, and would involve Ankara into strategic and economic cooperation within the SCO framework.

Afghanistan could be given observer status to make it interested in cooperation with the SCO. On its part, the SCO should step up its role in the struggle against drug-trafficking in that country and in the efforts to stabilize the situation there.

The SCO should probably enter into exploratory talks with the new leadership of **Turkmenistan** about its admission to the SCO as an observer. Turkmenistan pursues a policy of neutrality; however, neutrality may be interpreted in different ways: from non-entry into any organization, including the United Nations, to non-entry into military alliances only (the SCO is not a military alliance).

2. Display more caution toward **Iran**'s desire to step up its cooperation with the SCO and even downplay some of its aspects (for example, inviting top leaders to meetings of the SCO Council of the Heads of State). This would allay fears in the West about the SCO's possible transformation into an anti-Western bloc and would promote the SCO's interaction with the West in combating international terrorism and drug-trafficking, and their economic cooperation. Second, this would show Teheran that the SCO is seeking real cooperation and does not approve of its attempts to use the organization as a means of pressure on the West for achieving its own goals. Finally, it would help Teheran take a more constructive position concerning its nuclear program. That would meet the interests of Russia and China, as these countries support the nuclear non-proliferation regime and have economic interests in Iran, which may suffer from sanctions caused by Iran's unconstructive position.

3. Step up economic cooperation within the SCO framework by means of state funds allocated for multilateral projects. The best options would be the creation of a SCO development program or fund, similar to the UNDP or programs of other international organizations, which would be financed from the national budgets of SCO member states. Naturally, this fund would not directly finance projects carried out by states, but it would provide loans on easy terms or tender-based funding to companies or consortiums of companies that would carry out the more significant projects. This would make it possible to start implementing the Program for Multilateral Trade and Economic Cooperation. The implementation of several large infrastructure projects under the SCO aegis would show to the world and, first of all, to the population of the SCO member states, that the SCO is not a discussion club, but an organization of real use.

4. Channel China's economic activity in the SCO into a more constructive vein, explaining the necessity of a broader and a more comprehensive approach to economic cooperation, which would better meet the interests of all SCO members, including China.

5. Establish an SCO university for training specialists in a wide variety of professions. Part of the money for this could be allocated from the SCO budget (SCO Business Council experts are already working on a project to build an SCO educational center).

6. Establish an SCO International Institute on the basis of the SCO Forum, set up in 2006, for studying problems and prospects of the SCO region's political and economic development.

7. Hold SCO sporting events and art festivals annually in each member state in turn.

The above measures would help the SCO enter a new stage in its development and would make this organization one of the more influential international organizations. These measures would also help Russia further its interests in Asia. Naturally, these proposals will meet with resistance from the bureaucracy and forces that would least of all like to see Russian influence in Asia grow. But that is a completely natural reaction that can be overcome by the political will of the leaders of SCO countries pursuing a policy that ensures the national interests of their states.

The Islam Factor in Russia's Foreign Policy

Alexei Malashenko

Following the breakup of the Soviet Union, Moscow refrained from making independent moves in the Middle East, thereby giving the initiative to its American and European partners. However, before this moment, in 1977, Moscow's role in the region had already decreased when Egypt and Israel entered into mutual negotiations under Washington's patronage.

Nevertheless, despite the degradation of Russia's relations with the Moslem world and the relative indifference toward Islam, the Islamic factor remains a part of Moscow's foreign policy. With the end of the bipolar global system, Islam has fully integrated into international politics, while forces operating under religious slogans have become international political actors.

HONEYMOON IN THE POST-SOVIET SPACE

Former Soviet republics in Central Asia and Azerbaijan, which sought to distance themselves from Russia, emphasized their Moslem identity. The ruling elites of these post-Soviet countries did not seek incorporation into the Moslem community (where they would have ranked as foreign elements); but relations with outside coreligionists offered them more room for maneuver. Many local politicians, for example, hoped to exchange their sudden passion for Islam for economic aid.

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In the first half of the 1990s, Russia, which tried hard to retain its influence over the post-Soviet space, which was becoming no-man's-land, experienced the expansionism of Moslem states. Foreign Moslems hoped to make a breakthrough into the region and its markets. Initially, the Turks were more active than others: they emphasized pan-Turkism, as well as cultural and linguistic affinity with Turkic peoples in the ex-Soviet Union. Ankara demonstrated confidence that in the future it would become a member of the European community; this factor was intended to increase its authority in the eyes of former Soviet Turkic nations. Nor did the Turks neglect religion. They emphasized that Turks and peoples in Central Asia belong to the most tolerant and open branch of Sunni Islam, the Hanafi School, which encourages positive changes and reforms.

Arabs and Arab-controlled international organizations were more consistent in pushing the Islam issue with post-Soviet states. They donated money for building mosques and institutes, funded various kinds of religious publications, and offered thousands of young people in Central Asia an opportunity to study in Arab countries.

Teheran limited its activities largely to Tajikistan and Azerbaijan. Iran's relative inactivity was due to its low financial capabilities, cultural differences, and the absence of strong clerical support for Iranian Shias in Central Asia and the Caucasus. Moreover, a majority of local Moslems fear religious radicalism, which for many is associated with the Islamic revolution in Iran.

The "honeymoon" in relations between former Soviet republics and the Moslem world proved to be short-lived. Despite some progress (above all, in trade), by the mid-1990s hopes for large-scale aid from the coreligionists began to fade as the latter pursued their own goals and viewed their "new friends" as junior partners. It is indicative that in a majority of their statements about foreign-policy priorities, the presidents of Central Asian countries and Azerbaijan ranked the Moslem world third, only after the U.S. and Russia.

Nevertheless, along Russia's southern border there emerged a seething Moslem belt with a non-Soviet identity and with sporadic manifestations of religious radicalism.

"THE RISE OF THE CRESCENT"

In 1994, Russia's Foreign Intelligence Service (then headed by Yevgeny Primakov) warned the government about the possible rise of an "Islamic threat" to Russia. The authors of the forecast said there was a danger of Islamism penetrating into the whole of Central Asia from civil war-torn Tajikistan and Afghanistan where the Taliban movement had gained strength. In the same year, the war in Chechnya began, which destabilized the entire North Caucasus. Two years later, in 1996, the Taliban came to power in Kabul. Thus, Afghanistan had become a center of international Islamism where extremists from Central Asia and the Caucasus were trained. There appeared a distinct "crescent of instability," which stretched from the Caucasus to China's Xinjiang. Nervousness swept the entire Moslem world, and Moslems in the ex-Soviet Union were not immune to this feeling.

Of course, the "rise of the crescent" had occurred at an earlier date: it was brought about by the Islamic revolution in Iran, while the Afghan war internationalized *jihad*, later to be symbolized by al-Qaeda. The conflict in Afghanistan produced an illusion among some people that one could manipulate Islamic radicalism with impunity, while others came to the conclusion that it was futile to combat it. Thus, there came about the "Time of the South" for Russia, the name of a monograph written jointly by Dmitry Trenin and myself in 2002.

September 11 did not reveal anything essentially new in relations between the Moslem world and the West, including Russia. That tragedy graphically showed the strained nature of relations and the presence of unresolved problems between the parties. Books written by special service officers and published after the attacks against the United States convincingly show that politicians, not special services, committed the main mistakes that led to the catastrophe. Despite warnings from scientists and experts, many politicians viewed Islamism only as a mutation and a particular manifestation of extremism and terrorism. The opinion that Islamism was a product of the Middle East conflict and the Taliban regime in Afghanistan is still widespread. In 2006, the leader of the British

Conservative Party, David Cameron, described Afghanistan as "the cradle for the terrorist attacks of September 11."

There is also a stereotyped view that Islamic extremist groups were created by foreign special services, and that charismatic religious radicals, knowingly or unknowingly, became their agents. There is no denying that Pakistan's intelligence was involved in the creation of the Taliban movement, that Osama bin Laden had contacts with American special services, and that the KGB rendered support to Palestinian extremists. However, all those "projects" could be successful only provided there were favorable conditions and people who could be manipulated accordingly. The conditions developed regardless of the special services' will, and the mobilization for *jihad* had much deeper roots. Organizations like the Taliban, al-Qaeda or Hizb ut-Tahrir would have eventually emerged (possibly under other names) even without intellectual support from highbrow analysts and efforts by KGB and CIA agents.

It was vital for Russia to define its attitude to the Islamic factor in its most aggressive form, the Islamic threat, and include it in its foreign policy.

RUSSIA AS MEDIATOR

Presently, Moscow increasingly positions itself as a mediator between Islamic radicals on the one hand, and America and Europe on the other. This is readily visible by the Iranian crisis.

In the protracted game over Iran's nuclear program, Russia was confident it would be able to persuade Teheran to make Moscow-proposed concessions: the enrichment of uranium on Russian territory, the establishment of rigid control over dual-purpose materials, and the abandonment of attempts to produce the full nuclear cycle. Moscow believed it had a key role to play in that dispute, and as Iran's "patron," would protect its own economic interests.

Symbolically, Moscow uses the services of the Russian Orthodox Church in its relations with Teheran. Its church leaders display a pronounced respect for the fundamentalist ayatollahs who have taken a radical version of Shia Islam and made it the country's official ideology.

Moreover, Moscow views the Church as a reserve diplomatic channel. In February 2006, at a meeting in the Vienna headquarters of the International Atomic Energy Agency, Russian Foreign Minister Sergei Lavrov expressed the hope that "the Russian Orthodox Church will play a role in the settlement of the present contradictions and the easing of the conflict of civilizations."

In the same year, the victory of the Islamic Resistance Movement (Hamas) in Palestinian elections gave Russia an opportunity to serve as a mediator in the Middle East conflict. The Hamas victory was a momentous event: it changed the correlation of forces in Palestinian society, made Israeli-Palestinian contacts unpredictable, and undermined the Road Map settlement plan initiated by the U.S. and worked out by the Middle East Quartet.

Moscow attempted to take the initiative and return to the Middle East as an independent actor with its own unorthodox ideas. Russia's position seemed both promising and adventuristic, especially since Hamas had a reputation of being an incompliant extremist force. Moscow hoped that its risky move would help it win recognition inside the Moslem world, and the first impression was that these hopes were justified. However, the Moslem regimes were in no hurry to express their appreciation with Moscow, especially since Egypt, Jordan, Algeria and some other countries have a cautious or even negative attitude toward Hamas. Commenting on the conflict of views over the new Palestinian authorities, American journalist Steven Lee Myers wrote that "most of all, it is a quest for prestige."

In March 2006, the Kremlin, in a gesture that was meant to assist Hamas at winning some respectability in the international (non-Moslem) community, invited a Hamas delegation to Moscow. In the autumn of the same year, Russia made one more "fine gesture:" neither Hamas, nor Hezbollah, were included in the Federal Security Service's listing of 17 terrorist organizations. This seemed to be a challenge to the United States, whose list included both organizations.

In their dialogue with Islamists, however, Russian diplomats seemed to display confusion and inconsistency. The "work" with the Hamas delegation resembled the 'dump and chase' strategy in

ice-hockey: a team shoots the puck into the opponent's zone where they then attempt to make a play out of it. The puck was dumped in regard to Hamas, but the subsequent moves looked rather ill conceived. Neither the presidential administration, nor the Foreign Ministry, had taken care to work out a clear line of conduct.

The Hamas delegation, which arrived in Moscow in the spring of last year, was headed by Hamas leader Khaled Mashal. The visit's itinerary, however, was obviously downgraded, since it did not provide for meetings with Russia's top leaders. The visitors had unofficial contacts with parliament deputies and diplomats. Even Hamas' semi-confidential conversation with the chairman of the International Affairs Committee of the Federation Council (the upper house), Mikhail Margelov (an Arabist by education), could not be viewed as official. The meetings were not "obligatory" for the hosts and their visitors. The strongest – and oddest – impression from the visit was made by a joint prayer service at the Moscow Cathedral Mosque. Russia's Grand Mufti, Sheikh Ravil Gainutdin, who had repeatedly condemned religious radicalism, conducted the prayer.

Contacts between Moscow and Hamas continue to this day. At the beginning of this year, the foreign minister of the Palestinian National Authority, Mahmoud al-Zahar, made a stopover in Moscow en route to a trip abroad. A bit later, Khaled Mashal paid another visit to the Russian capital. These visits to Moscow by Hamas officials produce a sense of bewilderment. After all, the Islamists have not softened their position over the question of Israel's "right to exist." Russia has failed to make them more compliant and thus to present itself as an independent "soloist" in the Middle East "concert." Moscow can now see for itself that the Islamists continue playing a game of their own. Their rapprochement with Russia is nothing more than an additional trump card in their relations with the West and a precedent (although a fragile one) for dialogue with Europe and, possibly, with America. The non-binding visits to Moscow allow the Hamas leadership to believe that diplomatically the organization has gone beyond the boundaries of the Moslem world. (By the way, mutual visits by Iranian and Russian diplomats offer a similar scenario: each time the result proves unsatisfactory for Russia.)

In the summer of 2006, Russia seemed to have another chance to enter into dialog with Islamists – this time with Hezbollah, a Lebanon-based organization that scored a kind of moral victory in a brief war with Israel. Following the war, Hezbollah's popularity hit an unprecedented level in Lebanon; it also became an authoritative force in the eyes of Europe. However, Hezbollah was never invited to Moscow, although if the Kremlin had been more consistent in its decisions, it could have coordinated such a visit.

The fact that Hezbollah officials never visited Moscow has two potential explanations.

President Putin did not want to aggravate relations with the United States. Europe, despite its sympathies for Lebanon, would not have understood a Hezbollah visit to Moscow; Europe was not ready to support dialog with Hezbollah leader Sheikh Hassan Nasrullah. Thus, any direct contacts with the radicals could have finally destroyed the already aggravated relations with Israel.

Furthermore, and perhaps most importantly, the Kremlin realized that talks with Hezbollah officials would unlikely produce results. Their success required support from Iran, but Teheran did not need Moscow's mediation in the Lebanese-Israeli conflict. The Iranian leadership could correct Hezbollah's positions independently – which it did when it advised Hezbollah to release Israeli hostages ("prisoners of war" by Hezbollah's definition). Finally, the Hezbollah leadership did not view Russia as an effective mediator and preferred to contact Moscow via its Syrian patrons. The latter were not eager to encourage Hezbollah's contacts with Russia, either.

Moscow's attempts to establish dialog with Islamists have won approval in the Russian Moslem community. Meanwhile, its leaders are in an awkward position as they, following in the footsteps of the Russian government, must separate Islamists into the "good" ones operating abroad from the "bad" ones operating in Russia.

Radical Moslem ideologists try to present Russia's mediation as a basis for strategic consensus with Islamists and dictatorial regimes in general. In the summer of 2006, at the height of the war between Hezbollah and Israel, the head of Russia's Islamic Committee, Heidar Jemal, said: "Syria and Iran need a revived

Russia." This statement was consistent with Moscow's official position. But do they really need a revived Russia? After all, Syria, Iran and Hamas all seek goodwill from America and Europe. So they can well do without Russia's mediation.

Radical Islamists, who have won time thanks to Russia, will most likely decline its services at a later date.

First, they view Russia's policy as a kind of "Fronde" and a wish to demonstrate to the West its ability to act independently.

Second, from their point of view, Russia, which declared itself successor to the Soviet Union, has a negative attitude to Islam. This, they argue, can be witnessed from its policy in the North Caucasus and, certainly, its participation in the antiterrorist coalition (even though its membership has become almost formal). In September 2006, the unveiling of a Russian monument in New York to the 9/11 victims caused irritation in the Middle East and Iran (where a contest for anti-Holocaust cartoons was being held at that time). Also, Islamists have not forgotten that in 2002-2003 Russia, which was opposed to military intervention in Iraq, did not take resolute measures and finally reconciled itself to what happened there.

Official Russian ideologists are silent about their future cooperation with Islamic radicals. The overall situation in Russia, together with the general vagueness of Russia's foreign-policy strategy, prevents them from devising a clear position on this issue. Many believe that Moscow's policy line is not far-sighted. For example, few are willing to discuss the subject of Moscow's continuation of relations with Hamas, which Moscow has failed to tame, because no one can say for sure what future this organization will have in Palestine. Characteristically, none of the politicians "playing up" to the Kremlin, but not fully sharing its positions, are expressing pro-Hamas – as well as anti-Hamas – statements.

Later, however, when Hamas strained intra-Palestinian relations, Russia found itself facing a difficult dilemma: support the secular moderate movement headed by PNA President Mahmoud Abbas, or display understanding toward Islamists. The choice has never been made.

THE LONG ROAD TO OIC

Moscow's intermediary contacts with Islamic radicals fit well into the general strategy, which provides for special relations with the Moslem world. These relations are based on the premise that Russia is a multiconfessional (mainly Christian/Moslem) country, which predetermines its right to simultaneously exist in two different civilizations.

In 2004, Russia's State Duma deputies set up a parliamentary association that they named "Russia and the Islamic World: Strategic Dialog." Deputy Shamil Sultanov has formulated the association's goals in the following way: "Providing legislative support for the development of Russia's relations with Moslem countries and international Islamic organizations, first of all the Organization of the Islamic Conference (OIC); putting forward initiatives for participation in integration processes in the Islamic world; creating conditions for constructive dialog between political and economic elites of Russia and the Islamic world," etc.

One event that contributed to the establishment of these special relations was Russia's accession to the Organization of the Islamic Conference as observer nation with a Moslem minority. (The OIC, set up in 1969, groups 57 countries, including two from Europe, two from Latin America, and six from the Commonwealth of Independent States.) Russia's contacts with the OIC date back to Soviet times when this organization helped Soviet POWs return home from Afghanistan. Later, in 1994 and 1997, OIC secretaries general visited Russia.

The idea of Russia's accession to the OIC has been in the air for some time. In the mid-1990s, Yevgeny Primakov, who is much respected amongst Moslems, tried to convince foreign Moslem politicians that such a move would bring benefit to both parties. In 1997, the head of the Union of Russian Moslems, Nadirshakh Khachilayev, a popular Moslem politician at the time, raised the accession issue. In a conversation with this author, he stressed the need for Russia to join the OIC by arguing that the move would give Russian Moslems more rights and raise their status. The idea won approval in Russia's government agencies, including the Foreign Ministry. However, they would not accept the figure of Khachilayev, who was too indepen-

dent in his actions. Khachilayev negotiated with the OIC and participated in its activities where he spoke not as a representative of Russia but on behalf of the Union of Russian Moslems.

Rapprochement with the OIC, however, failed to deliver Russia any dividends in the economy and real politics. Rather, the relationship was merely symbolic and served as an argument for the Kremlin – which had been overly pro-Western – to diversify its foreign policy. (Occasionally, the desire to build bridges with the Moslem world acquired an exotic character. In 1998, for example, the then Executive Secretary of the Commonwealth of Independent States, Boris Berezovsky, proposed incorporating some Moslem countries, in particular Iran, into the CIS.)

Some believed that the only pragmatic reason for Russia joining the OIC was the expectation that the Moslem world would then be less critical of the Chechen war.

Moslem leaders sought to avoid strained relations with Russia over the Chechen issue. In 1994, an OIC summit conference turned down a resolution that expressed support for Chechnya. In the same year, the OIC declined a request by the president of Ichkeria [the name given to Chechnya by separatist rebels – Ed.], Dzhokhar Dudayev, for giving OIC membership to the rebellious republic. Ten years later, in 2004, the Qatar authorities handed over to Moscow Russian special service officers who were charged with killing in that country Zelimkhan Yandarbiyev, one of the Ichkerian leaders and an icon of Chechen resistance.

Another proof of the OIC's loyalty to Russia was the presence of OIC officials, together with a delegation of the Arab League, at the 2003 presidential elections in Chechnya – won by the Kremlin's protégé Akhmat Kadyrov. So the leaders of warring Chechnya seemed to be justified in their complaints about flawed Islamic solidarity: despite the 200 to 300 foreign *mujahideen* that participated in the war on the rebels' side, the war never became international.

Therefore, the 'Chechen issue' was not the main reason for Russia's seeking OIC membership. The most important thing for Russia was to find a place for itself in the world and compensate for worsened relations with the West by a more active policy in

other regions. After Vladimir Putin came to power, the Moslem vector of Russia's policy increased.

The Foreign Ministry was handed the responsibility of developing this vector, yet the president himself repeatedly spoke about the desirability of a Russian-Moslem rapprochement. This issue was raised at the highest level in 1999 during a visit to Moscow by an OIC delegation headed by Iran's Foreign Minister Kamal Kharazi. Later, in April 2003, in a conversation with Tajikistan's mufti Amonullah Nematzade, President Putin forwarded the idea that Russia join the OIC as observer nation, adding that this country "is to some extent part of the Moslem world." This suggestion was welcomed by Russia's Patriarch Alexiy II and, of course, the head of the Council of Muftis of Russia, Ravil Gainutdin.

OIC delegations began to make frequent visits to Moscow. In January 2003, at the invitation of the Russian foreign minister, Moscow was visited by the then OIC Secretary General, Abdelouahed Belkeziz of Morocco. The Foreign Ministry established a special post of ambassador for ties with the OIC. In the same year, a large Russian delegation, headed by Putin, participated in an OIC summit in Kuala Lumpur, Malaysia. The delegation included many well-known Moslem politicians of Russia, among them Minister of Property Relations Farit Gazizulin, Deputy Head of the Presidential Administration Dzhakhan Polliyeva, the presidents of the Russian republics of Bashkortostan, Kabardino-Balkaria and Chechnya, and Chairman of the Coordination Center of Moslems of the North Caucasus Ismail Berdiev. In his speech at the summit, the Russian president spoke much about inter-civilizational dialog and the inadmissibility of Islamophobia. He also made a special mention of Chechnya.

That visit was marked by an incident that put the Russian president into an awkward position. Malaysian Prime Minister Mahathir Mohamad, in his address to the conference, began to speak about "Jewish domination," which seemed to take the Russian leader off guard. He made no response to those words, thus causing doubts among some Russian politicians whether Russian

officials should attend meetings where such statements are made. I think most of the blame for Putin's silence must be placed on his advisers who had not prepared the president for such extreme statements, which are typical of Moslem meetings. As for Moslem leaders at the summit, they took Putin's pause as a good sign.

In 2004, upon the conclusion of the 31st Conference of OIC Foreign Ministers in Istanbul, Russian Foreign Minister Sergei Lavrov, who was in attendance at the conference, said: "Russia and the OIC can do a lot to prevent a civilizational and religious division." However, no one knows how to translate this idea into practice.

The Moslem community welcomes Russia's efforts toward rapprochement and offers all kinds of assistance to achieving this end. Occasionally, this support is expressed too emotionally, causing the Russian authorities to disavow statements by its overly zealous supporters. In March 2003, for example, the head of the Central Religious Board of Russian Moslems, mufti Talgat Tadzhutdin, traveled to Iraq where he expressed his readiness to remain in that country as a human shield until the end of the war. In April of the same year, speaking before students, Tadzhutdin declared *jihad* against the coalition members that took part in the Iraq campaign. And although his deputy at the Central Religious Board of Russian Moslems, Mukhammedgali Khuzin, said that Tadzhutdin meant only "spiritual jihad," the Public Prosecutor of the Republic of Bashkortostan, Florid Boikov, warned him about inadmissibility of violating the law, 'On Counteraction to Extremist Activities.' At the same time, in Dagestan, another Russian republic, firebrands issued a call for local Moslems to mobilize a militia and send it to Iraq to help the coreligionists there. (There were reports that the republic could mobilize 6,000 armed volunteers.)

It is difficult to say what Russian Moslems expected from Russia's admission to the Organization of the Islamic Conference. Perhaps it was believed that Russia's presence could improve their psychological state and reduce the level of Islamophobia (remarkably, in 2003 the OIC set up the OIC Observatory on Islamophobia at its General Secretariat to mon-

itor anti-Islamic activities in the world. The body has found no such activities in Russia so far). There were speculations that for the Moslem world Russia's accession to the OIC meant hope for its Islamization: "sooner or later, it will become a full-fledged Moslem country."

The Moslem world's "softness" in their relations with Russia is explainable: they are looking for more allies to counter U.S. expansion. Moslems do not overestimate Moscow's importance, yet they would not decline additional support.

Russia's accession to the OIC has not brought about any major changes in Russian-Moslem relations. Moscow did not expect any exclusive preferences from its OIC membership. Participation in this organization simply fixed Russia's "special place" and served as a reminder that, although a Christian country, it does not fit into stereotypes of the West that are widespread in the Moslem world.

ROMANCING THE EAST TO SPITE THE WEST

Russia's work on the Moslem vector of its foreign policy is accompanied by suggestions that the West (be it Washington or the Pope) impedes these efforts, as it wants to provoke a clash between Russia and the world of Islam and therefore "prevents the development of relations with Islamic states." "Neo-Eurasians" and representatives of the Moslem clergy are increasingly responsible for such statements. They forget, however, that it was not the West that initiated the Soviet intervention in Afghanistan, or that plunged Russia into a "small victorious war" in the North Caucasus.

Russian politicians emphasize that, unlike the West, Russia treats the Islamic world with more understanding, "forgiving" it its excessive uneasiness. Each time there erupts an Islam-related scandal in Europe or the U.S., Moscow makes appeals, almost like that of a mentor, for moderation and caution.

At the same time, Russian officials who oversee relations with the Moslem world and keep a watch over the situation inside the Islamic community made it clear to Moslem leaders that they

[these officials – Ed.] were disappointed by the wild behavior of the Moslem public and some politicians during the cartoon scandal [this involved cartoons in a Danish newspaper that depicted the prophet Muhammad, which led to violent protests in the Muslim world – Ed.] and later over comments made by Pope Benedict XVI. As a result, unlike their foreign colleagues, the majority of Russian imams and muftis criticized those who encroached on Islam in a rather reserved and diplomatic manner.

On the whole, Russia's approach to the Moslem world remains ambivalent. Despite official exclamations of love for Islam, the rapprochement with this world is a "tactical move," said Russian Colonel-General (Ret.) Leonid Ivashov, a nationalist-minded statist.

Characteristically, despite its rather pretentious name, the aforementioned parliamentary association "Russia and the Islamic World: Strategic Dialogue" has never displayed any special activity, instead choosing to remain a sort of "declaration of intent." The occasional debates organized by this association had no real value and were merely demagogical; the goals declared by the association seemed purely scholastic.

Attempts by Putin's Russia for rapprochement with the Moslem world have not allayed mutual distrust. Both Moscow and the Moslem capitals seem to view their mutual sympathy as a show-off of unity, and as a way to confuse the West and perhaps even make it resentful, as neither party has been successful in romancing it.

After all, the strength of the Russian-Moslem "friendship" depends on how strong Russia is militarily and politically, and how advanced it is economically. These two factors will determine its appeal as a partner in the eyes of the Moslem people.

Problems and Prospects of Iranian-Russian Relations

Mehdi Sanaie

Russia and Iran, which was officially called Persia before 1935, established diplomatic relations back in the 15th century. The two countries have gone through different periods since then, with better relations giving way to worse ones, and contentions and animosity replacing cooperation.

Relations between Moscow and Teheran warmed noticeably in the final years of the Soviet Union. A weighty contribution to this was made by the 1990 visit to Moscow of the then speaker of the Iranian parliament, Ali Akbar Hashemi Rafsanjani. However, the icy relations only melted after the Soviet Union's collapse and after Moscow reduced its global claims. There was more mutual understanding between the two countries and cooperation unfolded in politics, in culture and in the economy. This was the most dramatic change to take place in Iranian-Russian relations over the span of several centuries. The two countries stopped viewing each other as a threat and recognized some common dangers facing both of them.

THE FORMAT AND SIGNIFICANCE OF COOPERATION

Over the past fifteen years the Islamic Republic of Iran, whose foreign policy has been characterized by a realistic approach, attached significance to its relations with Russia. This relationship

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is acquiring a new quality, since Iran has begun to see military and economic ties with Russia as an opportunity to make up for complex relations with the West. Iran is seeking to regain the position of a powerful state that stands between Russia and Europe (the West) that it had in the 19th century. This time, however, the U.S. occupies Europe's former place on the political chessboard and Iran is no longer the passive pawn that it used to be.

Yevgeny Primakov, who became Russian prime minister in 1998, dispelled the remainder of Moscow's doubts as to the importance of working relations with Teheran. Russia abandoned its exclusively pro-Western orientation, which was typical of its policies after the Soviet Union's collapse.

When Russian President Vladimir Putin came to power, a vision of the panorama encompassing the West and the East, including cooperation with Iran, became an indisputable feature of Russia's foreign policy. Teheran, with its huge influence in the Islamic world, can be a valuable partner for Moscow that shows a willingness for rapprochement with the Islamic community and has even gained observer status in the Organization of the Islamic Conference.

Russia and Iran maintain a coordinated and close eye on global strategic and regional problems. Both countries believe in the importance of efforts to eradicate the practice of double standards, to fight terrorism, to resolve international problems through dialog, and to work together to stamp out drug trafficking.

Russia's concept of foreign policy adopted in 2000 says Moscow supports the establishment of a multipolar world and does not accept U.S. hegemony. President Putin explicitly formulated this position in a speech he gave in Munich in February 2007. Iran has a fully identical vision. Foreign policy principles that the country's former President Seyyed Mohammad Khatami embedded in his concept of a "dialog among civilizations" and the current policy course of President Mahmoud Ahmadinejad strongly reject a one-sided approach in the international arena, both in the geopolitical and cultural/civilization aspects.

A new political alignment of forces in the Middle East, Central Asia, the Caucasus, the area around the Caspian Sea and

Afghanistan is exerting a noticeable effect on the agenda of Iranian-Russian dialog. Interaction between Russia, with a population of 145 million, and Iran, with a population of 65 million, can play a fruitful role in settling regional conflicts. Both Moscow and Teheran speak against any outside pressure on the Caucasus and Central Asia and against the presence of external forces there.

The Arab-Israeli conflict is another area where the positions of the two countries are very close. The approach Russia took toward the Hamas movement that headed the government of the Palestinian Authority and toward the Israeli-Lebanese war of 2006, the reluctance to list Hezbollah among terrorist organizations, and the demand to pull out foreign military bases from Central Asian countries, which Moscow made public at the Shanghai Cooperation Organization (SCO), expand the field for Iranian-Russian political interaction.

Iran hopes to see Moscow as a strategic partner, but the positions of the two countries diverge in this aspect, since they seem to look at cooperation from somewhat different angles. While Iran perceives its relations with Russia through the prism of international politics and gives secondary importance to purely bilateral issues, Moscow emphasizes bilateralism and does not need Teheran as a strong international partner. The Russian authorities have put an upper limit on relations with Iran even at the regional level. Evidence of it is found in their reluctance to consider Iran's full membership in the SCO.

Russian leaders keep reiterating that the ideology of pragmatism forms the backbone of their political course. An analysis of the Kremlin's actions shows even more strongly that there is hardly any other country in the world that is so focused on getting practical benefits from its policy than Russia. Moscow has fully shaken off the ideological approach to international policies, typical of the Cold War era. As it makes decisions today, the Russian government seeks to avoid excess obligations and expenses. Although the country tries to fight many tendencies of global development, it does not have insurmountable differences with the existing structure of the international community. In essence,

Russia even bids to consolidate it. The country's historic routes go deep into the Byzantine civilization, which means that it belongs to the 'Western Front' by virtue of its cultural and psychological characteristics.

Moscow's balanced position on the Iranian nuclear dossier on the UN Security Council and especially the agreement on sales of Tor M-1 surface-to-air missiles testify to its productive attitude toward Iran. Yet Russia has a limited capability to support Iran. The pragmatic Russian government has indicated that it can cooperate with Teheran only to a degree that does not impede the promotion of its other interests or international integration processes.

Such an approach has always made it impossible for the Russian leaders to regard Iran as a genuine strategic partner. It is quite noticeable that officials in Moscow never mention Iran as they expound their ideas about a multipolar world and the rise of new centers of power. President Putin's visits to Egypt, Algeria, Saudi Arabia, Qatar, and Jordan have attracted worldwide attention in recent years, but he has never visited Teheran, although President Seyyed Mohammad Khatami made a visit to Moscow as far back as in 2001.

ECONOMIC COOPERATION

Actively expanding economic and cultural contacts also facilitate the strengthening of bilateral cooperation. They embrace a wide variety of sectors from the nuclear and thermal power industry to the oil and gas industry, and they also include the manufacturing sector, agriculture, forestry, fisheries, telecommunications, ecology and science. Farsi departments have been opened at Russian universities, while Iranian universities have opened Russian departments. There have been festivals and exhibitions of the other country's movies and arts organized in Moscow, St. Petersburg, Teheran, Isfahan, as well as in places quite distant from the capital cities.

There has been considerable success in Iranian-Russian cooperation through Russia's participation in the Iranian satellite Zohre-1 project. In October 2005, a Russian carrier rocket was

launched from the Plesetsk space center near Arkhangelsk to take into orbit the Russian-Iranian satellite Sina-1, designed to transmit television programs.

Russian-Iranian trade grew to about $2 billion in 2004 from $600 million in the mid-1990s – a growth that both countries can scarcely be content with. The growth exceeds Soviet-Iranian trade in 1974, but only by a small margin. There is a considerable potential for a much greater growth, considering the volumes of Russia's trade with Turkey ($10 billion) or with Israel ($6 billion), and even more so because Iranian exports to Russia make up just one-twentieth of overall bilateral trade. Russian exports dominate bilateral trade and mostly consist of metallurgical products, paper, cardboard, defense equipment, as well as equipment for the nuclear power industry, wharfs and floating platforms.

Iranian companies sell Russia fruits, pistachio nuts, processed horticultural products, tobacco, minerals and some kinds of construction materials. Iran Khodro Industrial Group, Iran's biggest carmaker, has designed a Samand sedan adjusted to the Russian climate. The company exported 3,000 cars in 2006, but Iran Khodro plans to increase sales to 20,000 units in the next three to five years.

Russian exports to Iran are typically sent by rail to Astrakhan near the Volga River delta and then shipped to Iran across the Caspian Sea. Iranian exports are taken by ship to the port of Makhachkala. Direct rail freight between the two countries is possible only via the Serahs border crossing in Turkmenistan, where the wheels of the train have to be changed, since the railway tracks have a different gauge in the former Soviet Union. However, the Serahs wheel-changing capacity does not exceed 200 wagons a day.

These facts have moved the issue of a North-South transport corridor to the top of Russian-Iranian agenda. The route is expected to ensure commodity deliveries from Europe to South and Southeast Asia and the other way round via Russia and Iran. It will help quadruple the volume of cargo transits via Iran to about 10 million tons a year. Also, the project presupposes that a commercial shipping route will be opened on the Caspian Sea, seaport facilities in both countries will be overhauled, and the lit-

toral area countries will build new highways around the Caspian Sea and will upgrade the railway network. An agreement on the North-South transport corridor has already been signed by Belarus, India, Iran, Kazakhstan, Oman, Russia, and Tajikistan. Moreover, more than ten European and Asian countries have said they would be ready to join it.

Since the possible routes of commodity transportation between Asian countries and Russia via Iran are 65 to 75 percent shorter than the ones existing today, Moscow finds them to be quite promising. With the current ratio of Russian-Iranian exports standing at 20:1, the ships that take Russian cargoes to Iranian ports have to return empty. Instead, they could carry transit cargoes from India and Southeast Asia. If the North-South transport corridor is actually established, the delivery time from Southeast Asia to Western Europe will be reduced by at least three to four days, and costs will drop by 15-20 percent.

It has not been ruled out that a navigable canal might be built in the future between the Caspian Sea and the Persian Gulf. A project of this kind (incidentally, Iran has already drafted one) will revamp the geography of international navigation in much the same way as the construction of Panama and Suez Canals did in the past.

An inland waterway from Iranian ports on the Caspian Sea to southern Europe (along the Volga-Don canal), as well as to Scandinavian countries and Northern Europe via the Belomorkanal waterway system in northwest Russia and the Baltic Sea, may have a great future. The commissioning and maintenance of Caspian navigation lines is an important objective of the NOSTRAC transport project drafted under the auspices of the United Nations Industrial Development Organization (UNIDO).

Cooperation in the energy sector can be found in a number of milestone events like Russian investment in the South Pars natural gas field, the participation of the Russian state-controlled company Tekhnopromexport in the construction of the Shahid Mohammad Montazeri thermal power plant in Isfahan and the Ramin power plant in Ahvaz, and also the construction of Iran's first coal-burning power plant Tabas. Russian energy giant Unified

Energy System (UES) and the Iranian company Tavanir signed a memorandum of cooperation in the energy industry in 2004. The document envisions that the sides will synchronize operations of their energy systems and emphasizes cooperation among Russian, Iranian and Azerbaijani power plants.

In the meantime, Russia views Iran as a possible competitor in supplying energy resources, and in this light, a proposal by Iranian spiritual leader Seyyed Ali Khamenei to set up a natural gas alliance, which could enhance both countries' influence in the world, has special significance. Moscow has had a mixed reaction to the idea, but if Teheran continues exerting efforts to explain and promote the project, the gas factor will turn from a source of contention into a tool of regional and international cooperation.

COOPERATION IN ATOMIC ENERGY

Iran launched its own nuclear program as early as during the rule of the shah. It presupposed a broad development of nuclear power facilities, including the construction of 23 reactor units and research centers and the training of personnel. Its authors proposed reaching these goals through extensive financial and technical assistance from abroad and to spend some $30 billion on it.

Interest in atomic energy reemerged in Iran in the early 1980s owing to purely economic considerations. The plan for the development of the Islamic Republic of Iran from 1989-1994 stipulated a rapid modernization of the economy and its industrialization with the aid of advanced technologies and an increase in the exports of manufactured goods, along with energy resources. Iranian and foreign experts said then that the objective required an increase in electricity production, which was impossible to achieve due to the scarcity of water resources in the country. Atomic energy offered the only clue to the solution of the problem. It was then that Teheran University's nuclear research center went back into operation with a 5 megawatt experimental reactor unit. Iranian specialists built another nuclear center in Isfahan in the mid-1980s. Now it has a small experimental reactor made in China. At the same time, the mining of uranium ore began in the Yazd province.

Iranian-Russian cooperation in atomic energy is focused on the construction of the Bushehr nuclear power plant. The project was produced by Siemens in 1972, and the company was also the first building contractor in Bushehr. However, its workers left Iran after the Islamic Revolution in 1979. The unfinished project was mothballed. Thus, the money allotted for construction work did not bring any beneficial results for Iran. Russia expressed its readiness to complete construction on the nuclear power plant and proposed terms that were acceptable to Iran.

On January 8, 1995, Moscow and Teheran signed an $800-million agreement to build the first power unit in Bushehr and to install a VVER-1000 water-cooled water-moderated reactor. The event signaled the start of practical cooperation between the two countries in nuclear power.

Atomic energy is one of the main areas of bilateral cooperation today. Iranian-Russian activity in nuclear energy from the viewpoint of international and Russian law fully conforms to the letter and spirit of the Nuclear Nonproliferation Treaty, the Charter of the International Atomic Energy Agency (IAEA) and the trade rules of the Nuclear Suppliers Group.

Interaction between Moscow and Teheran in the nuclear sector relies on the following documents:

– The August 17, 1992, Agreement on Utilization of Atomic Energy for Civilian Purposes;

– A contract for completing construction of power unit No. 1 in Bushehr that executives of Russia's foreign-trade company Zarubezhatomenergostroi and Iran's Atomic Energy Organization signed on January 8, 1995;

– A protocol of negotiations between the Minister of Atomic Energy of the Russian Federation, Dr. V.N. Mikhailov, and the Vice-President of the Islamic Republic of Iran, the president of the Atomic Energy Organization, Dr. Reza Amrollahi, signed on January 8, 1995;

– A supplementary agreement signed in spring 1998 during a visit by Russian Deputy Prime Minister Vladimir Bulgak to Teheran.

About 300 Russian companies and 2,000 specialists currently work at Bushehr. Talks between the two countries on the construction of a second power unit are also underway.

The deal triggered sharp discontent in the U.S., which perceived it as a threat to its national interests. Washington claimed that a nuclear reactor would enable the Iranians to obtain the materials necessary for making a nuclear bomb and this, in turn, would break the terms of the nonproliferation treaty. In response, Teheran assured the international community that its defense concept does not imply development and/or use of nuclear weapons but emphasizes totally different means of deterrence.

The U.S. Administration has issued open ultimatums and threats regarding Bushehr at times. Washington has accused Moscow on many occasions of passing missile and nuclear technology to Iran. And yet the Russians and Iranians never veered from the path they had chosen.

Russia believes that a mutually beneficial cooperation in the energy sector meets its long-term interests. The Russians think that one of the goals of U.S. policy toward Iran is to squeeze Russia out of Iran and to take over its position as an exporter of high technologies.

To allay Western fears, Russia pledged to reaccept all the spent nuclear fuel from Bushehr for reprocessing on the basis of international rules and under IAEA supervision. Experts say Moscow issued reliable guarantees this way that nuclear waste will not be used to obtain enriched radioactive materials. The Kremlin reiterated afterwards that it does not see any signs of a situation in which Teheran could produce nuclear weapons.

At this moment, neither Russia nor Iran plan to renounce cooperation in atomic energy. However, they have to consider the fact that cooperation in an area as sensitive as nuclear power usually comes under the impact of economic, strategic and political factors. This means that the destiny of Iranian-Russian cooperation will be contingent on the political and strategic situation in the region and the world at large.

OBSTACLES AND CONSTRICTIONS

One of the biggest obstacles is the absence of working mechanisms of cooperation between the Russian and Iranian banking systems, which leaves many important agreements shelved. Another unfavorable factor is the scarce or unreliable information that businesses can receive about each other.

The majority of the political, cultural, economic and trade institutions in Iran have a shortage of employees that can speak Russian and that have a good knowledge of Russian culture, although a number of universities and companies have taken steps to rectify this situation, and the state will hopefully support them.

However, there are deeper-lying problems and constrictions too. Even though Iranian-Russian ties have been growing over the past twenty or so years, both countries have people who criticize this trend.

For instance, a range of Iranian observers and politicians (albeit few of them make political decisions) have voiced doubts about Russia's reliability as a long-term partner. They indicate that the Russian Empire and then the Soviet Union played a deplorable role in Iran in periods in the past, and that today's Russia, too, plays the Iranian card in order to fortify its positions in relations with Europe and America — in other words, it has turned Iran into an instrument to help it gain more weight in U.S. opinion.

These people cite arguments like delays in completing the Bushehr plant. Some of these analysts assert that Russia may succumb to lucrative dividends or benefits in the future and turn its back on the Iranians. Developments in recent months and Moscow's claims that Teheran has fallen short of meeting its financial obligations add to their list of evidence. Given the general mood among the Iranian elite, it would be good if Moscow realizes that a suspension of contacts in atomic energy would unavoidably hurt bilateral relations.

On the Russian side, those who oppose closer cooperation with Teheran claim that bilateral trade, although small enough in volume, includes some delicate strategic items that cause a lot of

headaches. They say Iran has taken a selective approach to the Russian market and only buys from Russia commodities that other countries refuse to sell to it. But if Teheran's relations with Washington improve, Russia will cease to be an important political and trading partner for it.

Russian politics has an extremely complex structure, where decision-making resembles a chess game where various political and especially economic players make crucial moves. Iran will fail to work out a realistic effective policy toward Russia unless it takes a realistic account of the variegated interests existing there. Teheran needs strategic relations with Russia that will help to consolidate the international positions of the Islamic Republic of Iran.

The prospects for Iranian-Russian relations look quite favorable despite the current problems. The situation where the two countries' economies complement each other creates a strong base for strengthening bilateral ties. Iran and Russia have all the necessary prerequisites for boosting trade, mutual investment and cooperation in the transport and energy sectors.

Russia and the EU to Negotiate A New Cooperation Agreement

Sergei Sokolov

The Partnership and Cooperation Agreement (PCA), an international legal document that sets out the basic principles of relations between Russia and the European Union, was signed on the Greek Island of Corfu in 1994 and entered into force on December 1, 1997. The agreement was signed for ten years. Therefore, the PCA expires at the end of this year, which brings up the question of the future legal framework for Russia's relations with its main trade and economic partner.

CAMPAIGN PLAN

Russia and the EU were faced with three possible options – extending the 1997 PCA, "modernizing" it or drafting a basically new agreement – and they chose the latter. But if we discard PR declarations to the effect that the document should be "concise," "balanced," and "addressed to the future," it becomes evident that Moscow and Brussels have basically different positions.

Differences start with the very title (status) of the document. Russia wants it to be a treaty. In the hierarchy of international law documents, 'treaty' stands a notch above 'agreement,' and Moscow believes that the signing of a document with a higher status will in and of itself reflect the priority, long-term and strategic

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importance that both sides attach to each other. By contrast, Brussels acts on the premise that EU tradition is that treaties are only concluded between member countries (the Treaty of Rome, the Maastricht Treaty, the Nice Treaty, etc.). In other words, EU member states only regard each other as priority, strategic partners and sign agreements with the rest of the world.

Moscow believes the future basic document should be of a framework kind, proposing that the sides confine themselves to declaring that they regard each other as strategic partners on the international arena, committed to the rules and regulations of the World Trade Organization (which Russia is about to join), and striving to develop privileged trade and economic relations ('WTO-plus' or a free trade zone). On human rights and freedoms, they should also declare their commitment to general democratic values (which are still interpreted differently), the rule of law, and facilitation of people-to-people contacts (including the gradual lifting and abolition of the visa regime). Later, a basic treaty would be followed up with special "branch" agreements regulating specific aspects of political, trade and economic, humanitarian and other relations.

The advantage of this arrangement is primarily the relative ease and simplicity of its implementation. It is far easier to reach agreement on a framework 10-15 page document than on a comprehensive agreement (the current PCA with appendices is more than 100 pages long). The same applies to branch agreements: it is easier to consider, for example, transport matters separately than by mixing them with trade, political and other issues. This also helps avoid numerous links and "horse trading," as has often been the case in the past.

Meanwhile, Brussels does not intend to abandon the tactics of linkages, which it has often found to be beneficial. This is why, while paying lip service to the idea of signing a framework document, EU bureaucrats are already pushing to include principal demands to Russia in the main document, not branch agreements. At the same time, human rights, media freedoms, civil society and 'democratic values' will most likely be used as bargaining chips on

economic matters. EU officials have long been using such tactics with respect to China, Turkmenistan, Kazakhstan, Azerbaijan, and countries of the Middle East and North Africa: democracy is important, but the EU's economic interests come first.

POSITIONS

Paradoxically, neither side is, in effect, ready for negotiations. The differences existing between Russia and the EU are attributed to their lack of understanding as to exactly what they want from each other, especially in the long term.

The EU is still in a state of confusion, compounded by the unclear situation in its principal member states: a change of government in France and the UK, weak government coalitions in Italy and Poland, etc. In this situation, the EU leadership is not prepared to rack its brains over what to do with Russia, and will choose to hand over the Russian dossier to EU bureaucrats to revisit it later, if and when the situation within the EU improves. This setup is even more acceptable to the European Commission, which will have more freedom of action to concentrate on obtaining trade and economic concessions from Moscow.

The EC-formulated mandate is unremarkable in its strategic thinking. It has been reduced to the demands that Russia grant access to its hydrocarbon deposits and transport infrastructure, open its domestic market to goods and services from the EU (under the slogan of 'WTO plus' or free trade zone), and harmonize its laws with EU legislation, regulations and standards. In democracy-building and human rights, it should submit to monitoring by EU institutions and follow their recommendations.

The implementation of this "maximum program" by the EC would provide an answer to the question about Russia's place in the EU's "system of coordinates" in the long term: energy appendix, sales market, and political satellite. But hardly anyone in Brussels expects this approach to produce a 100 percent result. Therefore, in reality the EU is only preparing to wrest trade, economic and political concessions out of Russia. To Brussels, there is no question about working out a new "partnership" formula.

But what is the Russian view? On the one hand, analysts, experts and certain politicians in Russia have moved a little further in this respect than their EU colleagues have. On the other hand, apart from an occasional news conference, roundtable or TV panel, the Russian public is not involved in this discussion. With a few exceptions, representatives of government agencies and departments concerned are also not involved. Meanwhile, without the participation of officials who possess complete information and extensive experience in interaction with the EU, there can be little hope that this brain storming will produce any meaningful result.

Lacking a coherent political and philosophical concept, the long-term interests of the Russian public with respect to the EU have to be gauged through the daily, routine needs of the people – the possibility, first, for visa-free travel to EU countries, and to study or work there, and second, promote Russian goods and services on the EU market, plus see some letup in attacks on Russia over its human rights record.

Visa facilitation seems to be the most realistic proposition. An agreement on mutual simplification of the visa procedure for certain categories of Russian and EU citizens is already being applied. This means that the next step could be the extension of a simplified visa regime for tourists and individuals. However, Russia should be prepared to assume appropriate commitments: not simply to provide similar treatment to citizens of EU countries, but also strictly adhere to the requirements inherent in freedom of movement under EU law (readmission [of illegal immigrants], cooperation between law enforcement, judiciary, border and customs agencies, etc.).

Furthermore, there should be no particular impediments with respect to freedom of choosing the place of study, especially in the context of Russia's participation in the Bologna process. Here, it is essential to mention the problem of mutual recognition of qualifications, diplomas, and certificates of education, as well as academic degrees, which will require additional efforts, since it is related to employment opportunities, among other things.

The free movement of labor is a more complex problem. It will not be easy to remove obstacles to the employment of Russians in EU countries, since unlike immigrants from the Third World, Russians will start claiming the same labor niches as locals. Although the situation can also change here as negative demographic trends worsen both in the EU and in Russia.

As for Russians' economic interests in the EU, some of them could be implemented within the WTO framework. However, this factor must not be overestimated: the WTO has been unable to resolve any serious trade contradictions or disputes yet. Nevertheless, the sheer fact that a particular product or service originates from a WTO member state can protect this state against discrimination – something that is still being practiced against Russian business and capital on the EU market. All other goals can be attained by signing special branch agreements as appendices to a basic Russia-EU document. Nor should the idea of creating a Russian-EU free trade zone (in 10 to 15 years) be abandoned a priori, although this will require additional study as to the implications of this move for domestic business and the national economy as a whole.

Finally, concerning the desire to see an end to the constant criticism and lecturing on democracy from European institutions, one thing is clear: Russia will not be able to completely free itself from this. Yet it should set the goal of strengthening to such a degree (not only militarily, politically and economically, but also democratically) that these attacks could be simply ignored, as is done, for example, by the U.S. with respect to a flow of criticism from Brussels. As soon as Russia attains such a level of development (and this, to reiterate, should include the strengthening of democratic institutions, civil society, the rule of law and an independent judiciary), accusations by EU or EC officials will no longer attract media attention.

The ideological vacuum that exists both in Moscow and in Brussels on the strategy of Russian-European relations did not appear yesterday. It came to a head with the concept of four 'common spaces,' which was put forward by France, taken up and

distorted by the EU, and ended in the adoption of incoherent 'action plans.' These included a chaotic array of declarations, wishful thinking and "homework" addressed primarily to Russia. For a while, the work on action plans and their adoption filled the pause in these relations, creating (mainly for the authors themselves) an illusion of progress. The problem, however, is that these plans are just not good enough as a conceptual platform for a future basic Russia-EU document.

Neither Russia nor the EU has a coherent idea about the place that they should have in their respective "systems of coordinates." So both sides will probably not talk about the strategic aspects of their relations but will engage in horse trading, and lobbying for specific trade, economic and political interests. Its outcome will largely hinge on the intellectual, personnel, and administrative resources of the negotiating teams, their coherence, and professionalism.

ON THE FRONT LINE

Unlike the European Comission, whose bureaucratic machine is always "on alert" (the EC is constantly negotiating on some matter or other both with EU countries and with the outside world), Moscow has yet to start working. Not only is there no concept for future negotiations or understanding of what they should produce, but there is not even a tentative make up of the delegation, a "short list" of its key members. There are no draft guidelines, which will need to be harmonized with all agencies and departments concerned (including federal agencies and services, there are about 20) and approved by the Russian government.

Generally, Russia is ill equipped to negotiate on matters that fall within the scope of several ministries and agencies at once. There are plenty of such examples, while concessions and mistakes made in the course of WTO accession talks are some of the most glaring ones.

Let us start with figures. Only officials (bureaucrats) participate in the negotiating process on the Russian side. There are not more than 30 people directly concerned with EU matters at all Russian federal agencies and departments, whereas in the EU (the EC, the

EU Secretariat, the European Parliament, the European Court, the European Space Agency, etc.), there are at least 250 Russia specialists or experts on basic points of a common agenda.

True, we should not ignore the Russian Mission to the European Communities in Brussels, but unfortunately, despite its relatively large staff, it can do nothing to substantially change the balance of forces. Russian Prime Minister Mikhail Fradkov, when he was head of this diplomatic mission (2003-2004), was instrumental in securing a special presidential decree effectively granting it the status of a 'field interagency commission.' Under this decree, the mission's staff was to be substantially enlarged by including responsible representatives of government agencies authorized to decide on the majority of matters on the Russia-EU agenda while dealing with other matters by accessing the heads of respective federal power agencies in Moscow. Unfortunately, the incumbent prime minister did not get around to translating this decision into reality: as a result, only a small proportion of government agencies sent their representatives to Brussels, but on a rather low level and with virtually no decision making powers.

EU institutions have a staff of over 100,000 employees, i.e., at least 10 times larger than the staff of Russian agencies and departments concerned. Furthermore, unlike their Russian counterparts, EU bureaucrats receive good wages, are provided with state of the art office equipment, have access to broad databases and have no problems with funding when they need to travel abroad. By contrast, in Russia, delegations are often formed without key experts in the field since the agencies for which they work cannot afford to pay for their trips.

Nor should we forget the substantial differences in outsourcing. The EC has not only an incomparably larger budget to finance various R&D projects, but also a diversified network of institutions, associations, and other think tanks that are ready at any moment to work on virtually any subject for upcoming negotiations.

Needless to say, such centers also exist in Russia, albeit not very many. The Russian Academy of Sciences Institute of Europe is by far the most influential and authoritative one on the list. The problem, however, is that Russian research centers have to work,

first, with considerably less financial resources, second, in separation from the practical activity conducted by the respective agencies and departments, and without adequate informational support. The EC not only commissions and provides ample compensation for R&D projects, but also uses their results in its activity – the exact opposite of what is happening in Russia.

Finally, it should be taken into account that standing behind the negotiating delegation are the bureaucratic machines of 27 EU countries. They will not be directly involved in negotiations, but will indirectly provide Brussels with intellectual and information support, as well as exert pressure on Moscow over specific elements of a future document. The Russian side will have to divert a part of its rather limited resources for this purpose.

SHAPE UP OR SHIP OUT

Of course, there are still some real professionals, but they are very few and far between. Therefore, it is essential to use them as effectively as possible.

As mentioned earlier, at the upcoming negotiations, Moscow and Brussels will not deal with the strategic aspects of their relations, but will engage in horse trading, and push for their respective trade, economic and political interests. This should be the main guideline in the formation of the Russian delegation – at least its core (certain members can change depending on the specific issues that are addressed). Following is a tentative profile of experts that could fulfill this mission.

First, there is a pressing need for "generators of ideas," ready to put forward specific, realistic proposals both with respect to the structure and substance of the future basic document. Unfortunately, there are almost no such people left in Russian government agencies and departments that are responsible and capable not only of advancing fresh, innovative ideas, but also defending them before internal and external opponents.

Meanwhile, the success of the upcoming negotiations (from Russia's perspective) will largely depend on who will be the first to submit the draft document for discussion. So far it looks like

the EC will do it first, and its draft will be based on the mandate that it has already prepared. It is based on unilateral demands to Russia in the energy, trade, economic, regulatory and legislative sectors, as well as on democracy and human rights. If this scenario is played out, the subsequent negotiating process will be based on a draft that is absolutely unacceptable to the Russian side.

It is extremely difficult to present a counter draft, especially with delays; and given the EC's superior administrative resources, it is virtually impossible. This means that the Russian delegation would have to beat off the EC's requirements and statements, trying to replace them by its own ones and "pegging in" its own vision of the document on the whole.

Although Moscow and Brussels have generally agreed on a bilateral structure of the document (a short framework treaty or agreement that will then be followed up with cooperation agreements in specific areas), their approaches are basically different. The EC will work to include its principal demands in the energy, economic and trade sectors in the main document, while Russia's counter demands will be put off – to be recorded in branch agreements. For its part, Moscow should stand firm that the basic document stay confined to general principles and declarations with no links or swaps (energy-for-democracy, etc.).

Second, experienced, effective negotiators will be needed – experts and specialists who have dealt with the EC, who know its structure, scope of activity, mechanisms of operation, and its procedure for making decisions. There are also considerable problems here, even at the Foreign Ministry, not to mention other government agencies and departments. Even those officials who have done business with the EU and the EC for more than just one year typically make at least two serious mistakes. The first is that the EC's logic of action is assessed as though it was a state upholding its national interests. But this is not the case: EC bureaucrats act exclusively in their own interests, the interests of European integration as a whole, and are ready to make decisions infringing on the interests of individual member countries, but helping increase Brussels' weight with respect to EU capitals.

The second common mistake made by Russian officials negotiating with the EC is that they allow it to play the game of "a third missing party:" in refusing to adopt a particular proposal, Brussels cites the position of "certain member countries" (who are never identified), who in turn cite the EC's position, express concern, and promise to do something, but never do.

Third, the negotiating team should include very good lawyers specializing in various spheres of international law – from business law to EU law. The situation here seems to be a little better: there are such specialists in Moscow, and not only at the Foreign Ministry.

Fourth, there is also a need for industry experts, regardless of how successful the Russian delegation's proposals on the future Russia-EU framework document may be. This document will need to make at least some reference to priorities of bilateral cooperation – e.g., trade, industry, transport, science, communications, finances, etc. There should be no problem with such experts.

Fifth, it is necessary to exercise good judgment in selecting the head of the delegation who should know very well what the EU is all about, have personal experience in dealing with Brussels, understand Russia's political and economic interests in Europe, and have a high status and direct access to the top decision-making level. Otherwise he or she will be under constant pressure (often mutually exclusive) from a horde of officials at the Executive Office of the Russian president, the government, and various government agencies and departments. There is a narrow choice here, and given that the delegation chief will need considerable courage and push, the selection of an appropriate candidate becomes a problem.

Sixth, it is important, right from the start (preparation, communication and approval of the negotiating mandate), to ensure effective coordination both within the delegation and between the agencies and departments concerned. In the present situation in Russia, this mission is all but impossible to accomplish. Prior to the spring 2004 administrative reform, the coordination functions were performed by a governmental commission on cooperation with the EU, led by a deputy prime minister. Its performance left much to

be desired (key agencies often bypassed or ignored its decisions), but it provided a convenient platform for sharing information and opinions on matters of interaction with the EU at a very high level.

Three years have passed since the commission was abolished, and the situation with interagency coordination, especially on the EU, has become simply deplorable. Before these comprehensive and complex negotiations with Brussels begin, such a body should be restored, to be led by, at least, a deputy prime minister.

Seventh, special attention should be given to drawing up clear guidelines and ensuring regular reporting back on their implementation. Otherwise certain agencies and departments, or their individual representatives, will continue to act separately and autonomously, issuing contradictory signals to the other side and "coordinating" some decisions – only to present members of the delegation and the Russian side as a whole with a fait accompli.

This leads to the last, but not least, requirement – transparency. Complete and reliable information about the negotiating process should be provided not only to agencies and departments concerned, but also to the Executive Office of the Russian president, the State Duma, the expert community and – even in a somewhat reduced form – to the general public. This is the only way of securing against mistakes and miscalculations, taking all interests (including those of domestic business) into account and expanding the arsenal of arguments in defense of Russia's negotiating position.

Only this will help avoid the unjustified concessions which are often made by Russian negotiators and which often have serious consequences for national interests, including economic interests, with no one taking responsibility for such decisions. The risk of such a lamentable practice continuing is especially high today with the upcoming parliamentary and presidential elections in Russia.

Russia's long-term economic and political interests must take precedence over the plans and schemes of political technologists and spin doctors.

Uneasy Neighborhood

Cartoon from *Smekhach* magazine, 1924

“Ukraine’s history intertwines with the history of other countries – Lithuania, Poland, Austria, Hungary and Russia, among others, – and this gives endless headaches to Ukrainian historians. Unlike many neighboring nations, the Ukrainians proved unable to establish their own state in the Middle Ages or in later periods. Different parts of the nation lived through their history in totally different ways, in different countries and amid differing systems of values.”

A Splintered Ukraine *Roy Medvedev*

A Splinted Ukraine

Roy Medvedev

A sovereign and independent Ukraine only appeared on world and European maps fairly recently, after the disintegration of the Soviet Union. No one in Europe had prepared the event and no one was prepared for it. No one understood the nature of the Ukrainian nation either. The Europeans did not have any experts on Ukraine or even Ukrainian translators, although the same is true for Kazakhstan, Belarus and Moldavia. The West only had Sovietologists, Kremlinologists and Russia specialists. Europeans could much better understand the independence of smaller countries like Estonia, Latvia, Lithuania, and even Armenia and Georgia. Ukraine suddenly became the biggest European country in terms of territory. It had a smaller population than Germany, France, Britain and Italy, but larger than Spain or Poland. Yet it was way behind Europe in terms of economic might, living standards and the maturity of national consciousness. As far back as in the mid 1990s, several European foundations sent researchers to Ukraine to produce a clearer picture of the past, present and future of the new neighbor, which had sprung up so unexpectedly. The research proved to be immensely complicated as the results of polls differed tremendously in Kiev and Odessa, Kharkov and Sevastopol, Lvov in the country's west and Donetsk in the east. The problem was that the differences affected basic values of national history and religion, as well as Ukraine's relations with Russia and Western countries.

Roy Medvedev is a famous Russian historian, writer.

Yet the West did not have any special interest in Ukraine: there was a general decline in attention toward anything related to Russia and the former Soviet Union in the 1990s. The number of university students studying Russian dropped by dozens of percent, and only a few showed interest in studying Ukrainian, Georgian or Kazakh. Interest in Ukraine skyrocketed all of a sudden only during the 'orange revolution' in November and December 2004. That event propelled the names of Yulia Tymoshenko and Victor Yushchenko to worldwide acclaim. When Yushchenko addressed a joint session of both houses of the U.S. Congress as the newly elected Ukrainian president, U.S. representatives and senators welcomed him as a hero, with more than a hundred of them lining up to shake hands with him.

However, later developments puzzled and disappointed Western political analysts and policymakers. Over the past year, the Western mass media dropped virtually any comments on what was happening in Ukraine. Russian newspapers, too, drastically cut their Ukrainian coverage. The Ukrainian equation has proven to be overly complex due to the presence of many unknown elements in it.

The authoritarian regimes of the former Soviet Union and the Russian Empire had many more drawbacks, apart from checks on openness, but while they shackled progressive processes, they also weeded out the seeds of discord scattered around the Imperial lands. As the Soviet Union disintegrated, those seeds sprouted out in the South Caucasus, North Caucasus, Central Asia, and Ukraine. The latter avoided an armed conflict, but the acute contradictions that surfaced in Ukrainian society continue to threaten its stability and are slowing down the country's development.

THE UKRAINIAN JIGSAW

Ukrainian President Victor Yushchenko made a critical address to the nation when he called for unity between Left-Bank Ukraine and Right-Bank Ukraine. At the same time, Prime Minister Victor Yanukovich promised to build a policy taking account of "Ukraine's three cultural and economic spaces – the European, Eurasian and Mediterranean." Former President Leonid Kuchma

had claimed that Ukraine has twelve clearly shaped and distinct historical regions – the Sloboda region, Polesia, the Middle Sub-Dnieper region, the Dnieper Rapids region, the Donets Basin, Podolia, the Black Sea Littoral Area, the Crimea, Volyn, Galicia, Transcarpathia (known as Subcarpathia in the West – Ed.) and Bukovina (Leonid Kuchma. *Ukraine Is Not Russia: A Return Into History*, Moscow, 2003, p. 19. – Russ. Ed.).

I personally see no grounds to disagree with Kuchma on this classification, yet as a historian I would put these regions in a different order and specify the different paths that they followed over the past thousand years.

The historical destinies of ***Galicia***, as well as neighboring ***Transcarpathia*** and ***Bukovina***, are very specific. These parts of western Ukraine were the least affected by the Tatar-Mongol invasion compared with the other principalities of Kievan Rus. In later centuries, they were regions of the Grand Duchy of Lithuania, Rzeczpospolita, Hungary, and Austria-Hungary. They were never subordinate to the Russian Empire and during World War I conscripts were drafted there to fight in the Austro-Hungarian army, not the Russian army. The Treaty of Versailles split these lands among three countries – Poland, Romania and Czechoslovakia. They were incorporated into Soviet Ukraine de facto only after 1945. The people in these regions have always felt a strong influence from the Roman Catholic Church, but both the Polish Kingdom and the Hapsburg monarchy regarded them as provinces. People in Galicia did not know anything about Alexander Pushkin, yet equally enough they knew nothing about Taras Shevchenko, the prominent nineteenth-century Ukrainian poet. Thus, the nationalist idea that budded there at the end of the 19th century was centered on obtaining autonomy for Ukraine within the Austro-Hungarian Empire.

The ***Sloboda*** region (whose name is derived from the Russian word 'sloboda' – a non-serf settlement of peasants and/or craftsmen) is historically a part of Russia. The border separating the Russian state and Rzecz Pospolita at the beginning of the 17th century was far to the west of the modern cities of Izyum,

Kharkov, Sumy and Rylsk. This underdeveloped area attracted peasants from Rzeczpospolita, who were fleeing oppression, as well as fugitive Russians. Russian servicemen settled there, as well as Cossacks from Ukraine who had lost battles to Polish troops. The Russian government would deploy the new Cossack regiments there that would make up the Belgorod defense line protecting Moscow from incursions by the Crimean Tatar khans. Kharkov, founded in 1656, developed as a Russian city. After the Bolshevik revolution of 1917, it was the industrially advanced Kharkov that became the first capital of Soviet Ukraine. It remained the capital until 1934. According to a census taken in 1989, ethnic Russians accounted for up to 30 percent of the population in the Sloboda region of Ukraine. Ukrainians made up another 65 percent, but most of them spoke Russian as their native language.

From the historical, ethnic and cultural point of view, Ukraine's foundation was formed out of three historical regions that were officially called ***Malorossia*** (Little Russia) in the Russian Empire. Today this area encompasses the City of Kiev, the Zaporozhye, Zhitomir, Vinnitsa, Kiev and Kirovograd regions on the right bank of the Dnieper, and also the Chernigov and Poltava regions on the river's left bank. The Russian classical novelist Nikolai Gogol, the linguist and ethnographer Vladimir Dahl, as well as numerous other Russian and Ukrainian writers devoted their writings to Malorossia. The word was included in the full title of the Russian emperors.

In the mid-17th century, hetman Bogdan Khmelnitsky led a national revolt for the liberalization of the Ukrainian people in this region. By 1650, the three districts had singled themselves out of the whole territory and had formed a state ruled according to the habits and traditions of Cossack life. In 1654, when these lands joined Russia, their aggregate territory was even smaller than it was originally. The areas that can be called Bogdan Khmelnitsky's Ukraine went over to Russia only after the Andrusov Treaty of 1667 and the so-called 'treaty of eternal peace.' As a nation and state, Ukraine took shape around this central territory. Only a part of Malorossia was integrated into the Malorossian General

Governorship. Soviet-era historiography discarded the term Malorossia as capitalist and nationalistic, while today's nationalists condemn it as an asset of "Russian imperialism." The common people did not reject it, however, and even Zaporozhye Cossacks mention "our Malorossian fatherland" in their documents. Ukrainian publicist Leonid Berest said: "Yes, we are Malorossians, Little Russians. The so-called national democrats hate the word bitterly. But what's so bad about it? It was here in Kiev, in Malorossia, that Rus, which was destined to become Great Russia, took its origins. Malorossia is called this way because it is the *original* Russia. Contrary to the fantasies of our nationalists tormented by the inferiority complex, the name does not humiliate anyone." (*2000* weekly, October 6, 2006, p. F3).

Novorossia, which incorporates the regions of the Black Sea northern littoral area, is another large and very special part of the country. Most of the territory lies within the so-called 'Wild Field' zone of southern steppes, from where the Crimean Tatars and Turks made incursions into Russia and Rzeczpospolita. Russia acquired this area under peace agreements signed with Turkey in 1739, 1774, 1791 and 1812. One of the first cities founded by Catherine II in the area was Yekaterinoslav (currently Dnepropetrovsk). It was meant to become the capital of the entire new territory, but its actual development only began in the 19th century when railways and industrial facilities were built there. At the same time, the coastal cities of Kherson, Nikolayev and Odessa developed at a fair pace. The resettlement of people to Novorossia only began after its annexation to Russia, with a population made up of Ukrainians, Russians, Greeks, Jews, Bulgarians and Germans. Nationalistic ideas have never been very popular in Novorossia. As journalist from Odessa said, his hometown is "a commercial center, where the majority of people consider money to be the matter of primary, secondary and tertiary importance. This is the way it has always been there, even during the Soviet era. Odessites may hold the Ukrainian state in disrepute, but they will never be so desperate and irrational as to instigate any sort of revolution against it." (*Russia and Ukraine*, Moscow, 1997, p. 240).

The Donets Basin (Donbass) plays a huge role in Ukraine's current political and economic life. Development there began much later than in other parts of the country. Coal deposits were discovered there as early as at the beginning of the 19th century, yet the production of coal only began after the Crimean War, when the first railway lines were built. The discovery of giant iron ore deposits in Krivoy Rog gave a huge impetus to the region's development. Coal production in Donbass stood at around 25 million tons a year in 1913 and iron production was around 3 million tons. The region turned into an "all-Union steamshop" during the Soviet era. Ethnic Russians and native Russian speakers dominated its population. Even after the Soviet Union's disintegration, Miners' Day is still a major holiday there. The Donetsk and Lugansk regions have a combined population of 8 million, making them the most densely populated regions in Ukraine and they have the biggest concentration of the working class in the post-Soviet Union.

The Crimea stands apart from all other areas of the country. Its formal integration into the Russian Empire took place in 1783 and the city of Sebastopol (Sevastopol) was founded the same year. Soon after that the Crimea became part of the Tauride province, with its capital in Simferopol. Throughout the 19th century, the authorities conducted a policy of pressuring the indigenous Tatar population to leave for Turkey. Tatar emigration to the Ottoman Empire reached its peak during the Crimean War from 1853-1856 and afterwards. To replace the Tatars in the Crimea, the czarist Russian authorities resettled Russian and Ukrainian farmers, German and French colonists, Jews, Bulgarians and Greeks. The southern coast of the peninsula soon turned into a seaside resort for the Russian aristocracy and wealthy people. A territory known as the Crimean Autonomous Soviet Socialist Republic emerged as a region of the Russian Soviet Federative Socialist Republic (RSFSR) at the end of 1921. Its entire population was a mere 720,000 at the time, including about 144,000 Tatars. It is well known that the Tatars were deported from the region in 1944. By the end of the Soviet era, the Crimea had a population of 2 mil-

lion, 67 percent of which were Russians and 26 percent were Ukrainians. The Tatars began to return to the peninsula after the disintegration of the Soviet Union. Their number has now reached 250,000, but they do not have a clear legal status. The Crimea has again become an autonomy – this time inside Ukraine, to which it was administratively subordinated in 1954.

REGIONAL DIVERGENCES IN THE UKRAINIAN ECONOMY

Throughout the 19th and the 20th centuries, the Ukrainian economy was built as an element of the overall Russian imperial or Soviet economic system, and that is why horizontal links between Ukrainian regions were rather weak. The bulk of resources and heavy industries were located in the country's east – in the Donetsk, Lugansk, Zaporozhye, Kharkov and Dnepropetrovsk regions. As a whole, these regions make up the Industrialized East. Ukrainian national capitalism, represented by the Donetsk clan and the Dnepropetrovsk clan, took shape there after the disintegration of the Soviet Union. The capital Kiev and the central regions around it do not have a precise economic specialization, boasting a variety of industries and a developed agricultural sector. The economy of the Black Sea littoral zone has always been determined by its closeness to the sea. It is a very good area for developing seaside resorts and international tourism.

The western zone is the most economically backward part of the country. Even the agricultural sector there is less productive than in central or eastern Ukraine. Six western regions – Volyn, Lvov, Transcarpathia, Chernovtsy, Ternopol and Rovno – only accounted for six percent of the nation's total industrial output in the period from 2000-2005. Foreign investment has practically bypassed western Ukraine.

HOW MANY ORTHODOX DENOMINATIONS DOES UKRAINE HAVE?

In 1991, Ukraine had only one canonical denomination of Eastern Orthodoxy – the Ukrainian Orthodox Church which reported to

the Moscow Patriarchate. A non-canonical denomination, the Ukrainian Autocephalous Orthodox Church that was set up in 1927, but which was outlawed in the Soviet Union, re-emerged by its side in 1989-1990. It has parishes in western Ukraine and in Belarus today. A new split in Ukrainian Orthodoxy occurred at the very end of 1991 under pressure from Leonid Kravchuk, the first president of an independent Ukraine, and at the initiative of Metropolitan Philaretos, as a non-canonical Ukrainian Orthodox Church reporting to the Kiev Patriarchate. It took away about 30 percent of all Orthodox parishes. Philaretos was issued an anathema in Moscow and excommunicated from the Church, but he was declared a patriarch in Kiev.

President Victor Yushchenko believes Ukraine has one more denomination of Orthodoxy – the Greek Catholic Church (its disciples are otherwise known as Catholics of the Eastern Rite – Ed.) that has a vast presence in western regions. This Church came into being in 1596 under strong pressure from Roman Catholics and the Polish authorities. It kept the Eastern Orthodox rites and the Old Church Slavonic language, customary for believers in Eastern Europe, but assimilated Catholic dogmas and defected to the jurisdiction of the Holy See. Following the Soviet-era ban on its activity, it rose up in the early 1990s and demanded a return of all the church buildings that had been taken away from it. Leonid Kuchma, then the newly-elected president, seemed lost and did not know what to do about it. "The summaries of incidents that I found on my desk every morning resembled battlefield reports," he wrote about it later. "This battle involved more than a thousand parishes. Priests' houses were set ablaze, and crowds assaulted and seized church buildings and even whole villages. I got an impression at times that this was a war where everyone fought against everyone else, although each fighter knew perfectly well who his foes were. The continuing struggle for churches and parishes turned into a big stumbling block in relations between Kiev and Moscow." (Leonid Kuchma. *Ukraine Is Not Russia: A Return Into History*, Moscow, 2003, p. 481. – Russ. Ed.).

These splits, which have still not been fully eliminated, weakened the Orthodox Church and the Christian faith in general to the degree that after the mayoral election of 2006, businessman Leonid Chernovitsky, a member of the Embassy of God sect, became Mayor of Kiev. The sect appeared in Nigeria and its father superior, senior pastor Sunday Adelaja, moved to Kiev after that. The city's Orthodox community was appalled by the fact that a sect of some sort would have power in a city where the Grand Duke Vladimir baptized Great Rus in 988. A campaign is underway in Kiev to replace Chernovitsky through a referendum.

LANGUAGE WARS

The lands of Kievan Rus and, subsequently, all principalities which were ruled by princes descending from the Rurik dynasty and which had Orthodox churches, had a common language. It was used in the first ballads and chronicles, and the first literary work of Kievan Rus, *The Lay of Igor's Campaign*, was also written in it. The formation of the Golden Horde and Rzeczpospolita, and pressure from German orders and the Ottoman Empire, left dramatic imprints on the fate of the Eastern Slavs. However, sometime in the 16th century they would perceive themselves – and would be perceived by others – as a single nation with a common faith, a common language and common literature. Monasteries and churches were the centers of writing and knowledge at the time, and the authors of handwritten books, copyists and readers identified them as Russian centers. The first Russian printer, Ivan Fyodorov, began working in Moscow in 1564 and then continued in Lvov where he printed, apart from a new edition of the *Acts of the Apostles*, the first Russian ABC book. The Mogilyansky Academy in Kiev, set up in 1631 by Metropolitan Peter Mogila, played an important role in the promotion of Russian literature and writing. It was the first institution of higher learning in Malorossia and reported to Kiev's Cave Monastery. In the 17th and 18th centuries it was probably the largest education center in what is now Ukraine, Russia and Belarus.

Undoubtedly, differences appeared in the spoken and written language over time, yet these were differences between dialects of

one language, not separate, fully developed languages. The first attempts of writing literature in the Ukrainian language were only made in the early 19th century, and all encyclopedias point out a play by the playwright Ivan Kotlyarevsky called *Natalka-Poltava*, which was staged in 1819. Vassily Gogol, the father of Russian writer Nikolai Gogol, also wrote vaudevilles and poetry in Ukrainian to attract audiences in the town of Poltava. His son, who had much more expansive ambitions, wrote on Ukrainian topics, but in the Imperial Russian language from the very start. He dreamed of a literary career and of seeing his books become popular all over Russia. One of the pillars of Ukrainian poetry, Taras Shevchenko, came from a serf family. He excelled as a painter and was bought out of serfdom by a group of Russian painters. He started writing poems and ballads in Ukrainian, thus laying the foundations for the contemporary literary Ukrainian language. However, he was still not able to completely break out of the realm of the Russian language and wrote his diaries, novels and stories in Russian.

All public schools in Malorossia only taught in the Russian language in the 19th century. The authorities of the Russian Empire would persistently turn down demands from Ukrainian democrats to allow the use of their native tongue in the education system. It was only in the early 20th century that the Russian Academy endorsed a decision to recognize Ukrainian ('Malorossian' as it was called then) as a separate language and not a dialect of Russian, as had been officially declared before. However, Prime Minister Pyotr Stolypin's government ignored the decision.

The first schools to teach in Ukrainian appeared during the Russian Civil War (1918-1921). This innovation was supported by nationalists and Bolsheviks alike. There was an intensive development of Ukrainian public schools and language in the 1920s, and one of the would-be closest aides of Joseph Stalin, Lazar Kaganovich, did much to bolster this process. In 1930, schools that used Ukrainian as the main language of instruction accounted for 85 percent of the school system. The waves of 'Russification' and 'Ukrainization' alternated over the next sever-

al decades in parallel with the change of leaders. But Russian still dominated on the streets of Ukrainian cities. In 1989, the Supreme Soviet of the Ukrainian Soviet Socialist Republic came up with a constitutional amendment that declared Ukrainian the only state language on the republic's territory. The decision produced numerous practical problems in the work of organizations of the then ruling Soviet Communist Party and state agencies in the last two years of Soviet history.

After the Soviet Union was gone, the language conflict grew to a degree that prompted observers to speak of a linguistic war. The acuteness of the situation was aggravated by coercive measures on the part of the government. As an independent Ukrainian state was formed, Ukrainization became a segment of the official government policy conducted by the country's first president Leonid Kravchuk. The same policy continued during the presidency of Leonid Kuchma, although he was less active in that sphere.

There is no need to recount the details of the hasty Ukrainization of the 1990s. The policy bumped into one mishap after another. The progress of openness, freedom of the press, a market economy, the general IT revolution, globalization, and freedom of travel created a booming use of Russian rather than Ukrainian in a most paradoxical way. The Russian language was much more convenient and instrumental in business, since 75 percent of Ukraine's population were fluent Russian speakers versus 60 percent who were fluent speakers of Ukrainian. Most businessmen preferred to advertise in Russian. Nationalists pressured the authorities into passing a law that banned advertising in unofficial languages. This was an anti-market legal act, since a market economy with its competitive environment must squeeze out weak players. The problem is that newspapers, books, magazines, television series and other mass media products are also assets of a market economy. During the Soviet era, each town and district could publish newspapers in both Russian and Ukrainian and regulate their circulation. But as market relations set in, the number of Ukrainian newspapers in circulation had fallen 80 percent by 2000 from 1990, while the number of Russian-language magazines

and newspapers had considerably grown. The situation with the printing and sale of books was the same. This situation on the free media market caused panic among radical nationalists. The poet Pavlo Movchan, a member of parliament representing the nationalistic movement Rukh, told Voice of Russia radio that "the Russian language and Russian culture are more powerful than missiles." "The situation in Ukraine demonstrates that the Russians are victors even without a war. Nothing is being done today to put Ukrainian into a dominant position, into the position of an official language, which it is under the Constitution."

The government forcibly reduced the number of schools that taught in Russian. Their number can be counted on two hands today in western Ukraine. Only five such schools were left in Kiev by 2004. A huge number of schools were even closed in eastern Ukraine, where native speakers of Russian make up most of the population. This policy has had a telling impact on the overall literacy of the youth who do not know either Russian or Ukrainian properly. Attempts to change documents at industrial facilities and research institutes into Ukrainian have also been a disaster. And can anyone actually gain anything from making lecturers teach surgery in Odessa or space study in Dnepropetrovsk in Ukrainian instead of Russian?

The 'orange revolution' pushed the language conflict even deeper into the quagmire. A decision was made in 2005 to impose Ukrainian on all agencies of law and order and the judiciary. It also prohibited students trying to enter university to write their entrance exams in Russian even if they had been educated in Russian. The government attempted to introduce quotas for imports of Russian books, thus running into a problem with the European Charter for Minority and Regional Languages that had been ratified by the very same parliament and had gone into effect on January 1, 2006. Regional and city councils in Donetsk, Kharkov, Dnepropetrovsk, Sevastopol, Lugansk, Odessa and many other places used the Charter as a basis for adopting regional laws declaring Russian as an official language and giving it equal status on their territories with Ukrainian. Changes in the govern-

ment in August 2006 have scaled down the acuteness of the language problem, but this conflict, which deals a blow to Ukraine as a country, is far from over.

UKRAINE'S HISTORY REVISITED

Ukraine's history intertwines with the history of other countries – Lithuania, Poland, Austria, Hungary and Russia, among others, – and this gives endless headaches to Ukrainian historians. Unlike many neighboring nations, the Ukrainians proved unable to establish their own state in the Middle Ages or in later periods. The Ukrainian nation did not have its own kings or princes or patrimonial aristocracy. It never waged wars in Europe, minted its own coins, set up parliaments or wrote laws. Different parts of the nation lived through their history in totally different ways, in different countries and amid differing systems of values. So, can the situation call forth the creation of a national history, "integral and transparent in everyone's eyes" – something that President Yushchenko demands? To do this, mythologizing and even outright falsifications come in handy.

One of the bluntest myths suggests that the Ukrainian nation began to form in the 6th-7th centuries rather than in the 16th-17th centuries. This leads to the conclusion that the history of Kievan Rus belongs entirely to Ukraine and is its 'golden age,' that Kiev is not a common cradle for the Ukrainian, Russian and Belarusian nations. The nationalistic movement Rukh was extremely displeased with the unveiling of a monument to Kievan duke Yaroslav the Wise in the Russian city of Yaroslavl on the Volga in 1993 and, in particular, by Boris Yeltsin's presence at the ceremony. The nationalists discerned an anti-Ukrainian intrigue in it. "He was our prince, not yours."

The Ukrainian 5-hryvnia bill depicts the portrait of hetman Bogdan Khmelnitsky and the 10-hryvnia bill portrays hetman Ivan Mazepa. Official Ukrainian historiography proclaims both men as heroes. No doubt, Mazepa betrayed Russia and Tsar Peter the Great who had supported his ascent to the hetmanate, but historians allege he did not betray Ukraine. He presumably sought to

create an independent Ukraine, which exonerates him of any guilt in the nation's conscience. However, Russian historians have not changed their views of Mazepa.

New ideas about Ukrainian history say nothing about the destiny of the Ukrainian people during their almost 260-year-long association with the Russian Empire. Next in line in textbooks after hetman Mazepa is Simon Petlyura, who helped establish the Directorate of Ukraine in 1918 and then presided over it. German troops pulled out of Kiev after Germany's capitulation in World War I. Hetman P. Skoropadsky fled the city together with the Germans. Petlyura entered Kiev with a small army on December 14, 1918. The Directorate tried to pool together the hastily formed Ukrainian People's Republic and the West-Ukrainian People's Republic that arose out of the ruins of the Austro-Hungarian Empire. An act on their unification and on creating a "free state" was signed on January 22, 1919. Since 1990, Ukraine has celebrated this date by a variety of gala events as "Community Day," although no real Ukrainian national state was set up in 1919. The Directorate held out for several months. Once it was driven out of Kiev by the Red Army, it fell under the crushing blows of the army of pro-monarchist General Anton Denikin, who was fighting the Bolsheviks. Petlyura fled to France, where he was killed on a street by a young Jewish watchmaker. The killer said that he had done away with Petlyura in an act of revenge for all the Jews who had fallen during pogroms in Ukraine. However, after examining the materials of the case, a French court found the young man not guilty.

One more horrifying page in history that Ukraine's neo-nationalists itch to bring up again is the famine in the winter of 1932-1933 in which millions died. That famine was the product of Stalin's criminal policies, not any kind of drought, and it spread throughout all the grain regions of the Soviet Union, including Kazakhstan, the Volga area, the basins of the Don and Kuban rivers, and Ukraine. But Ukrainian historians seek to magnify the impact of the famine in 1933, disastrous as

it was by itself. They pass it off as an act of genocide, as a campaign targeted precisely at the Ukrainian nation. They also describe Stalin's rule as "the regime of Russian Communism." However, such interpretations of that calamitous event have absolutely no grounds.

Probably the most painful heritage that the 20th century left to Ukrainian historians and politicians is the activity and fate of Stepan Bandera and the Organization of Ukrainian Nationalists (OUN) that was set up with his active aid and later turned into the Ukrainian Insurgent Army (UPA). OUN was hammered together by young Ukrainian émigré radicals in 1929 and its headquarters opened in Berlin in 1934, which naturally means it cooperated with the National Socialist Party and the Gestapo. When Nazi Germany attacked the Soviet Union in June 1941, OUN combat units marched in the footsteps of the Nazi armies. OUN proclaimed on June 30, 1941 in Lvov that the Ukrainian People's Republic had been restored – "in cooperation with the National Socialist Great Germany" and its Fuehrer Adolph Hitler. The Germans did not recognize that act, however, and arrested Bandera, who spent the rest of the war in jail on the Eastern front. His associates set up the UPA in 1942 and gave command over it to Roman Shukhevich. UPA units did not conduct any operations against the German occupation, though. The period of its combat action falls in the years from 1944-1947 when it fought against units of the Soviet Army and security services. Various Ukrainian military and police formations also took part in punitive actions against the Jews and Poles. Bandera was killed in West Germany by a KGB agent. The secret services carried out the assassination.

Victor Yushchenko submitted a bill to the Verkhovna Rada on several occasions from 2004-2006 to recognize the OUN/UPA as a party of war, which would automatically put the former militants on a par with Soviet veterans of World War II. The bill was never endorsed, but in spite of this, the OUN/UPA is still trying to organize parades, manifestations and "military patriotic games." It has a huge influence in western Ukraine.

A GEOPOLITICAL IMPASSE

Ukraine only has two big neighbors today – the European Union in the west and the Russian Federation in the north and east. Russia is moving toward integration with Belarus, Kazakhstan and Uzbekistan in the format of the Eurasian Economic Community (Eurasec) and is expanding its ties within the Shanghai Cooperation Organization (SCO). Even a large country like Ukraine cannot develop successfully in today's world if it does not make a strategic integration choice. Ukraine has not made any such choice however, and now it finds itself at a geopolitical impasse.

The willingness of the majority of Ukrainian politicians to move along the road toward European integration is easy to understand, but after absorbing twelve new countries over the past three years, the EU should take a long break now to carry out complicated and costly procedures of bridging the gap between Eastern and Western Europe. Turkey, a country with a population of 70 million, has been next in line to join the EU since 1963. It has made great achievements toward integration already, to say nothing of being an official candidate for joining since 1987. It is believed that Turkey will eventually get EU membership in 15 years. Only after that will the EU be able to accept an application from Ukraine. At this time, it is neither an associated member nor a candidate country, and nobody has promised anything to it. Ukraine has not fully formed as a state entity or a nation yet. Its economy is not self-sufficient even in the smallest degree. It has close economic relationship with Russia and other former Soviet republics, but not with the West. There are no obstacles to Ukraine's development in the direction of the CIS, since the transition mechanism of the Common Economic Space is already in place. And yet Ukraine has stopped halfway, thus sinking deeper and deeper into geopolitical isolation.

This geopolitical impasse has had serious repercussions for Ukraine's economy. Projects slated for the long term are being frustrated. There are problems with imports of Ukrainian products. Since Ukraine was not a Russian colony, the two economies developed as parts of an integral economic unit for over 300 years.

One cannot simply take a scalpel and cut off the territorial, economic, cultural, historical and religious life of Ukraine from a common economic, cultural and information space that still exists and then attach it to the European Union, the eastern part of which is still in formation. This kind of surgery might end up in death due to loss of blood.

The West would undoubtedly be unenthusiastic about a broadening of ties between Russia and Ukraine. The Western preferences were quite obvious during the 'orange revolution.' But the West is not ready to pay for all the excesses of Ukraine's westward drift. As European Commission President Jose Manuel Barroso summarized the difficult talks on Ukraine's accession, he said in plain terms that the accession – so much desired by the Ukrainians – was not acceptable for the EU. When asked about the reasons for such a position, Barroso said with a note of irritation it was because Ukraine was not ready, in the first place, and the EU was not ready, in the second. German political expert and economist Conrad Schuller wrote in commenting on this situation in *Die Frankfurter Allgemeine Zeitung* on October 31, 2006 that Ukraine urgently needs prospects in the West if it wants to continue developing in the same direction and does not wish to feel Russia's iron grip sooner or later. Something should be done immediately so that the territory from Galicia to the Donets coal fields with its huge pipelines pumping Russian and Central Asian oil and gas to Europe is not lost, Schuller claimed. He indicated that if Ukraine cannot aspire to a place in the Brussels condominium, it should at least be admitted to a welcoming arrivals lounge where it could wait for ten to twenty years while the doors for it are kept open. *The Financial Times* said on October 13, 2006: "We need only one thing... to know and to feel through written agreements that there are prospects for Ukraine in Europe, so that we can see the horizon." While Yushchenko is obviously ready to wait for fifteen or twenty years, Pyotr Talanchuk, the director of the Open International University of Human Development will wait for thirty or even fifty years. "We won't get away from the EU anyhow," he said. (*Zerkalo Nedeli*, Kiev,

November 30, 2004). But do the people of Ukraine agree with a prospect like that?

THE UKRAINIAN EQUATION

What we said above makes it clear that divisions inside Ukrainian society are deep, they are spreading in different directions and intricately crossing one another. Ukrainian citizens do not want to speak the same language, they go to churches of different jurisdictions even within the same denomination, they diverge in the assessment of their own historical events and differ in the estimation of current politicians and public figures, as well as the politicians who lived fifty, one hundred, two hundred, five hundred, or even one thousand years ago. People living in different parts of the country do not have a feeling of being members of one nation with a single system of cultural and national values. Nonetheless, the vast majority of them would like Ukraine to keep its sovereignty and independence. None of the reciprocally bickering regions would like to join Poland, Romania, Hungary, Turkey or Russia again – the countries they used to be integrated into seventy, one hundred or four hundred years ago. This situation is undermining Ukraine's development, complicating peoples' lives, generating risks, obstructing the normal functioning of political institutions, and bringing about frequent changes of the powers that be and ruling elites. For an observer, the pace of affairs in Ukraine is an equation that has many more known elements than unknown ones. But what is the way to solve the equation and can it be solved at all?

One of the suggestions on how to do this shows up in the mass media more often than others. It is to turn Ukraine into a federation. There are many proponents of federalization. They cite numerous arguments to substantiate their proposals. One of the most popular and sober politicians, Yevgeny Kushnaryov, who died fairly recently, wrote that "federalism provides the only way out for Ukraine now." "If we don't assimilate the principles that will underlie the European philosophy of state administration in some thirty years' time, we will lag behind others irreparably, in which case the economic, social and political

losses will really be great." (*2000*, April 14, 2006, p. B2). Kushnaryov proposed beginning the federalization process in three to five regions first and then spreading it to the entire country in fifteen to twenty years from now.

Self-styled federalization is already in progress. The weakness and instability of the government in Kiev simply compels the local authorities to take charge of resolving the most pressing problems. But formal federalization requires impressive changes to the Constitution, and this does not seem possible given the current alignment of political forces in Ukraine. Since world practice does not offer a common model for a federation, Ukraine must design one on its own. There is no way to do it by commanding and administering. First, one must unite the country somehow and look for ways of rational federalization only after that.

Efforts to unite Ukraine around the ideology of Ukrainian ethnic nationalism have proven futile. That the ethnic idea does not work was recognized during the presidency of Leonid Kuchma. The complete fiasco of the ideas of Rukh was quite obvious way back in the 1990s. The phenomenon of Victor Yushchenko, who tried to give nationalism a new lease of life, rests on support gained from external forces, first and foremost, and also on support given to Yulia Tymoshenko's populist movement that harvested votes in the cities and districts where an overt ethnic nationalism would not have had any chances otherwise. But today Yushchenko's star is fading, and odious personalities like Borys Tarasyuk or Petro Lutsenko are dropping out of the political scene.

The Russian Federation itself does not have a clearly shaped national and state ideology yet. It is also true, however, that Russia has no problems with language, geopolitical choice, or national and historical self-identification that would be as huge as the ones Ukraine is struggling to resolve now. But Kazakhstan could be viewed as an illustrative example in this case, though. It faced very much the same and even more complex problems from 1991-1999. But immediately after the first disappointment, Kazakh President Nursultan Nazarbayev said firmly to his opponents: "The economy first, politics next." He picked the root cause out of a multi-

tude of problems and managed to pull his country out of a deep crisis. One can pool Ukraine together and eliminate splits between its regions only through economic development and a rapid advance toward an affluent and comfortable life. It would be reasonable for Ukraine to stop gazing into the past, which differs from region to region. The country must look into the future, which alone can unite all of its citizens. The only way to solve the Ukrainian equation is to ensure a radical and rapid enough economic growth. Ukrainians are very tired from poverty, unemployment and an exhausting struggle for survival. Instead of the European choice, the language situation, NATO membership and even democratic problems, any sensible Ukrainian politician must push to the top of his agenda living standards, livestock breeding, the rehabilitation and development of industries, and employment for everyone willing to work. If the economy grows, it will itself show which of the two ways – to the EU or to the Common Economic Space – is shorter and more lucrative. The new Ukraine does not have any historical enemies. It is surrounded by countries and peoples that wish Ukrainians the best and Ukraine should make the most of this advantage. It does not stand in anyone's way and no one will stand in its way toward success.

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