



PONARS Eurasia Policy Conference

Washington, D.C.
September 2011

PONARS Eurasia

NEW APPROACHES TO RESEARCH AND SECURITY IN EURASIA

THE GEORGE WASHINGTON UNIVERSITY

THE ELLIOTT SCHOOL
OF INTERNATIONAL AFFAIRS

IERES • THE INSTITUTE FOR EUROPEAN, RUSSIAN AND EURASIAN STUDIES

PONARS Eurasia

Policy Conference

Washington, D.C.

September 2011

PONARS Eurasia is a global network of social scientists that seeks to promote scholarly work and policy engagement on transnational and comparative topics within the Eurasian space. PONARS Eurasia is based at the Institute for European, Russian and Eurasian Studies (IERES) at The George Washington University's Elliott School of International Affairs.

This publication was made possible by a grant from the Carnegie Corporation of New York. The statements made and views expressed are solely the responsibility of the authors.

Edited by Alexander Schmemmann and Cory Welt

PONARS Eurasia
The Institute for European, Russian and Eurasian Studies (IERES)
Elliott School of International Affairs
The George Washington University
1957 E Street, NW, Suite 412
Washington, DC 20052
Tel: (202) 994-6340
www.ponarseurasia.org

© PONARS Eurasia 2011. All rights reserved.

Cover images:

A foreign ministerial meeting involving Europe, the United States, and other countries is held in Istanbul, Turkey, on July 15, 2011, to discuss the situation in Libya. (Kyodo via AP Images)

Pro-Kremlin youth activists dance in front of a portrait of Russian President Dmitri Medvedev, left, and Prime Minister Vladimir Putin, right, at a summer camp near Lake Seliger, 280 miles northwest of Moscow, Russia, Monday August 1, 2011. Thousands of activists of pro-Kremlin youth groups visit the Seliger forum annually. (AP Photo/Mikhail Metzel)

Contents

About the Authors	iv
Foreword by Cory Welt, <i>The George Washington University</i>	ix
<u>RUSSIAN POLITICS: A NEW AGENDA?</u>	
Patriotic Upbringing in Russia: Can It Produce Good Citizens?	1
Sergei Golunov, <i>Volgograd State University</i>	
Symbolic Politics or Real Problems: The Agenda for the Russian Elections	6
Ivan Kurilla, <i>Volgograd State University</i>	
Russia's Gordian Knot: Radical Nationalism, the North Caucasus, and Migration	10
Marlène Laruelle, <i>The George Washington University</i>	
The End of the Chapter? The 2011-2012 Electoral Cycle in Russia	16
Nikolay Petrov, <i>Carnegie Moscow Center</i>	
<u>TAKING STOCK OF DEMOCRACY IN UKRAINE</u>	
The Dual Spiral of Ukrainian Politics After 2010	21
Oleksandr Fisun, <i>Kharkiv National University</i>	
What Hinders Reform in Ukraine?	26
Robert W. Ortung, <i>The George Washington University</i>	
Eighteen Months Under Yanukovych: Ukraine's Reform Record and Implications	32
Oleksandr Sushko, <i>Institute for Euro-Atlantic Cooperation</i>	
<u>NEW DIRECTIONS IN EURASIAN ENERGY AND TRADE</u>	
The Political Economy of Oil in Russia: "Really Existing Capitalism?"	37
Andrew Barnes, <i>Kent State University</i>	
Tajikistan's New Trade: Cross-border Commerce and the China-Afghanistan Link	44
Sébastien Peyrouse, <i>SAIS</i>	
Russia's Energy Security Dilemmas in Northeast Asia: Contending with the Different Faces of Resource Nationalism	50
Adam N. Stulberg, <i>Georgia Institute of Technology</i>	

THE FUTURE OF THE “RESET” IN RUSSIAN-WESTERN RELATIONS

The U.S.-Russia “Reset”: A Skeptical View 56
Volodymyr Dubovyk, *Odessa National University*

An Interactive Planning Approach to Shaping U.S.-Russia Relations 60
Dmitry Gorenburg, *Harvard University*

No Enemy at the Gate: An Unusual Election Cycle in Russia 65
Viatcheslav Morozov, *University of Tartu*

Lost in Translation: Is there a Way to Overcome the Different Political Languages of Russia and the West? 70
Yulia Nikitina, *MGIMO*

Extending the “Reset” in U.S.-Russia Relations 74
Mikhail Rykhtik, *Nizhny Novgorod State University*

The Security Dilemma and “Two-Level Games” in U.S.-Russia Relations 78
Mikhail Troitskiy, *MGIMO/MacArthur Foundation*

COLOR REVOLUTIONS REDUX: CAN THE ARAB SPRING SPREAD TO POST-SOVIET EURASIA?

The Latent Resonance of the Arab Revolutions in the North Caucasus 83
Pavel K. Baev, *International Peace Research Institute (PRIO)*

Russia’s “Libya Debate”: Political Meanings and Repercussions 88
Andrey Makarychev, *Nizhny Novgorod Linguistic University*

Yawning Through the Arab Spring: Resilient Regimes in Central Asia and the Caucasus 92
Scott Radnitz, *University of Washington*

Direct Impact: The Influence of the Arab Spring on the Circassian World 97
Sufian Zhemukhov, *The George Washington University*

RETHINKING THE ARMS CONTROL PARTNERSHIP

GLONASS: Problems and Challenges 102
Alla Kassianova, Tomsk State University

Ending Bilateral U.S.-Russian Strategic Arms Control 108
Mark Kramer, Harvard University

The New European Missile Defense Architecture: Is There a Place for Ukraine? 114
Polina Sinovets, Odessa National University

Nuclear Weapons Disagreements within NATO: Sources and Implications 118
Nikolai Sokov, Monterey Institute for International Studies

SHIFTING GEARS: FOREIGN POLICY IN TURKEY AND THE CAUCASUS

Sochi Surprise: Imagining Change in Moscow's Caucasus Policy 124
Mikhail Alexseev, San Diego State University

Iran and Georgia: Genuine Partnership or Marriage of Convenience? 130
Kornely K. Kakachia, Tbilisi State University

Georgia's Foreign Policy Impasse: Is Consensus Crumbling? 135
George Khelashvili, Tbilisi State University

The Quest for Stability in the Karabakh Conflict: Conventional Deterrence and Political Containment 140
Sergey Minasyan, Caucasus Institute

Turkish Foreign Policy in the AKP's Third Term 145
Ayşe Zarakol, Washington and Lee University

About the Authors

Mikhail Alexseev is Professor of Political Science at San Diego State University. He specializes in comparative analysis of migration and ethnic conflict. His latest book is *Immigration Phobia and the Security Dilemma: Russia, Europe, and the United States* (Cambridge, 2006), and his current research focuses on the social and political implications of the Hajj pilgrimage and violent anti-government insurgency in the North Caucasus.

Pavel K. Baev is Research Professor at the Peace Research Institute Oslo (PRIO). His current research projects focus on Russian military reform, Russia's conflict management in the Caucasus and Central Asia, energy interests in Russia's foreign and security policy, and Russia's relations with Europe and NATO. He is the author of *Russian Energy Policy and Military Power: Putin's Quest for Greatness* (Routledge, 2008).

Andrew Barnes is Associate Professor of Political Science at Kent State University. His research interests include the international political economy of oil, Russian property reform, and the links between markets and democracy. His first book was called *Owning Russia: The Struggle over Factories, Farms, and Power* (Cornell, 2006).

Volodymyr Dubovyk is Associate Professor of International Relations and Director of the Center for International Studies at Odessa National University. He has conducted research at the Kennan Institute at the Woodrow Wilson International Center for Scholars (1997, 2006-2007) and at the Center for International and Security Studies at the University of Maryland (2002). He is the co-author of *Ukraine and European Security* (Macmillan, 1999) and has published numerous articles on U.S.-Ukraine relations, regional and international security, and Ukraine's foreign policy.

Oleksandr Fisun is Professor and Chair of Political Science at Kharkiv National University, and founding editor of *Oikumena: Journal for Global and Comparative Studies*. His primary research interests are comparative politics and democratic theory. Dr. Fisun has held visiting fellowships at the Woodrow Wilson Center's Kennan Institute (2001, 2007) and at the International Forum for Democratic Studies at the National Endowment for Democracy (2004). He has published *Democracy, Neopatrimonialism, and Global Transformations* (Kharkiv, 2006), as well as numerous book chapters and articles on comparative democratization, regime change in post-Soviet Eurasia, and Ukrainian politics.

Sergei Golunov is Professor of the Department of International Relations and Area Studies at Volgograd State University. He has conducted his research as a Fulbright Scholar at San Diego State University (2004). He is an author or co-author of several volumes and articles on border security, transnational crime, and migration in Russia, the post-Soviet space, and elsewhere.

Dmitry Gorenburg is a Senior Analyst at CNA Strategic Studies and the editor of *Russian Politics and Law and Problems of Post Communism*. He is also an Associate of the Davis Center

for Russian and Eurasian Studies at Harvard University. He studies Russian military reform and foreign policy, regional security in the post-Soviet space, and ethnic politics and ethnic identity.

Kornely K. Kakachia is Associate Professor of Political Science at Ivane Javakishvili Tbilisi State University. His current research focuses on Georgian foreign policy, security issues of the wider Black Sea area and party politics. He was the recipient of IREX and OSI fellowships and was a visiting fellow at Harvard University's Kennedy School of Government and The Johns Hopkins University's School of Advanced International Studies

Alla Kassianova is a scholar working in the field of Russian foreign and security policy. She previously taught in the International Relations program of Tomsk University in Russia and conducted research and education projects in more than ten countries of Europe and North America. She focuses her research on issues relating to the nexus of identity and security politics and developments in the Russian defense sector.

George Khelashvili is Assistant Professor of International Relations and Research Director of the Center for Social Sciences at Tbilisi State University in Georgia. He is also completing his doctoral thesis on U.S. policy toward Georgia at the University of Oxford. His research interests focus on nationalism and foreign policy; and transition and regional security in the South Caucasus. He is currently working on research papers on democratization and security; and nationalism in international politics. His next research project is a book on Georgian foreign policy since independence.

Mark Kramer is Director of the Cold War Studies Program at Harvard University and a Senior Fellow of Harvard's Davis Center for Russian and Eurasian Studies. He has published many books and articles on a wide variety of topics and is currently completing a book on the Russian-Chechen wars. He has taught international relations and comparative politics at Harvard and as a visiting professor at Yale University, Brown University, and Aarhus University in Denmark.

Ivan Kurilla is Head of the Department of International Relations and Area Studies and Director of the Center for American Studies at Volgograd State University. Kurilla was a recipient of Kennan Institute grants and a Fulbright scholarship. His books include *Partners Across the Ocean: America and Russia in 1830-1850* (in Russian) (Volgograd, 2005) and *Russia and the United States: Mutual Representations in the Textbooks* (co-ed., Volgograd, Kennan Institute, 2009). He has also published articles in the *Journal of American History*, *Problems of Post-Communism*, and *Demokratizatsiya*, as well as many Russian academic journals.

Marlène Laruelle is a Research Professor at the Institute for European, Russian and Eurasian Studies (IERES) at GW's Elliott School of International Affairs. She was a Senior Research Fellow at SAIS, Johns Hopkins University (2007-2011) and a Visiting Scholar at the Woodrow Wilson Center (2005-2006). Her English-language publications include *Russian Eurasianism: An Ideology of Empire* (Woodrow Wilson Press/Johns Hopkins University Press, 2008) and *In the Name of the Nation: Nationalism and Politics in Contemporary Russia* (Palgrave, 2009). She has edited *Russian Nationalism and the National Reassertion of Russia* (Routledge, 2009). She is currently publishing *The "Chinese Question" in Central Asia* (Hurst & Columbia, 2012).

Andrey Makarychev is Alexander von Humboldt Foundation Research Fellow in the Institute for East European Studies, Free University of Berlin. He is the author of the book *Russia and International Society: Conceptual Models and Policy Strategies* (Lambert Publishers, 2011) and numerous articles in journals including *International Spectator*, *Europe-Asia Studies*, *Journal of International Relations and Development*, and *Cooperation and Conflict*. He has lectured in the Universities of Nizhny Novgorod and Syktyvkar (Russia), Malmö (Sweden), Azerbaijan Diplomatic Academy, and other institutions. He has also worked at the Danish Institute for International Studies and Center for Conflict Studies (ETH, Zurich)

Sergey Minasyan heads the Political Studies Department, Caucasus Institute in Yerevan, Armenia. He holds a Ph.D. in Military History; his main areas of expertise are military history, security studies, and international relations. He has written several articles, including for *Central Asia and the Caucasus*, *Russia in Global Affairs* and *Insight Turkey*. He is also an author of several monographs, including *From Political Rallies to Conventions: Political and Legal Aspects of Protecting the Rights of the Armenian Ethnic Minority in Georgia as Exemplified by the Samtskhe-Javakheti Region* (Yerevan, 2007) and *Nagorno-Karabakh After Two Decades of Conflict: Is Prolongation of the Status Quo Inevitable?* (Yerevan, 2010).

Viatcheslav Morozov is Associate Professor of International Relations at the University of Tartu, Estonia. He works on issues of Russian national identity and foreign policy, as well as post-structuralist political theory. He has published in several journals, including the *Journal of International Relations and Development*, *Russia in Global Affairs*, and *Cooperation and Conflict*. His latest book, *Russia and Others: Identity and Boundaries of a Political Community*, was published in 2009 by NLO Books (Moscow). He is a member of the Executive Council of the Central and East European International Studies Association (CEEISA).

Yulia Nikitina is Associate Professor of World Politics and Research Fellow at the Center for Post-Soviet Studies at the Moscow State University of International Relations (MGIMO). She is a specialist of security politics in Eurasia with a focus on regional organizations. She is the author of the book *The CSTO and SCO: Models of Security Regionalism* (Navona, 2009, in Russian) and of the handbook *Introduction to World Politics and International Relations* (Aspect-Press, 2009, in Russian). She has written several articles on the CSTO and SCO and co-authored the INSOR report *CSTO: responsible security* (2011).

Robert W. Orttung is Assistant Director of the Institute for European, Russian, and Eurasian Studies and Research Associate Professor of International Affairs at GW's Elliott School of International Affairs. He is also President of the Resource Security Institute and a Non-Resident Scholar at the Center for Security Studies of the Swiss Federal Institute of Technology in Zurich. He has co-edited and written a number of books, including *Energy and the Transformation of International Relations* (Oxford, 2009) and *Russian Energy Power and Foreign Relations* (Routledge, 2009). He is co-editor of the *Russian Analytical Digest* and the *Caucasus Analytical Digest*. His research interests include energy security, democracy, and Russian regions.

Nikolay Petrov is Head of the Center for Political Geographic Research and a Scholar in Residence at the Carnegie Moscow Center, where he directs the program on society and regions. The projects he currently leads include: Russia-2020: scenarios for the future, over-managed democracy in Russia, and sociopolitical development in Russian regions.

Sébastien Peyrouse is a Senior Research Fellow with the Central Asia-Caucasus Institute & Silk Road Studies Program, a Joint Center affiliated with Johns Hopkins University's School of Advanced International Studies. He is also an associated scholar with the Institute for International and Strategic Relations (Paris), and with FRIDE (Madrid) and a member of EUCAM (European Union-Central Asia monitoring). He has co-edited *China and India in Central Asia: A New "Great Game"?* (Palgrave Macmillan, 2010), and *Mapping Central Asia: Indian Perceptions and Strategies* (Ashgate, 2011), and is in the process of publishing *Turkmenistan: Strategies of Power, Dilemmas of Development* (M. E. Sharpe, 2011) and *The "Chinese Question" in Central Asia* (Hurst & Columbia, 2012).

Scott Radnitz is Assistant Professor of International Studies at the University of Washington. His research deals with authoritarian politics, informal networks, and identity, with an emphasis on Central Asia and the Caucasus. His book, *Weapons of the Wealthy: Predatory Regimes and Elite-led Protests in Central Asia*, was published by Cornell in 2010. His articles have appeared in journals including *Comparative Politics*, *Comparative Political Studies*, *Journal of Democracy*, *Nationalities Papers*, and *Europe-Asia Studies*.

Mikhail Rykhtik is Professor and Chair of the Department of Theory of Politics at Nizhny Novgorod State University (NNSU), as well as the Deputy Dean of the School of International Studies at NNSU. Additionally, he is the Deputy Director of the Nizhny Novgorod Political Science Center.

Polina Sinovets is Associate Professor of Political Science and International Affairs at the Odessa National (I. Mechnikov) University, Ukraine. She is also a Leading Research Associate at the Odessa branch of Ukraine's National Institute for Strategic Studies. She is a specialist in security issues, in particular strategic stability and nuclear weapons, nonproliferation, nuclear programs, and Russian and U.S. military policies. She has written publications on the Iranian nuclear program, ballistic missile defense, and nuclear deterrence, including *Double-Faced Janus or Nuclear Deterrence Theory in the 21st Century* (Odessa, Fenix, 2008) and *Deterrence and the Nuclear Superpowers After the Cold War* (LAP Lambert Academic Publishing, 2010)

Adam N. Stulberg is Associate Professor and Co-Director of the Center for International Strategy, Technology, and Policy (CISTP) in the Sam Nunn School of International Affairs at Georgia Tech. His current research focuses on energy security dilemmas and statecraft in Eurasia, new approaches to strategic stability and denuclearization of military arsenals, internationalization of the nuclear fuel cycle, counter-network warfare, and the implications of nanotechnology for international security. He is the author of *Well-Oiled Diplomacy* (SUNY, 1997), co-author or co-editor of three other books, and has published widely in leading academic and policy journals, including *Review of International Political Economy*, *Security Studies*, *Europe-Asia Studies*, *the Nonproliferation Review*, *Orbis*, *Foreign Affairs*, and *Russia in Global Affairs*.

Nikolai Sokov is a Senior Fellow at the Vienna Center for Disarmament and Non-Proliferation. From 1987-1992, he worked at the USSR and later Russian Ministry of Foreign Affairs, and participated in START I and START II negotiations as well as a number of summit and ministerial meetings. He is the author or co-author of several monographs, including *Delegitimizing Nuclear Weapons: Examining the Validity of Nuclear Deterrence* (2010); *Reducing and Regulating Tactical (Nonstrategic) Nuclear Weapons in Europe* (2009); and *Engaging China and Russia*

on *Nuclear Disarmament* (2009). He is also co-author and co-editor of the first Russian-language college-level textbook on nuclear nonproliferation (*Yadernoe Nerasprostranenie*, PIR Center, 2000/2002).

Oleksandr Sushko is Research Director of the Kyiv-based Institute for Euro-Atlantic Cooperation, Ukraine, an independent, non-governmental think-tank. During 2000-2007, he was the Director of the Center for Peace, Conversion, and Foreign Policy of Ukraine. Since 2004, he has been a contributor to the Freedom House *Nations in Transit* report on Ukraine. He served as an advisor to the foreign minister of Ukraine in 2005-2006. Since January 2011, he is a Chairman of the Board of the International Renaissance Foundation, Ukraine (Open Society Network).

Mikhail Troitskiy is Associate Director of the Moscow office of the John D. and Catherine T. MacArthur Foundation and adjunct professor at Moscow State Institute of International Relations (MGIMO). His research interests include U.S. and Russian foreign policies, Eurasian security, and Russia's relations with the U.S., NATO, and the EU. He has published a book, several research papers, including *U.S.-Russia Relations in Post-Soviet Eurasia: Transcending the Zero-Sum Game* (2011, co-authored with Samuel Charap), and contributed book chapters to *The United States, Russia, and China: Confronting Global Terrorism and Security Challenges in the 21st Century* (Praeger, 2008) and *The Shanghai Cooperation Organization* (SIPRI, 2007).

Cory Welt is Associate Director of the Institute for European, Russian and Eurasian Studies (IERES) and Professorial Lecturer at GW's Elliott School of International Affairs. He is a specialist of Eurasian politics, conflict, and security, particularly in the Caucasus. He has written several articles on conflict resolution, transborder security, and political change in the Caucasus, including for *Europe-Asia Studies*, *Demokratizatsiya*, and *The Nonproliferation Review*, and contributed book chapters to *The Birth of Modern Georgia* (Routledge, forthcoming), *Democracy and Authoritarianism in the Postcommunist World* (Cambridge, 2010), and *America and the World in the Age of Terror* (CSIS Press, 2005).

Ayşe Zarakol is Assistant Professor of Politics at the Williams School of Washington and Lee University. Her research interests concern East-West relations in the international system and the evolution of the modern state. She also specializes in analyzing Turkish politics in comparative perspective, and has published a number of works comparing Turkey to places such as Japan, Russia, Thailand, as well as the broader Middle East. She is the author of *After Defeat: How the East Learned to Live with the West* (Cambridge, 2011), as well as a number of articles in academic- and policy-oriented international relations journals.

Sufian Zhemukhov is a Heyward Isham Visiting Scholar at The George Washington University. He is a specialist of nationalism and Islam. He is the author of five books, including *The Philosophy of Shora Nogma* (2007), *The World Outlook of Khan Girey* (1997), and a poetry book in his native Circassian, *Mystery of the Soul* (1999). He worked as an editor-in-chief of the newspaper *Kabardino-Balkarskaya Pravda* and now works at the same position at *Voice of Kabarda*. He is a frequent contributor to openDemocracy and his recent articles include "One Thousand Years of Islam in Kabarda: An Experiment in Periodization."

Foreword

Cory Welt

The George Washington University

This collection is an accompanying volume to the annual policy conference of the Program on New Approaches to Research and Security in Eurasia (PONARS Eurasia), held at The George Washington University's Elliott School of International Affairs in September 2011. PONARS Eurasia, supported by the Carnegie Corporation of New York, promotes scholarly work and policy engagement on transnational and comparative topics within the Eurasian space, drawing on the expertise of a global network of social scientists.

The collection is divided into seven parts. The first part, **Russian Politics: A New Agenda?**, examines actors and issues in Russian domestic politics on the eve of the 2011-2012 election cycle. The four memos in this section assess the intention and shortcomings of "patriotic education" in Russia; the volatile mix of rising nationalism, migration, and violence in the North Caucasus; grassroots efforts to insert real policy discussion into Russia's largely symbolic politics; and the Kremlin's preparations for new elections throughout the country, including the creation of the amorphous Popular Front.

The second part, **Taking Stock of Democracy in Ukraine**, offers a critical view of political development in Ukraine since the February 2010 election of Viktor Yanukovich. While acknowledging the new administration's reform efforts, the memos conclude that Ukraine's governance problems remain largely unaddressed and, in many cases, have worsened. At the same time, a new centralization of power has led to an increasingly visible power play within the ranks of the ruling party and its supporters, suggesting the possibility of new fragmentation within Ukrainian politics.

The third part, **New Directions in Eurasian Energy and Trade**, explores dynamics of energy and trade across the post-Soviet region and its neighbors. The memos suggest analyzing the Russian oil industry as a more or less "normal" capitalist arena and call for greater attention to the structural – rather than political – drivers of Russian trade in oil and gas with China and Japan. A third memo brings to light an understudied but potentially significant emerging trade route linking China to Afghanistan – Tajikistan's remote province of Gorno-Badakhshan.

The collection's fourth part, **The Future of the "Reset" in Russian-Western Relations**, assesses the outlook for Russian-Western relations through the next electoral cycles in Russia and the United States. Two of the memos look at the impact of the reset to date. One concludes that it has kept anti-Westernism, seen in past election cycles, out of Russian domestic politics, while another sees the reset as insignificant and possibly

harmful to U.S. foreign policy objectives. Other memos look at ways forward, including implementing practical measures for sustaining the reset; paying greater attention to domestic politics and mutual (mis)perceptions; and better aligning policy to preferred end-states in U.S.-Russia relations.

The fifth part, **Color Revolutions Redux: Can the Arab Spring Spread to Post-Soviet Eurasia?**, considers the possibility of a new wave of popular mobilization in post-Soviet Eurasia inspired by the Arab Spring. The memos view the chance of direct emulation anywhere in the region to be slim. However, they view Russia's North Caucasus as the most likely site of popular unrest that could unfold in unexpected ways (and even be affected by the fate of North Caucasian diasporas in the Middle East). The memos also consider Russia's response to the Arab Spring, as well as the domestic and foreign policy concerns driving it.

The sixth part, **Rethinking the Arms Control Partnership**, examines the prospects for arms control and technical cooperation between Russia and the West. One memo argues that bilateral arms control treaties harm U.S.-Russia relations more than they benefit strategic arms reduction. A second calls on NATO policymakers to re-educate themselves on the utility of non-strategic (tactical) nuclear weapons and, on that basis, develop a coherent and unified policy in advance of the 2010 NATO Defense and Deterrence Posture Review. A third memo takes a fresh look at the rift between Russia and the West on European missile defense and the likelihood of Ukrainian involvement in such a system. A final memo explores the future of Russia's state-led GLONASS satellite navigation system, assessing both its technical accomplishments and its continued production challenges.

The final part, **Shifting Gears: Foreign Policy in Turkey and the Caucasus**, reviews changing foreign policy contexts across Turkey and the Caucasus. Will Turkey's efforts to increase its regional presence lead to the development of a Turkish sphere of influence? Will Azerbaijan seek to resolve the long-lasting Karabakh conflict by military means? Might Georgia back away from its singlemindedly pro-Western, and especially pro-American, foreign policy? Finally, what will it take for Russia to dramatically alter its Caucasus policy – and can it happen in time for the 2014 Sochi Olympics?

The efforts of many individuals went into the production of this volume and the organization of the 2011 PONARS Eurasia policy conference. In addition to all the authors and conference participants, I would like to especially thank Managing Editor Alexander Schmemmann; Program Assistant Olga Novikova; IERES Executive Associate Caitlin Katsiaficas; Graduate Research Assistants Wilder Bullard and Justin Caton; and IERES Director Henry Hale.

PONARS Eurasia, together with The George Washington University's Elliott School of International Affairs, expresses its deep appreciation to the International Program of the Carnegie Corporation of New York for its ongoing support.

Patriotic Upbringing in Russia

CAN IT PRODUCE GOOD CITIZENS?

PONARS Eurasia Memo No. 161

Sergei Golunov
Volgograd State University

Over the last decade, the main trend of Russian government youth policy has been to encourage patriotic upbringing. Various official bodies, educational institutions, youth clubs, and pedagogical researchers have adhered to this policy direction. How have their efforts evolved? What pedagogic, social, and political priorities have been stressed, and which have been abandoned? Who has been positioned as “friends” for Russia’s patriotic youth, and who as “enemies”?

Patriotic upbringing in post-Soviet Russia was initially aimed mainly at raising the cultural level of Russian youth and preparing young males for military service. Since the middle of the last decade, the stress has increasingly shifted to the mobilization of young government supporters and to the indoctrination of pupils concerning “correct” views of recent Russian and Soviet history. Given that an emphasis on Russian past and present greatness is a core feature of mainstream patriotism, patriotic upbringing is not directed against all opponents of the current political regime, but rather those who are perceived as denying this greatness. At the same time, youth patriotism has failed to distance itself persuasively from rising radical nationalism and official corruption.

The Evolution of Patriotic Upbringing in Russia

In the Soviet period, the promotion of a military-patriotic upbringing was based on Marxist-Leninist ideology and designed to strengthen the moral spirit of both current and prospective defenders of the motherland. After the collapse of the USSR, however, Russian pedagogy viewed patriotism in an unfavourable light, and severely criticized it as a chauvinism-provoking legacy of Soviet totalitarian ideology.

Pedagogical interest in patriotic upbringing began to revive in the late 1990s and was given full support after the rise of Vladimir Putin. In February 2001, a first federal program (“Patriotic Upbringing of Russian Citizens for 2001-2005”) aimed to prepare Russian youth to defend their country, but also to restore the wholesome influence of Russian arts and education in order to counter youthful indifference, cynicism, and

egoism. The basic means for fulfilling these aims included various militarized activities (events in military-patriotic clubs, military sports programs, events commemorating the heroic deeds of Soviet soldiers in World War II), the dissemination of propaganda in the mass media, the publication of patriotic literature, encouragement of relevant pedagogical research, and, above all, efforts to “actively counteract any distortion or falsification of national history.” The goals of patriotic upbringing were the sort that are ambitious but difficult to measure: “socioeconomic, spiritual, and cultural growth” and “social and economic stability.”

Unsurprisingly, the outcome of the program was not very successful. Coordinated by a “Government Commission for Social Problems of the Military, Dischargees, and Members of their Families,” its five-year budget was approximately equivalent to \$6.2 million. However, the program did help to establish patriotic upbringing as the main focus of official youth outreach activity.

The “color revolutions” that took place in the post-Soviet space between 2003-05 greatly impacted the course of the second program of patriotic upbringing (2006-2010). It was largely in response to these events that the pro-government youth movement *Nashi* was created in 2005, and funding for youth policy increased. The budget of this second program of patriotic upbringing was three times greater than the first; some activities, like the increasingly expensive annual gatherings of *Nashi* youth at Lake Seliger, were funded primarily from other sources such as government grants and business contributions. The second program’s goals, however, remained as abstractly ambitious as the first, although a list of quantitative control criteria, such as the number of people and institutions involved and scholarly works on the topic, were added. As before, implementation of the program was coordinated by a military-related body, this time the National Military Historical-Cultural Center.

During this second program period, patriotism became the dominant trend in youth policy and relevant pedagogical research. Many educational institutions, youth clubs, and pedagogical researchers adjusted their activities to this mainstream agenda. Among other things, this meant a rapid growth in research on patriotic upbringing: in 2006-2010, the number of dissertations on the topic was approximately twice the number of those that came out over the previous five years, while six times more monographs and edited volumes were produced. The quality of this work, however, was very low. In particular, only a small part of the literature referred to modern theories or publications originating outside of Russia. At this time, patriotism also increasingly became a criterion of acceptability for school textbooks, and the state launched a campaign against “falsifications of history” – non-conformist interpretations of sensitive topics in modern Russian history, such as World War II. Among other reasons, this attack was justified by the need to protect “naive” young generations against the destructive influence of “lies” discrediting their country, especially against “understating” the Soviet role in the WWII and “exaggerating” Russian and Soviet wrongdoings toward other countries or their peoples.

At present, we are into the third program of patriotic upbringing (2011-15). This program asserts that the endeavor to build a national program has already been

successful. Its goal now is to contribute to the preservation of the existing order, in particular by “overcoming the extremist activities of some groups,” maintaining “social and economic stability,” and strengthening national security. The budget of the third program is equivalent to \$25.6 million, approximately one and a half times more than that of the previous program (while continuing to exclude related financing, including *Nashi*’s annual multi-million dollar retreats).

Probably the most ambitious project put forward was in 2010 by the governor of the Volgograd region, Anatoly Brovko, who proposed to establish a national “*Pobeda*” (Victory) center in his region. The core of this project was to be a national ideological center for the patriotic upbringing of Russian youth, inspired by the historic heroism of World War II defenders of Stalingrad. The plan envisioned the creation or reconstruction of historical and cultural sites, as well as the modernization of transportation and leisure infrastructure (the idea was also to attract many visitors to Volgograd). The project would have cost almost \$3 billion, equivalent to more than 100 patriotic upbringing programs, with \$1.8 billion provided by the federal government. This extravagant attempt to capitalize on the patriotic education program, however, failed to find support.

Typical Features

As a response to the perceived moral degradation of Russia’s youth, patriotic upbringing was originally more about civic education than about propagating certain political views or demonstrating support for the ruling regime. At the same time, from the very start the patriotic resurgence was strongly influenced by the Russian military, which was seeking to restore a Soviet-like system of ideological training for conscripts. This military aspect typically outweighed the civic component of patriotic upbringing. At the same time, the idea of nurturing young patriots was strongly supported by conservatives and advocates of authoritarian stability.

Still, the content of patriotic education has been very eclectic. As various institutions and researchers tried to accommodate the new political climate and align their activities to the national program, some stressed moral training for military service and others the socialization of young Russian citizens. Still others tried to incorporate humanistic values, tolerance, and popularization of local ethnic traditions. Eventually, efforts to create a patriotism-based ideology for youth resulted in an ad hoc utilization of miscellaneous ideas: sovereign democracy, conservatism, loyalism, modernization, national greatness, geopolitical alarmism, anti-Westernism, and even tolerance and multiculturalism.

Despite (or because of) this ideological syncretism, patriotic upbringing has proven to be a poor remedy for serious social ills in Russia, including the rise of radical nationalist sentiments, the low value placed on integrity as an incentive for social behavior, and, relatedly, the persistence of corruption.

Most Russian pedagogical studies on patriotic upbringing emphasize tolerance as a principle and the unacceptability of hatred toward other ethnic and racial groups. However, not only do these often fail to find their audience, the search for external and

internal enemies, which is intrinsic to many patriotic movements (see below), tends to provoke aggressive hostility toward visible ethnic minorities. Young radical nationalists overwhelmingly consider themselves patriots; their cry, “Glory to Russia!” is often used as a signal to attack people of “non-European” appearance. The danger of patriotism devolving into aggressive nationalism was mentioned as early as the second program for patriotic upbringing (2006-10), but such awareness has not resulted in new measures to address the problem.

While works on patriotic upbringing at least pay lip service to tolerance and diversity, they scarcely even address the importance of integrity as a core value in public life. In its stead, they propagate the notion of an “active civic stand.” However, this rather vague, Soviet-sounding phrase is generally taken as advocacy for participating in loyalist activities, not for speaking out for the betterment of society.

Relatedly, though corruption has become a popular target in dominant political discourse, works on patriotic upbringing are practically indifferent to it. Aleksandr Dugin, a prominent far-right thinker and ideological leader of the Eurasian Youth Union, has even tried to provide a rationale for this by drawing a distinction between the patriotic “Eurasianist” corrupt (individuals who are not dependent on external forces and who invest money into the Russian economy) and their more dangerous “*comprador*” Atlanticist counterparts. According to Dugin, it is impossible to struggle simultaneously with these two groups, so the patriotic corrupt should be employed as allies until victory over the other group is achieved. On the whole, the poor attention paid to issues of corruption and integrity by advocates of youth patriotism can be explained to a large extent by their reluctance to contribute to the growth of non-conformist sentiments among young people.

Friends and Enemies

Mainstream approaches to patriotic upbringing in Russia tend to divide society into patriots and non-patriots – the very name of the pro-government youth movement *Nashi* (“Ours”) implies this division. At the end of the 1990s, “patriots” were often seen as consisting of supporters of traditional cultural values, while “non-patriots” were seen to be their liberal antagonists, who were contributing to a weakening of Russia by promoting Westernization, egoism, and immorality. The split later shifted to one between those who support a strong and great Russia and the agents of foreign influence, who, with the help of foreign funding, try to undermine political stability in Russia. Added to this, the so-called falsifiers of history also became increasingly central “enemies,” disorienting the young generation through their lies about the country’s role in modern history.

The extent to which patriotic upbringing can be used as a means to divert Russia’s youth away from opposition movements and ideas has its limits, however. To be considered a young patriot or proper patriotic educator, it is not necessary to show excessive “loyalty” to the ruling regime – just to support the idea of a strong Russian state and to be reluctant to acknowledge Russia’s wrongdoings. So while patriotic

upbringing might inoculate youth against values like liberalism, pacifism, and cosmopolitanism, it is far less effective against communists and radical nationalists.

Conclusion

Initially, the resurgence of state-promoted patriotic upbringing in Russia was aimed at raising the cultural level of young people and morally preparing future military conscripts. From the start, this resurgence had a strong anti-liberal and anti-Western flavor. As Russia's political regime became more authoritarian, it began to use patriotic upbringing as a quasi-ideology for protecting itself against the potential threat of a "color revolution," mobilizing young supporters, and strengthening state control over the teaching of social science and humanities.

Such attempts, however, have had only limited success. Even in official circles, a specification of what should be taught, and how, is vague. In addition, patriotic upbringing policies have proven to be of little help against the rise of radical nationalism, which stresses the idea of Russian greatness but rejects tolerance as a needless, and perhaps even harmful, element. Mainstream programs of patriotic upbringing also appear to be useless for the authorities' well-publicized efforts at modernization, which requires not so much diligent loyalists, but honest people who are able to stand aside from the heavily corrupted system and, if necessary, be disloyal to its highest-standing representatives.

Symbolic Politics or Real Problems

THE AGENDA FOR THE RUSSIAN ELECTIONS

PONARS Eurasia Memo No. 162

Ivan Kurilla

Volgograd State University

For many observers, almost everything concerning the upcoming parliamentary and presidential elections in Russia (December 2011 and March 2012) is predictable. Some thus prefer to look beyond 2012 and prophesize about 2014, 2017, or 2018. Others point at the power struggle “under the carpet” between influential groups within the ruling elite. Others forecast mass unrest.

There is, however, at least one important dimension of the current political situation in Russia that is somewhat tangible and should be analyzed. It is the competition between symbolic politics and a real policy agenda. This struggle reflects the way the state positions itself vis-à-vis society and holds unique significance for the future of Russia.

Putin’s Symbolic Politics

Prime Minister Vladimir Putin has always been strong in symbolic politics. He consolidated Russia’s symbolic space, beginning with the re-introduction of the Soviet anthem and then the use of Tsarist state symbols (using television adeptly as his major messenger).

His attention to political symbols has been especially clear in his approach to the annual Battle of Stalingrad commemorations. The battle was the turning point in World War II and remains the greatest pride of the Russian people. Putin has visited Volgograd (the former Stalingrad) several times, usually in February, the date of the surrender of the German Army in Stalingrad and now an official military holiday. His actions have reinforced his link to “the Soviet victory in the Great Patriotic war.” Through the fanfare, he has provided the Russian people with a set of sociocultural references and implemented symbols that have appealed to a population disoriented by the tumultuous 1990s.*

As president, Putin personally controlled the content of school history textbooks and even interfered in a local Rostov initiative to “rehabilitate” the Cossack *ataman*

* In a revealing move, Putin did not visit Volgograd in February 2008, sending his “heir” Medvedev there instead.

Pyotr Krasnov, the leader of the Cossack Republic during the Russian Civil War who later sided with Nazi Germany and was hung as a war criminal in 1946. When Putin arrived in Rostov in February 2008, the Cossack leaders repudiated the initiative.

Today, Putin continues using “symbolic politics,” particularly while firing up the country’s election campaigns. During Victory Day celebrations in May 2011, he appeared in Volgograd to announce the creation of the National Front political movement – a super party organization aimed at eclipsing the tarnished United Russia Party. His choice of location and the organization’s name are good examples of his approach to politics. One of Putin’s most recent initiatives was bathed in symbolism. He proposed to members of his cabinet to pool their private money to erect a monument to the early 20th century Russian Prime Minister Pyotr Stolypin. As one of the last statesmen of the old Tsarist empire and a formidable orator, he once apparently said, “They need great upheavals, we need a Great Russia.”

Erosion of Symbolic Politics

The economic crisis of 2008, however, changed the social and economic agenda. It shifted society’s expectations, and consequently top-down symbolic landscaping lost its political novelty.

President Dmitry Medvedev, a politician out of the Putin school, has tried to utilize symbolism – the most visual example being the renaming of the “militia” to the “politsia” (police). Such a move was criticized even by Medvedev’s supporters as a senseless one. Some considered it a substitute or even a parody of needed militia reform, while others interpreted the move as a sign of Medvedev’s inability to act against the prime minister’s will and, therefore, of his political limitations.

Overall, it became obvious that the problem is not personal. The regime has lost its ability to solve its own inherent problems. With independent social structures weakened by the state, nothing controls the state apparatus, and this has emerged as a problem rather than as an engine for change or progress. Medvedev’s term has made clear the main flaw of so-called Putinism: the government’s inability to handle the challenge of reforming the Russian government. Therefore, the political situation is a new one. The state’s impotence and corruption is now at the center of the agenda, and society demonstrates a desire for reform and greater control of the state. Unable to meet such expectations, the leadership continues to rely on empty signifiers such as the National Front.

Alternative Agenda Setting

The major challenge for the regime is posed not by opposition politicians that have lost the fight for control over symbolic space but by other individuals and organizations. Examples include the expose of widespread corruption in the spending of state budget funds (Aleksei Navalny’s blog, navalny.livejournal.com, has over fifty thousand “friends”). The popular Internet series, “Poet and Citizen,” with verses written by acclaimed writer Dmitry Bykov and read by famous actor Mikhail Efremov,

sarcastically comments on the stupidity of the state machine and, basically, the entire political situation in Russia.

The “Defenders of the Khimki Forest” is another example that points out the omnipotence of big corporations vis-à-vis the common people. Their efforts to save a small slice of land have attracted civil activists from all over Russia. The agenda of Evgenia Chirikova, a Khimki coalition organizer, now goes beyond this topic. In the summer of 2011, her group opened an “Anti-Seliger” youth camp to oppose the pro-Kremlin Nashi youth camp on Lake Seliger, featuring participants like Navalny and Sergey Mironov, leader of the Just Russia Party who recently lost his position as chairman of the Federation Council, the Russian parliament’s upper house.

Another notable figure is former MP Evgeni Roizman of Yekaterinburg, who is waging his own private war on drugs. Recently, a follower of his from Nizhny Tagil, Yegor Bychkov, seized Russia’s attention when he was prosecuted after applying involuntary methods of rehabilitation to drug addicts without their agreement (albeit with that of their relatives). The real debate here was that the state had failed on all sides. Russia has a poor record of accomplishment in stopping and controlling the spread of narcotics, and, like many such small-scale examples, people are doing for themselves what the state cannot do for them.

Another example are the wildfires of the summer of 2010, when thousands of people organized themselves, volunteered their time, and risked their lives. They did this because the national firefighting service proved inefficient.

Interethnic relations are another topic attracting activists within the “new agenda.” Typically labeled “nationalists” or even “fascists” by authorities, many such activists in fact speak about the inability of the state to provide equal levels of law enforcement across the land. They also point to discrepancies in obedience to the law by minority youth who are protected by politically influential “diasporas” in many Russian cities. While the events on Manezh Square in December 2010 were a sign of a new nationalism, they were provoked by the police’s simple failure to act appropriately in a criminal case.

Several catastrophes of recent years, including a fire in a Perm night club in December 2009 and the sinking of the *Bulgaria* cruise ship in July 2011, were widely considered proof that the state bureaucracy is impotent and corrupt – underlined in all these cases is the generally low social tolerance for officials in control of safety matters who use their positions to rake in bribes (often, as in these cases, the facts are less important than the widespread belief that they are true).

More and more, Russia’s alternative agenda is being carried out through social networks such as Live Journal and Facebook (and its Russian clone *Vkontakte*, In Contact). To close or restrict access to the Internet seems politically dangerous for a ruling group that hopes to keep good relations with the West. While Internet politics probably seem too small to be taken seriously in the upcoming election cycle, the importance of new media reflects the gradual decrease of the traditional mass media, especially television, once the major pillar of Putin’s symbolic universe.

Future of the Russian State

The current Russian regime has invented institutional restrictions preventing opposition parties from being registered and participating in elections, but it has no way to respond to the widespread dissatisfaction with the state's inefficiency. The deficiencies of Russian parties have finally resulted in some new forms of political activism that have yet to be institutionalized but are already shaping a clear political agenda. The Kremlin is attempting to fix the political system via a traditional framework, by boosting a new center-right political party (led by billionaire Mikhail Prokhorov). Attempts to incorporate leaders of new political movements into the existing party system have not been successful. It remains to be seen whether the new "people-politicians" will be able to form a really new democratic party, claiming its own right to control the state.

In some senses, Russian society is returning to the 1990s, when the state abandoned many of its former responsibilities, which caused social self-organization and the first boom of citizen activism. The Putin decade seemed to convince society that the state would function. However, at the end of this decade, we have witnessed the state once again become inefficient. Society has had to again mobilize to solve its own daily problems. Civil society is reborn through a total vexation with the structural problems of local and national government.

Not only will the current election campaigns set the stage for several more years of Russia's history, the current political situation may be read as a case study of the limits of symbolic politics. Putin's past success with symbols reflected a situation of relative consensus regarding the major problems the government needed to solve. Today, symbols cannot replace real solutions to burning problems. Symbolic moves are inadequate. Whether or not empty symbolism gives way to more realistic policies via the elections, it is clear that Russia's new agenda will soon completely replace the current one anchored by "Putin's stability." Any new political force that comes to power in Russia will face the difficult task of re-establishing state institutions and remedying state-society relations.

Russia's Gordian Knot

RADICAL NATIONALISM, THE NORTH CAUCASUS, AND MIGRATION

PONARS Eurasia Policy Memo No. 163

Marlène Laruelle

The George Washington University

With the legislative and presidential campaign of 2011-2012, Russia is entering a phase of uncertainty, and debates that have hitherto been reserved for the establishment have become ever more visible. There are already many cracks in the apparent unanimity of the Putin regime, and they are likely to grow in number. Regardless of who becomes president, the Kremlin is going to have to face up to multiple challenges: geostrategic reshaping; tough decisions in many economic sectors awaiting modernization; and accelerating social transformation. One such challenge that the Russian authorities have unwittingly helped to create has emerged at the nexus of a triad of phenomena:

- 1) radical nationalism, which has not succeeded in becoming an autonomous political force but reflects the xenophobic anxieties of Russian society;
- 2) the deadlock in the North Caucasus; and
- 3) migrants in search of integration and recognition.

In the years to come, Russia will likely be challenged by a range of domestic issues impacting social stability. How can a civic consensus be built that takes into account the deep transformations that have transpired in Russia over the last two decades? Do authorities want to see this issue shape public debate during and after elections? And will this debate be supervised and led by the Kremlin, or will it run counter to it?

The Radical Nationalist Scene after Manezh Square

The events of Manezh Square in December 2010 mark a turning point in the history of Russian nationalism. The image of 3,000 to 5,000 youthful football fans and radical nationalists at the walls of the Kremlin shouting anti-immigrant and anti-police slogans, some raising their arms in Nazi salute, and in front of overwhelmed law-enforcement units, has affected public opinion. The visibility of the event and the ensuing series of attacks and brawls initiated by both anti-Russian and anti-Caucasian racists in Moscow

and the provinces were much more effective for nationalist propaganda than the annual Russian marches of November 4 (“Day of Russian Unity”), even though the march of 2010 attracted a record turnout of more than 5,000 people in about 30 cities across the country.

Have the measures taken by the Russian state against racist violence produced results? A superficial reading of the phenomenon seems to confirm that they have. Murderous violence has been on the wane since 2008. In 2010, a SOVA Center census reported 38 people killed and 377 wounded as a result of racist violence, much less than in previous years.* Criminal prosecution, once virtually non-existent, has improved, and several resounding trials have seen members of neo-Nazi groups accused of racist crimes and sentenced to hefty prison terms. Extremist Aleksei Voevodin, for example, was recently sentenced to life in prison.† The National Socialist Society (NSO) has been officially banned, as has the Movement Against Illegal Immigration (DPNI). The radical scene continues to be as fragmented as before, despite several attempts at creating alliances.

However, the legal instruments available to the state only make it possible to stop the activities of the most organized and notorious gangs. Even then, this applies only to those targeted by authorities; some groups enjoy official protection from local authorities.

Moreover, the ultra-radical right is profoundly evolving in a direction that further reduces the utility of the authorities’ already poorly calibrated tools. First, small autonomous ultra-right groups with no relation to the already known and more organized nationalist groups are growing in number. Grassroots xenophobic violence is on the rise; radical groups are heading more toward the logic of guerrilla or “urban warfare”; and confrontational behaviors between youth groups have developed in scope. For each of these phenomena there exist few, if any, repressive responses.

Second, organized groups are adopting new programs. They no longer raise only interethnic issues but social ones, and their narrative is more and more clearly an anti-regime one. They present themselves as supporters of democracy and victims of Kremlin abuses of power, and they are moving closer to democratic opposition movements, by participating, for example, in the “Strategy-31” demonstrations in support of the right to peaceful assembly. This is the strategy being followed by the Russian Social Movement (ROD), which presents itself as an ethnic Russian-based human rights organization, as well as by the National Democratic Alliance (NDA). The support they receive from Garry Kasparov’s Other Russia party, which welcomes them but denounces their use of violence, has strengthened their rationale to strive for “political correctness.” A new movement, the Russian Citizens Union (RGS), has adopted the goal of “broad cooperation of Russian nationalists and democratic opposition” in a bid to unite, without great success, the Young People’s Democratic

* See: Alexander Verkhovsky, and Galina Kozhevnikova, “The Phantom of Manezhnaya Square: Radical Nationalism and Efforts to Counteract It in 2010,” Moscow: SOVA Center, 2011. See also: Natalia Yudina and Vera Alperovich, “[Causes Célèbres and New Ultra-right Formations](#),” Moscow: SOVA Center, Spring 2011

† Tatiana Boltshaia and Valentin Baryshnikov, “[Natsisty osuzhdeny – natsizm ostaetsia](#),” Svobodanews.ru, June 14, 2011

Union and the Just Cause party. Lastly, the rapprochement between well-known economist Mikhail Deliagin and nationalist publicist Vladimir Kucherenko (Maxim Kalashnikov) in the party Motherland-Common Sense shows that the Rodina experiment, undertaken between 2003 and 2006 to unify moderate nationalists with extremists in order to avoid juridical repression, is still being emulated despite its failure.

The Political and Ideological Background of the Russian State's Responses

Faced with racist violence, the responses of the Russian state and the messages sent by political leaders are clumsy and sometimes ambiguous. A move to ban parties, the first victim of which was the National Bolshevik Party, has been devoid of effect. Not only do movements rapidly reconstitute themselves under different names, their banishment enables them to present themselves as victims of the state and dissident democrats. The fight against publication of "extremist materials" is just as ineffective. The continual extension of the list of banned extremist texts does not in itself provide any solution and instead just makes it possible to re-establish a kind of preventative censorship and to monitor the reading activities of citizens in libraries. Moreover, the Kremlin instrumentalizes the stigmatization of extremism, in order to control the political legitimacy of its rivals and to denounce willy-nilly all those who undermine the ruling system.

More importantly, the Kremlin has itself encouraged a confusion of kinds. Vladislav Surkov, the president's first deputy chief of staff, blamed the Manezh Square events on the democratic opposition, not on youth radicalism. The state agency Rosinfomonitring, supervising illegal financial activities in Russia, published a list of terrorist organizations in Russia, tossing the Emirate of the Caucasus, extreme right-wing groups, and the National Bolshevik Party into the same category as Al-Qaeda.* With new amendments to a 2002 law on fighting extremist activity, the definition of extremism has become even vaguer. Verbal attacks against a state employee, of whatever status, can be interpreted as an attempt to undermine constitutional order. Publications critical of Kremlin policies, even if they in no way constitute an incitement to interethnic hatred, can be condemned according to article 282 of the penal code. Prime Minister Vladimir Putin himself has emitted even more ambiguous signals. He paid a visit to the graveside of Yegor Svidirov, the young fan of the Spartak sports club whose killing triggered the riots of December 2010. He also continues to play the card of distinguishing between "good" legal migrants and "bad" illegal ones who must be penalized, thus indirectly fostering xenophobia.

Although President Dmitry Medvedev has delivered some tough speeches on the subject, his remarks are generally imprecise and do not really move away from the old Soviet conception of interethnic relations. He expresses a commitment to the fight against nationalism and xenophobia (very rarely employing the term racism) while continuing to employ tired rhetoric about the need to develop the learning of tolerance

* "[National-Terrorism](#)," Kasparov.ru, June 7, 2011

among schoolchildren, take measures to spread culture (as nationalists supposedly have none), promote “our true values and traditions,”* and hail “multiculturalism.” The terminological confusion is total: the defense of “tradition” and “culture” is something used by both Russian authorities and their radical nationalist opponents.

The rhetoric about tolerance and multiculturalism also does not go far. It is taught in a folkloric mode borrowed from the Soviet model of the “friendship of peoples,” it is fundamentally essentialist (people are endowed with specific primordial essences that are necessary to respect), and pupils who have received “courses in tolerance” are just as xenophobic as the others, if not more.

In the end, a debate on the relationship between “Russian citizen” (*rossiiskii*) and “ethnic Russian” (*russkii*) is systematically avoided. Both terms are sometimes employed in the same phrase as synonyms and sometimes as two different things, but only insofar as their difference remains implicit.

Russia’s Civic Challenge: Integrating the Internal “Others”

The real stakes surrounding the question of nationalism and xenophobia in Russia are virtually never discussed in the public sphere. However, they form the Gordian knot of key domestic challenges facing Russia in the coming decade: finding a solution for the North Caucasus; integrating migrants; reforming the political system; and creating a civic consensus.

These elements often overlap with one another. Terrorist acts such as that at Domodedovo Airport in January 2011 will not stop in the absence of a solution to the North Caucasus problem. With the approach of the Sochi Olympic Games, which will heighten the international visibility of the region and its actors, there exists the risk of rising tensions. The authorities’ ineffectiveness in combating terrorist attacks not only in the North Caucasus but also in central Russia contributes to a climate of fear and undermines the state’s credibility. The lack of consolidated institutions in the Putin regime and the impossibility of developing rule of law in Russia rests in part on the North Caucasus deadlock. Management of the federal republics is entirely founded on a feudal principle of the personal relationship between suzerain (Vladimir Putin) and vassals endowed with special rights that can be withdrawn at any moment, including levying taxes (impunity in exchange for controlling the shadow economy) and local armed forces (militias, such as the *Kadyrovtsy* in Chechnya, that instill the reign of the arbitrary). The presidential administration continues to maintain this logic for lack of any alternative.

In addition, the Chechen question remains indirectly linked to that of racist violence. This link was bolstered last year, when Chechen President Ramzan Kadyrov loudly presented himself as an opponent of Russian nationalism and the defender of Chechens throughout Russia. Grassroots violence between youth groups thus took on a new political significance. This could be seen, for example, during the mass brawl in the “Don” summer camp in July 2010 or in the polemics over the anti-Chechen (and anti-

* “[Medvedev prizval borot’sia s natsionalizmom s pomoshch’iu kul’tury](#),” RF Today, January 17, 2011

Semitic) statements of a Russian history textbook written by two professors of Moscow State University, two events in which Kadyrov did not hesitate to intervene personally. (This did not prevent two of the main Russian ultranationalist leaders, Alexander Belov and Dmitri Dmushkin, from visiting Grozny and returning enchanted after their meeting with Kadyrov.) The idea that has been wielded by the Kremlin over the last decade, to set up a *cordon sanitaire* isolating the unstable North Caucasus from the rest of Russia, is a patent failure. More than ever, this region is at the heart of the country's security problems.

After the North Caucasus, the migration question constitutes the authorities' second Achilles' heel. Official statements about the issue are contradictory, explaining the necessity of migrants for the Russian economy but also the risks they carry for the Russian people – economic risks, as well as demographic, cultural, ethnic, religious, and security ones. Most decision makers understand the necessity of an open migration policy for the Russian economy and are supported in this by the country's large companies. However, they prefer not to display their stance publicly and thus leave the field free to those who see migration as a threat. This latter group is not only made up of nationalist opponents: a large part of United Russia and the youth movements linked to it such as the Young Guard or Nashi maintain discourses on migrants that are more negative than positive.

Russia has the world's second-largest migrant intake after the United States, but its identity narrative is not one of an immigration country. Its practices of integration are extremely limited and sometimes counter-productive. Russia finds itself in the position of the United States or Canada, but with a narrative inspired by that of West European populist movements, focused on the implicit separation between the "native/indigenous/white population" and "migrants/Muslims." Popular discontent at the [announcement](#) of further mosque constructions is a telling sign of growing Islamophobia, a phenomenon historically non-existent in Russia. The migration issue is mainly managed in security and technical fashion by the Ministry of Internal Affairs and the Federal Migration Service, leaving aside the social stakes of integration (schooling of migrants' children, access to social services, professional integration, and cultural recognition).

Conclusion

The authorities' refusal to place at the core of public debate the question of the inevitable transformation of Russian society in forthcoming decades, even as they seek to reassure popular anxieties by validating them, only reinforces popular nationalism and everyday xenophobia and blocks all solutions to the North Caucasus question. Nationalism, in its anti-migrant form, will not quickly disappear, and the social, cultural, political, and ideological mechanisms that fuel it may even intensify in the years to come. A new generation of politicians aiming at a "politically correct" anti-migrant xenophobia – one with West European culture, norms of action, and models such as Jean-Marie Le Pen, Silvio Berlusconi, and Jörg Haider – is likely to develop. The Kremlin's ambiguous use of nationalist references, as well as intra-elite divisions over

the North Caucasus and migration, provide the backdrop on which political strategies will have to be constructed during and after the 2011-2012 electoral cycle.

The End of the Chapter?

THE 2011-2012 ELECTORAL CYCLE IN RUSSIA

PONARS Eurasia Policy Memo No. 164

Nikolay Petrov
Carnegie Moscow Center

Once again, forthcoming elections in Russia – parliamentary in December 2011 and presidential in March 2012 – are about a transfer of power. With expected changes to the roster of MPs as well as in the positions of prime minister and president, the political landscape will be new after the 2011-2012 electoral cycle.

The fact that Prime Minister Vladimir Putin chose a tandem model in 2008 that separated formal and real leadership roles, and provided no power to President Dmitry Medvedev, means that once again the system will experience a turbulent period. This is partly due to the timeframe of the upcoming cycle. Unlike in the past, when parliamentary deputies and the president were elected for four years apiece, the former will now be elected for five years and the latter for six years. This makes the upcoming election cycle the last for a while when presidential elections will take place soon after parliamentary elections. This pair of elections thus heralds the end of one stage in Russia's political development and the start of another. This could be the last election cycle in which Putin plays an epoch-making watershed role.

The upcoming cycle is already marked by economic stagnation and a creeping disillusionment with the "party of power." It is further characterized by several peculiarities. There is the unusual and direct involvement of Putin, as well as intensive Kremlin maneuvering with regard to political parties and, specifically, the formation of the All-Russia People's Front (PF). There has also been a rise in the sphere of public politics.

Shifts in Party Landscape

As elections approach, we have seen shifts take place in at least three out of the seven registered national political parties and two out of the four parties now represented in parliament. United Russia (UR) has received numerous allies via the Putin-created People's Front (PF). The Just Russia (JR) party has seen considerable reshuffling and a decline in its administrative resources, together with the new "tandem" leadership of Nikolay Levichev and Sergey Mironov, while the Right Cause (RC) party has a new and

extravagant leader, billionaire Mikhail Prokhorov. In short, we have seen UR acquire more room to expand, without having to share administrative resources, and RC become a “natural target” represented by a “wild oligarch.” In January 2011, the power of Sergey Mironov, JR leader and then Federation Council speaker, was weakened due to amendments to the law on the formation of the Federation Council. According to these changes, the speaker can no longer block the appointment of senators or initiate their resignation. (He was then dismissed as speaker after JR’s impressive showing in March 2010 local elections.)

Mikhail Prokhorov, Russian’s “modernization oligarch” and a fairly scandalous figure, was chosen by the Kremlin to lead the RC party, which inherited the conformist wing of the Union of Rightist Forces and which had almost disappeared from the political landscape. Unlike other party leaders, Prokhorov cannot be controlled by a short financial leash – he is the third richest man in Russia. However, his strong negative public popularity prevents any political project led by him from receiving mass support in the foreseeable future. In developing this party, the Kremlin can be sure that RC will not be able to live on its own, unlike the Rodina party project of 2003. At the same time, RC can serve two important goals for the Kremlin: first, it can help the “party of power” look more centrist by “protecting” ordinary citizens from oligarchs, and second, it can be used in the future, after the presidential election, as a force that can take responsibility for embarking on unpopular liberal reforms.

The People’s Front

Putin is participating in both upcoming elections in an active and direct way. The PF, Putin’s political brainchild unveiled in early May 2011 in Volgograd, is a multipurpose political project. Not only can it be seen as a rebranding of UR (a way to cleanse and promote competition inside the party), which has become labeled as the “party of swindlers and thieves,” but it is a step toward the transformation of Putin from the leader of the dominant party to the leader of “the nation.” It is also, more practically, a way for him to co-opt the elites and improve the image of the “party of power.” PF campaigns use attractive celebrities, sportsmen, showmen, artists, and intelligentsia.

Today, 16 national organizations and more than 400 regional, interregional, and municipal organizations have signed onto the PF, with 200 other organizations expected to follow suit. The invitation to join is open to practically everyone (excluding representatives of the “radical opposition”). Enthusiastic local organizers report that nearly everyone in their districts is ready to join the group. Interestingly, the PF does not have its own organizational structure and is not intended to. This can be interpreted as a sign that there are no plans to replace the existing UR party apparatus on the ground. The directors of Putin’s public liaison offices in the regions, mostly second-tier UR functionaries, provide basic organizational support.

One quarter of the UR list will be filled by PF members, which will dramatically intensify the internal struggle for a place on the party lists. This may help bring fresh faces into the deputy corps of the “party of power,” something UR badly needs. The party has already announced the criteria by which it will “cleanse” its lists. It will only

take deputies who have not served more than two or three terms in parliament, who have not been involved in any public scandals, and who have contributed in some way to the party.

Although the PF exists, it lacks a program. The nongovernmental organizations that have come on board will make their recommendations for that program in mid-June. The Institute for Social, Economic and Political Research, headed by former minister of justice and long-time president of Chuvashia, Nikolai Fyodorov, has essentially been charged with developing its mandate. The institute has promised to present its “five-year plan for the transformation of Russian society” to the newly elected parliament in December.

The PF might even manage to pull in a significant percentage of the growing protest vote that the Communist Party (CP) once had and, until now, had again been gaining. According to a VTsIOM poll, more than 25 percent of the Communist electorate believes that the CP should join the PF.

Despite its amorphous form, the PF has already accomplished a number of important tasks by bringing countless individuals and groups under its auspices, diverting attention away from “the party of crooks and thieves,” and reinforcing Putin’s role as national leader. It also undermines Russia’s already extremely weak party system.

United Russia’s Primaries

Russian primaries in the regions are much more systematic than they were in 2007 (when they took place for the first time). Still, it would be an exaggeration to call these authentic primaries. The process more closely resembles a series of opinion polls, with UR using the results to create its party lists (reserving one-fourth of slots for PF candidates). Electors for primaries are chosen by both the UR regional leadership and allied forces from the Front with voting organized and controlled by UR functionaries (the Front’s federal coordinating council, headed by Deputy Prime Minister Vyacheslav Volodin and his staff, formulates the final lists). In reality, UR has no obligation to base its final candidate lists on the primary results. After the primaries end on August 11, results are sent to Moscow for fine-tuning. This will occur in parallel with regional UR conferences, when delegates will be chosen to the party’s national congress and final proposals for candidate lists will be submitted. Into the final list of candidates any names can be included by both the federal leadership and by Putin personally (including names of those who did not participate in primaries). The list is then submitted to the UR national congress for confirmation at the start of September.

However, it is already apparent that many UR politicians will be culled from the roster. Major personnel shifts have already taken place since the last elections, most notably among the governor corps. The result is that a host of parliamentary deputies whose political fortunes were linked to former Mayor Yuri Luzhkov (once vice-chairman of UR) and former Bashkortostan President Murtaza Rakhimov will be absent from the upcoming elections. In Moscow, 10 of 16 incumbent deputies will not

participate in the primaries, and, as mentioned, the same fate awaits about one-fourth of all incumbent UR deputies. Putin is determined to get rid of the party's deadweight.

Among the new names can be found famous artists like actor Vladimir Mashkov from Kemerovo, singer Nadezhda Babkina and tennis player Marat Safin from Nizhny Novgorod, Olympic champion Dmitry Sautin from Voronezh, and cosmonaut Roman Romanenko from the Amur region. Their involvement is to soothe voters and improve the image of the "party of power."

In the most troubled regions, UR is employing a tactic of heading party lists with deputy prime ministers or Putin-appointed ministers, on whose coattails other candidates can ride and whose names elicit the least negative reaction among voters. Meanwhile, the number of regional leaders heading party lists in their own regions has substantially dropped.

Even in Russia's version of primaries, in which Moscow remains the ultimate arbiter, it is possible to discern a certain growth of intra-party democracy and political competition. However well these tactics might enable the ruling party to hold onto its Duma majority, they will not solve the problem of its declining legitimacy – an issue that will come to the fore after the new government is formed in 2012.

Regional Patterns

Out of three major ingredients of electoral success for the "party of power" – governors, Putin, and administrative resources – only one, Putin, has not weakened even if his popularity has recently slid a bit. There are no longer any strong and popular regional governors (due to extensive rounds of replacements last year), and administrative resources are not as strong and consolidated as they once were.

There are two groups of regions where the UR will definitely lose a good portion of what it had before. The first group consists of regions that have accumulated a considerable store of negativity toward authorities at all levels: places like Kaliningrad, Moscow, Sverdlovsk, Irkutsk, and the Primorski region. In these places, increasing protest mobilizations have already contributed to UR losses in local elections. The second group is composed of regions where political machines have been dismantled, like Moscow, Bashkortostan, Tatarstan, and Rostov. This means that the UR/PF will lose an essential part of its electoral support in comparison to 2007. It also serves as a reminder that sociological polls, based on national samples, do not reflect the full scale of the ruling party's potential losses.

Moscow is an especially interesting case. Being part of both groups, it is once again becoming the capital of electoral protest. St. Petersburg is another such capital. Even if the national results will be reported in a way that is satisfactory to the authorities, their humiliating defeats in both places are almost inevitable. This will have important symbolic significance and underlines the difference between the countryside and ethnic provinces, where the "party of power" is supported, and the major cities.

The Kremlin is playing its regional card actively and in many different ways. Beginning in April 2010, large-scale gatherings have been held under UR aegis in all federal districts with Putin and key participating ministers (usually just as federal funds

are being offered to regions in support of various projects). Such events are called UR mini-congresses. They began in Siberia (April 2010), and were followed by the North Caucasus district (July 2010), the Far East (December 2010), Center district (March 2011), South (May 2011), and the Urals (June 2011). The final mini-congress will probably take place in Putin's native northwest.

Other platforms have been created to bargain with governors and regional political elites as the elections have drawn near. These include a working group on decentralization, initiated by Medvedev and run by Dmitry Kozak, as well as other meetings convened by the PF.

The replacement of unpopular governors, such as Dmitry Zelenin in Tver and Valentina Matviyenko in St. Petersburg, and the placement of popular individuals at the head of regional UR lists, are other important dimensions of the Kremlin's regional work.

The Day After

On December 5, the day after parliamentary elections, Putin will probably make a public speech and say that the "party of power" (or the PF) received 60-something percent of the vote. Feeling great responsibility and the enormous trust of the populace, Putin will probably announce that he will return to the office of the president. Less probable, though still possible, he might offer up another candidate, Medvedev excluded. Thus, the next president, if it is not Putin himself, will get his post from Putin's hands.

Once again, as in 1996, the question is not whether the regime will declare victory but whether this victory will be achieved by somewhat free elections or by massive fraud. As the time draws nearer, the fate of election observers will provide a good indication of whether or not an overwhelming PF victory is planned. If it is, there will be no reason for an OSCE election mission to be allowed into Russia.

The Dual Spiral of Ukrainian Politics after 2010

PONARS Eurasia Policy Memo No. 165

Oleksandr Fisun
Kharkiv National University

The victory of Viktor Yanukovich in Ukraine's February 2010 presidential election launched a new cycle of regime change in Ukraine, marked by movement from a premier-presidential regime system with "dual executives" to a super-presidential system dominated by a single principal. Ukraine's two previous presidents, Leonid Kuchma (1994-2005) and Viktor Yushchenko (2005-2010), lacked the party resources needed to create pro-presidential majorities in parliament and to build proper executive verticals of power. By contrast, Yanukovich took advantage of the disciplined Party of Regions (PR) machine to take control of parliament and create a cabinet with very few coalition allies.

Perhaps counterintuitively, this sudden turn of Ukrainian politics toward soft authoritarianism does not constitute a break from the relatively democratic-like Orange period of 2004-2010. Instead, it is the consequence of past institutional changes: the constitutional reform of 2004 and electoral rules that strengthened party-list proportional representation. The relative weakness of genuine party projects by Kuchma and Yushchenko was compensated for not only by co-opting individual deputies to join the pro-presidential majority but also by making compromises within the elite and attracting coalition partners from alternative political camps and business groups (leading to the premierships of Pavlo Lazarenko, Yevhen Marchuk, and Yushchenko under Kuchma, and Yulia Tymoshenko and Yanukovich under Yushchenko). The move by Yanukovich toward building a single power pyramid was conditioned not so much by any inherent authoritarianism *per se*, but by the fact that the president – for the first time – did not have to share power with coalition party partners or appoint a compromise prime minister. The relative domination of the PR in parliament became the platform for creating a "one-and-a-half party cabinet," which includes various "deserters" from other political forces who enjoy "sub-partner" rights.

More than a year after the presidential elections of 2010, three leading trends in Ukrainian politics may be distinguished:

1. A return to a “winner-takes-all” politics, liquidating the possibility of a competitive diarchy based on a president-prime minister rivalry while deepening the influence of the patron-client business networks that back the winner.
2. The full control of the president over law enforcement and fiscal bodies (Ministry of Internal Affairs, prosecutor’s office, security service, tax and customs administration, and court system) and their transformation into instruments of political pressure on the opposition and the business figures supporting them.
3. A transformation and reconfiguration of the 2002-2010 party system by means of gradually fragmenting the Yulia Tymoshenko Bloc (BYT) and Yushchenko’s Our Ukraine-People’s Self-Defense (OUPSD) conglomerate, taking their “business” segments into the presidentially-influenced orbit. This process has also involved the minimization of previously pivotal parties like the Lytvyn Bloc and the Communist Party of Ukraine and the development of new regional party projects that enjoyed success in the October 2010 local elections.

The dual spiral of Ukrainian politics after 2010 consists of an efficient combination of two political strategies. The first has been a party-building strategy based on incorporating the remains of alternative patron-client networks into the dominant party (the PR). Combined with executive control over parliament, this has prevented the semi-presidential regime from getting caught in a stalemate between two branches of government. The second strategy has been to use bureaucratic resources, both sticks and carrots, to expand the executive vertical of power. These have allowed for an ever-widening pro-presidential coalition in both parliament and local government. This strategy has led to a wave of disintegration of the regional bases of BYT and a move of their investors and influential members into the party of power.

The foundation for this dual spiral was the restoration of the 1996 constitution, which strengthened the prime minister’s dependency on the president and minimized the influence of parliamentary parties on his appointment. The constitutional rollback has given the president direct control over cabinet formation. This has strengthened the executive’s hand vis-à-vis not only parliament but also his own party coalition and political investors.

A new electoral law proposed in May 2011 marks one more twist in the wending road of Ukrainian politics, bringing to the forefront a bureaucratic/fiscal coercion strategy instead of a dominant party-building one. In accordance with the proposed bill, Ukraine will revert to the mixed electoral system that existed prior to 2005. This system envisages the selection of half of parliament by party-list proportional representation and the other half by single-member constituencies. The main task of the new electoral system is to decrease the role of parties in decision-making and to create an efficient pro-presidential parliamentary majority. As expected, the “presidential support” function will be fulfilled by influential MPs and “respected” politicians and businessmen of regional origin, who will have a certain political autonomy, considerable local electoral resources, and an inclination to support any central power regardless of party affiliation. Such a system will make it easier to create a subservient

pro-presidential majority, which could conceivably even obtain a super-majority of more than 300 votes (required to make constitutional changes).

Will the logic of the dual spiral operate in favor of creating a soft authoritarian regime (or façade democracy) with limited political competition? Again counterintuitively, probably not. The paradox of the dual spiral in the context of the 1996 constitution and a mixed electoral system is that it creates new space for political competition *within* the party of power. The PR contains various factions and regional segments, often called “clans” and consisting of groupings such as Rinat Akhmetov-Borys Kolesnikov, Dymytro Firtash-Serhiy Lyovochkin, Mykola Azarov-Volodymyr Rybak, and Andriy Kluyev, as well as the Yanukovych family and influential businessman Yuri Ivaniuschenko (also known as Yura Enakievsky). Under the new conditions, the president will have to struggle for control not so much over the parliamentary majority but over the majority in the PR.

Already, intensive competition has arisen among different pressure groups within the PR for control over central bodies in the executive branch and political machines in the regions, which is leading to new lines of political cleavage and settlements. Sites for potential strife include: the Donetsk region, where power is divided between governor Andriy Shyshatskiy (an appointee of the Akhmetov-Kolesnikov clan) and regional council chairman Andriy Fedoruk (a former business colleague of the president’s elder son Aleksandr); the Zaporozhie region, where there is conflict between governor Boris Petrov (an appointee of Kluyev) and businessman Oleh Anisimov (who represents the interests of Ivaniuschenko, close to the president’s family); and the Odessa region, where there is trouble between governor Eduard Matviichuk (an appointee of Kluyev) and the Odessa PR faction head and municipal councilman Gennadiy Trukhanov (an Ivaniuschenko man).

Different pressure groups within the PR also see the future of the party in different ways. The main line of division runs between the old party core (Akhmetov-Kolesnikov, Kluyev, Azarov-Rybak), which stands for the development of the PR as the main presidential party and a direct source of parliamentary support, and new elite factions that joined the PR after 2007, who stand for positioning the president not only as leader of PR but as a leader of the nation who stands above the party structure. This latter group is represented by, first of all, the RosUkrEnergo group of Dymytro Firtash, together with other newcomers like Serhiy Lyovochkin, Yuri Boyko, and Valeri Khoroshkovsky. It is also represented by the so-called “Yanukovych family” group, most actively represented by Aleksandr Yanukovych and Ivaniuschenko.

After Yanukovych’s victory, the role of these latter groups increased sharply, not least of all to create a counterbalance to the old party core, which had been controlling PR headquarters and its electoral campaign teams for some time. One sign of their increased strength has been the appointment of Lyovochkin, an individual closely connected with the RosUkrEnergo group, as the president’s chief of staff. This has made him one of the most influential players in Ukrainian politics and has widened the group’s opportunity to place their people in positions in the central government and

regional administrations. Another newcomer is Serhiy Arbuzov, appointed governor of the National Bank and close to the president's son.

The rollback of the constitution and the changes in the electoral system should be understood in this context of intra-PR wrangling. The reforms were implemented thanks to the efforts of the Firtash-Lyovochkin and "family" groupings to decrease the influence of the old party core of the PR and the party's main investors, in particular the Akhmetov-Kolesnikov clan. Aiming to "liberate" Yanukovich from exorbitant obligations to and pressure from "old" party investors, the reforms have minimized the role of the PR as an independent institutional player, transformed it into an instrument for disciplining regional elites, and made it a convenient parliamentary voting machine controlled directly by Yanukovich.

It will soon be clear whether the swing from a dominant party-building strategy, which led Yanukovich to electoral success and allowed him to build a single vertical of power, toward a bureaucratic/fiscal strategy supported by new allies from RosUkrEnergo and the "family" group represents a long-lasting twist to Ukrainian politics. Critics of the new direction argue that if so the PR may follow the fate of Yushchenko's Our Ukraine party, which fragmented into separate blocs that were then annexed by new party projects, especially in the case of failure in the 2012 parliamentary elections. Even without this, it is important to consider how effective a pro-presidential majority based not on party discipline but on majoritarian deputies, who owe their places to presidential patronage, can be.

To conclude, let us take a look at the short-, mid-, and long-term trajectory of the dual spiral of Ukrainian politics for 2011-2015. In the **short-term**, there will be a tendency to transition from a "party quota" system of distributing positions in national and local executive branches to a presidential patronage system. There will also be a shift from interparty coalition settlements to inner-factional checks and balances among various interest groups within the PR and their representatives in parliament. One element of this tendency may be a possible transition in the management of the 2012 electoral campaign from the Akhmetov-Kolesnikov clan toward the "family" group of Ivaniushenko and Aleksandr Yanukovich, which will control the financial flows related to the election, formation of party lists, and distribution of single-member constituencies.

In the **mid-term**, the bureaucratic vertical headed by Yanukovich will inevitably enter into conflict with some of the oligarchic groups. Expansion of the "family"/Ivaniushenko and Firtash/RosUkrEnergo groups unavoidably affect the interests of both old groups in the PR, such as the Akhmetov-Kolesnikov group, and many other oligarchic groups outside it, primarily those originating in Dnepropetrovsk (in particular, the group of Leonid Kuchma's son-in-law Viktor Pinchuk and the Privat group of Kolomoiskiy-Bogoliubov). These mid-term processes will inevitably lead to the appearance of disgraced oligarchs and an inner-elite opposition, who may become investors in alternative political projects or opposition forces. In contrast to Russia, in Ukraine structural and political prerequisites exist for the success of such projects, even as soon as the 2012 parliamentary elections.

In the **long-term**, we can speak about a general increase in the stakes surrounding the presidency and a return to a winner-takes-all political paradigm in Ukraine. In particular, changes in the constitution and to electoral laws have altered the incentives of political players. With the role of parliamentary elections and formal party institutionalization in decline, political entrepreneurs will invest their resources into party projects not so much to have success in parliament but to have an opportunity to nominate candidates with the best chance of winning presidential elections. In the summer of 2011, rumors spread that the party Front for Change, led by former presidential candidate Arseniy Yatsenyuk, had already moved under Akhmetov's control, and that Firtash was ready to make an investment in support of vice prime minister (and former presidential candidate) Serhiy Tyhypko, absorbing the latter's Strong Ukraine party project into the PR. Like before, these candidates will probably be Yanukovich's main contenders in the inter-elite struggle for the successor nomination in the 2015 election.

What Hinders Reform in Ukraine?

PONARS Eurasia Policy Memo No. 166

Robert W. Orttung
The George Washington University

Twenty years after gaining independence, Ukraine has a poor record in adopting and implementing political and economic reform. Ukraine has changed its political institutions several times but has yet to achieve a stable system capable of securing democratic freedoms and providing a foundation for implementing comprehensive economic reform.

Following the Orange Revolution, Freedom House ranked Ukraine as a free country in terms of political liberties and civil rights from 2005 through 2009. It lost this status after President Viktor Yanukovich began implementing a host of anti-democratic policies that undid many of the previous political reforms. The constitutional court's 2010 decision to overturn the 2004 amendments to the constitution, taken under obvious political pressure and in questionable legal conditions, returned considerable power to the president's office. After a string of four presidential and parliamentary elections in which the opposition was able to win, Ukraine held local elections in October 2010 that were widely criticized as not meeting international standards, suggesting that future elections will not be free and fair. While traditional media, the main source of news for 69 percent of Ukrainians, remain more lively than their Russian counterparts, they have never been reformed in a way to guarantee freedom of speech and are now coming under pressure from the Yanukovich administration. The judicial system also remains subject to political pressure, with the use of subjective prosecutions against opposition leaders, including most prominently Yulia Tymoshenko. Similarly, the Security Service of Ukraine (SBU) has been much more active since the beginning of 2010 in exerting pressure on a variety of civil society actors. Moreover, since December 2010, critics claim that Ukraine has been holding political prisoners.

While Ukraine has made some economic reform advances, such as joining the World Trade Organization, the general consensus is that the country needs to implement comprehensive and wide-ranging fiscal and infrastructure reforms. Ukraine has yet to restore the income levels that it enjoyed during Soviet times. While Ukraine's economy grew about 7 percent a year from 2001 to 2008, it did so mainly as a result of external and temporary conditions without implementing key reforms in governance

and improving the investment climate. Among key areas that need to be addressed are energy sector reform and the elimination of price subsidies, which are a major driver for the country's high levels of corruption. Businesses that lack political connections consider the tax code to be unfair, with small business owners turning out for large street protests in November 2010.

The following analysis looks at the primary drivers of reform in Ukraine and the main obstacles that hinder advances.

Reform Drivers

Concentrated Executive Power

The Yanukovich administration has consistently argued that "political consensus" among the executive branch and parliament is necessary to carry out reform. The president moved quickly to strengthen his political power during the first part of his term. Annuling the 2004 amendments to the constitution ended the split in power between the president and prime minister that held from 2004 to 2010 and returned considerable authority to the president. Similarly, Yanukovich now has a parliamentary majority, achieved by rewriting the rules in a questionable way.

While, in theory, a strong executive with wide-ranging powers can quickly implement a comprehensive reform program, Ukrainian and other post-Soviet experience has demonstrated that such empowered leaders do not necessarily use their power to launch reform. President Leonid Kuchma implemented some necessary economic reforms at the beginning of his first term, but once he won the adoption of a new constitution, ostensibly for the purpose of implementing further economic reforms, he lost interest in doing so and reform progress ground to a halt. Likewise, concentrating power has not helped promote reform in Russia; there Vladimir Putin has held supreme authority for more than a decade but has not pushed forward any substantial reform effort since the end of his first term in 2004. Although after his election in February 2010, Yanukovich was able to consolidate much greater power than Kuchma had held, he has not announced any substantive reform agenda beyond entrenching himself in power and blocking the opposition. In short, the concentration of power in the hands of the president is a key problem in Ukrainian politics.

While decentralizing power may seem a counterintuitive way to carry out reforms, since it disperses the authority to adopt and implement policies aimed at making major changes that are politically unpopular in the short term, such an approach is imperative in Ukraine. Concentrating power also concentrates the resistance to reform, while disbursing it opens up greater opportunities for change while also increasing the number of points where resistance would need to be applied to effectively block reform. Studies of Middle Eastern states like Saudi Arabia have shown that full control over society results in the complete immobility of the state. The only solution, however imperfect, is decentralization.

External Pressure

Outside pressure, particularly in the form of opportunities to join the European Union or another organization that requires well-defined standards of its members, has proven successful in encouraging reform in many countries in central and east Europe. Such external requirements make it easier for domestic politicians to blame necessary change on external forces beyond their control. Several outside actors have the ability to influence reform in Ukraine.

- *International Monetary Fund (IMF)* – The most powerful outside stimulant for reform has been the IMF. The IMF began offering support for Ukrainian reform in September 2004, though its aid came at a time when Kuchma realized that Ukraine had no choice but to reform. Although privatization went through, many of the other key reforms discussed did not happen. The IMF has also been the greatest driver of reform for the Yanukovych administration. The Fund offered Ukraine a \$15.6 billion loan in July 2010. The conditions attached to the agreement made it possible for the government to tighten spending and raise domestic natural gas prices 50 percent in August 2010, leading to the release of the first \$3.4 billion from the loan. However, when reform progress ground to a halt, the IMF refused to release additional tranches. A key sticking point was that Ukraine needed to reduce its spending on pensions. With outlays now at 18 percent of GDP, Ukraine’s pension commitments are among the highest in the world. Before releasing additional money, the IMF has demanded pension reforms and further cuts in domestic gas subsidies. In July, Ukraine’s parliament agreed to increase the pension age for women from 55 to 60, but the ultimate fate of the measure is uncertain and the government has resisted implementing higher gas prices.
- *European Union (EU)* – Ukraine currently has no chance of joining the EU as a member, so the EU cannot exert pressure over Ukraine the way that it did in the states of central Europe. However, the EU does have some leverage. Part of its power derives from Ukraine’s need to balance pressure from Russia; another part consists of the attraction it offers in terms of markets and economic opportunities. Yanukovych has pursued a Deep and Comprehensive Free Trade Area agreement with the EU, making clear that he is interested in strong ties with the West.

Obstacles to Reform

Imperial and Soviet Legacies

Path-dependency analysis explains why Ukraine will have a difficult time overcoming the policy decisions made during the Soviet era, even twenty years after the Soviet Union ceased to exist. This legacy includes extensive state control over the economy, frequent electoral manipulation, a poorly functioning judiciary, insecure property rights, and markets distorted by monopolies. It also is apparent in the industrialization patterns of eastern Ukraine. Of course, some legacies date back from before the Soviet

period, such as the regional, cultural, linguistic, and religious cleavage lines in the country. Overcoming these legacies will be slow and expensive.

Unreformed Bureaucracy

Related to the problems of the Soviet legacy are the strength of an unreformed bureaucracy. Ukrainian observers note that the bureaucracy has changed little since the Leonid Brezhnev era: it cannot convert political decisions into administrative procedures, does not actively generate new ideas, and does not inform the public about what it is doing or encourage outside input into decisions and implementation. Even Yanukovich complained in an April 2011 speech to the parliament about powerful bureaucratic stakeholders who try to hang on to pursue their own corrupt interests while remaining accountable to no one. Such recalcitrant bureaucratic players are a problem in many states.

Like many other bureaucracies, the Ukrainian one does not encourage innovative risk taking. Most bureaucrats feel they are judged on the number of mistakes they make. Therefore, it is best to avoid taking action because doing as little as possible minimizes the number of potential mistakes. Similarly, entrenched rentier elites in Ukraine's bureaucracy often subvert efforts to design and implement reform.

Lack of Transformational Leadership

Ukraine suffers from a lack of transformational leadership, in the sense that James MacGregor Burns defines it. Burns stresses the need for a leader who advances collective purposes by being attuned to the aspirations of followers. While such transformational leaders are initially motivated by personal goals, they ultimately achieve higher purposes. Yushchenko had considerable opportunity to implement reform after the Orange Revolution, but he did not do so. Ukraine has instead been saddled with "power wielders," who are intent on realizing their own purposes regardless of the common good.

Another key problem for Ukraine's leaders is that, regardless of the amount of power they wield, they simply do not have a strong set of ideas for what to do. Local observers, for example, have accused Prime Minister Mykola Azarov's government of having no plan for comprehensive reform beyond securing the interests of a narrow elite. The ongoing drama of relations between Yanukovich and Tymoshenko, and the system's apparent inability to produce new leaders, make the introduction of any kind of reform unlikely. The presidential elections of 2010 did not bring fresh faces to the fore: Serhiy Tihipko and Arseniy Yatseniuk combined won less than 20 percent of the vote in the first round and have not played a decisive role since then.

Bifurcation of Society and National Identity

The split in Ukraine's national identity and cultural background makes it difficult to consolidate either a democratic or an authoritarian society or to implement reform since it is impossible to achieve the kind of national consensus necessary to drive progress or to assemble a sense of shared sacrifice for a higher purpose.

Patrimonial Clan Politics

The merger of economic and political power in Ukraine is best symbolized by the rise of the Donetsk clan, of which Yanukovych is the most prominent representative. According to this line of analysis, reform is hindered by the rise of oligarchs and business conglomerates that combine the use of state property and public-sector subsidies with the active support of public officials. These quasi-monopolies control large parts of the economy in key industrial areas and effectively use their economic power to capture the state. Through their regional power base and ability to grab considerable power at the national level, the members of the Donetsk clan have the ability to sabotage a wide variety of political and economic reforms. In addition, key business interests control the television watched by the vast majority of the population and can use their position to exert considerable influence over the public opinion.

Lack of Trust in Public Institutions

Analyses of Ukrainian taxpayer willingness to pay their taxes indicate that they have much less trust in their country's political institutions, and therefore much less desire to act as actual citizens, than do residents of Poland or Russia. Ukrainians who do not trust their state logically see little sense in engaging with it. Therefore, they have few incentives to set up civil society groups or to seek ways to hold state officials accountable. Similarly, the general weakness and disorganization of the state means that Ukrainians have little fear that the state will enforce its policies. The result is that little pressure for reform comes from society.

Failure to Combat Corruption

The various Ukrainian governments have failed to reduce the amount of corruption in the country, one of the key consequences of concentrating power, thereby provoking cynicism and distrust among the population. The result has been a withering of the civic activism that seemed to demand significant change at the end of 2004.

Electoral Cycle

Politicians naturally want to avoid adopting painful reforms that will cause them to lose their popularity. They believe that providing money to the population rather than reform will win the support that they need. Relatively poor voters have short time horizons and are not interested in reforms with long-term payoffs. Accordingly, many observers believe that few substantive reforms will take place in Ukraine before the October 2012 parliamentary elections, which will be a crucial assessment of the first half of Yanukovych's five-year term. From this point of view, the need to maintain popularity will prevent effective change that would require personal sacrifice from voters. Since coming to office, Yanukovych's popularity has fallen below 30 percent so he will be particularly interested in populist measures.

Policy Implications

Ukraine has made little progress toward reform under Yanukovich. He has not taken advantage of short-term drivers that can stimulate reform, such as concentrating power in the executive and blaming external forces. Instead, his administration has concentrated power in the presidency to ensure long-term rule while resisting outside pressure from the IMF to implement strategic energy reforms. The failure to take advantage of the short-term efforts to advance reform make it all the more difficult to address the long-term obstacles.

However, given that Russia's main interest in Ukraine is extracting maximal profits from its energy sales, gaining control of the most lucrative economic assets, and aligning Ukraine with Moscow's foreign policy goals vis-à-vis the West, the Yanukovich administration has demonstrated a strong interest in developing ties with the EU and the United States, even as it continues to erode democratic institutions at home. This Russian pressure opens the possibility for the EU and United States to exert a positive influence on Ukraine if Western leaders define a clear set of goals and methods for attaining them. Such goals should include a democratic Ukraine that is committed to reform, starting with its energy sector.

The fact that the Yanukovich administration claims to be working on implementing necessary reforms in its presentations to foreign audiences opens the door for engagement. The administration argues that it is adopting reforms in 21 key areas. The process started with tax reform; the government now claims that collections have increased. An administrative reform is claimed to have sliced the size of the bureaucracy at the federal level, and downsizing is set to improve efficiency at the regional and local levels in the future. The government has also moved ahead with unpopular pension reform.

The West can "stay engaged" with Ukraine by pushing reforms while making it clear that continued deterioration of democratic institutions in Ukraine would make the country an unsuitable partner. The IMF has rightly blocked the further distribution of funds until Ukraine makes progress on ending energy subsidies. U.S. and EU leaders, particularly U.S. President Barack Obama, should speak out forcefully in denouncing democratic backtracking while providing incentives to carry out reforms. These external incentives and pressure are the only way that Ukraine will overcome its numerous domestic obstacles to reform. Whereas Russia often seems impervious to such external pressure, Ukraine is much more open to it.

Eighteen Months Under Yanukovych

UKRAINE'S REFORM RECORD AND IMPLICATIONS

PONARS Eurasia Memo No. 167

Oleksandr Sushko
Institute for Euro-Atlantic Cooperation (Ukraine)

Under President Victor Yanukovych, Ukraine's government has launched a variety of initiatives in different policy areas aimed at improving governance and modernizing the country's regulatory system. One motivation for these reforms has been to improve the international perception of Ukraine, which is still seen as having a corrupt and inefficient state apparatus. In the year and a half since Yanukovych came to power, have any reforms met their objectives? Or is the concentration of power in the hands of the president the only obvious outcome of Ukraine's "new deal," a narrative strongly promoted at home and abroad?

Because Ukraine's "honeymoon" with Russia is over and there are no more Western illusions about Ukraine, Kyiv is unlikely to find sufficient financial and political resources abroad needed to help solve Ukraine's fundamental and immediate issues. At the same time, the current international climate allows the Ukrainian government to continue along a path of multi-vectorism so long as the erosion of democracy in Ukraine does not become too pronounced. This balancing act, however, may soon need to end, if Ukraine gets the opportunity to sign the EU-Ukraine Association Agreement that could bring Kyiv a step closer to European integration and a step away from the Customs Union, which is strongly promoted by Russia.

Yanukovych's reforms are diverse, with the most significant ones being in the spheres of the constitution, administration, judiciary, anti-corruption, energy, public procurement, and taxation.

Constitutional Reform

Ukraine's constitution was changed in September 2010, half a year into the president's new term, by a Constitutional Court ruling that reverted Ukraine's system of governance back to a presidential model similar to the one that existed from 1996-2004. By reviving the older model, the president generally became independent from parliament, while regaining powers that allow him to control the Cabinet of Ministers, Security Service, and Prosecutor's Office. His rapid consolidation of power had an

impact on Ukraine's entire political environment, including electoral processes, which were free and fair from 2005 to 2009. As seen by the local elections of October 2010, the new reforms have not contributed to Ukraine's democratic development.* Afterwards, Freedom House lowered the country's level of democracy from "free" to "partially free."

Administrative

Yanukovych launched his administrative reforms in December 2010, when he ordered cuts in the number of cabinet ministries aiming to reduce red tape and expenses. Yanukovych reduced the number of ministries from 20 to 16 and the number of cabinet members from 26 to 17. All his key ministers, including Prime Minister Mykola Azarov, kept their posts. Yanukovych stressed that administrative reforms would reduce budget expenditures and help Ukraine cut the public budget deficit, a core condition for future cooperation with the International Monetary Fund. The reforms lack any provision to strengthen institutional capacity and accountability. However, some progress was seen when some bureaucratic procedures were improved, such as the reduction of red tape for 22 types of licensed business activities and the implementation of an electronic national business registration system.

Judiciary

A June 2010 law on the judiciary was supposed to overcome the obvious deficiencies of Ukrainian courts. In practice, however, it threatened judicial independence. First, the new law established short deadlines for the examination of cases, risking the dismissal of those who fail to meet the deadlines. The law did not establish any competition-based principles for judicial nominations and does not define any criteria for the appointment of judges to higher courts. The court system thus remains unable to meet basic European criteria. Researchers claim that a large number of Ukrainian enterprises have suffered so-called corporate hijacking attempts over the last years, and foreign investors have been among those targeted. According to EUbusiness.com: "Ukrainian courts have a long record of striking down or ignoring contractual provisions that assign legal responsibility for dispute resolution to a foreign court or arbitrator."[†] These features have not changed under the new government. It is mostly due to the untrustworthy judicial system in Ukraine that the overall investment and business climate in the country remains poor. This is in direct contradiction to the president's leading economic policy goal, which is to improve the investment climate.

Also, the arrest of former Interior Minister Yuri Lutsenko and opening of a criminal case against (and eventual arrest of) former Prime Minister Yulia Tymoshenko are examples of a "selective" judiciary system, as are corruption investigations of former top officials who are now in the opposition.

* "[NDI Sees Deterioration in Ukraine's Election Environment and Urges Improvements](#)," November 3, 2010

[†] Ina Dimireva, "[Ukraine Investment Climate](#)," 2009

Anti-Corruption

Corruption remains pervasive in Ukrainian society despite long-term efforts to curb it. In 2010, Transparency International's Corruption Perception Index ranked Ukraine 134 out of 178.*

The new leadership launched a vocal campaign against corruption. Immediately after his inauguration, Yanukovich set up a National Anticorruption Committee, which fervently got down to business in the second half of 2010. However, most of the top-level people rounded up were former officials, now in opposition or the ex-president's camp.

Numerous conflicts of interests at the top echelons of power, along with the anti-corruption rhetoric of authorities, have undermined all real attempts to defeat corruption and have led to mistrust in society of government actions. In June 2009, parliament passed a package of laws expanding anti-corruption activities: establishing anticorruption measures in the civil service, introducing checks on employment procedures for the civil service, banning the acceptance of gifts while carrying out official duties, requiring officials and their close relatives to publicly declare their assets, and introducing anticorruption experts. However, implementation of these important laws was postponed from January to April 2010, and then a second time until January 2011. International organizations, the Council of Europe in particular, were very critical about these delays. Finally, the entire 2009 anti-corruption package was abandoned by parliament in January 2011, due to the submission of a softer new anti-corruption law. This law was only ratified on May 2011, making it too early to judge its effectiveness.

Energy

Ukraine's biggest achievement in the energy reform sphere was the adoption of a June 2010 law on Ukraine's natural gas market. Based upon relevant EU directives, it sets up a commitment by Ukraine to ensure non-discriminatory access of companies and consumers to different segments of the gas market, creating conditions for a competitive gas sector.

In September 2010, Ukraine signed a protocol on joining the Energy Community Treaty (ECT), ending a lengthy process of negotiations, informal consultations, and the implementation of additional EU conditions and prerequisites. Ukraine's official accession to the ECT was supposed to give a boost to Ukraine's energy integration with the EU. But if Ukraine's overall reform pace remains low, as it is now, Ukraine will not garner any benefits from the deal. Currently, a year after the gas market law went into force, its main provision regarding equal access to markets has not been fully realized.

It should also be noted that the year 2010 witnessed the remarkable return of energy intermediary Rosukrenergo to the Ukrainian gas market. This group was previously banned, primarily by the efforts of Yulia Tymoshenko. The dominance of this business group raises questions about the prospects of better governance and transparency in Ukraine's energy sector.

* Transparency International: [2010 Corruption Perceptions Index](#)

Public Procurement

The adoption of Ukraine's public procurement law in 2010 was a positive step toward improving standards. However, six months after the adoption of the law, the Ukrainian government enacted a number of amendments that had a negative impact on the law's efficiency and limited the scope of goods and services that it applied to. This provoked sharp criticism from the EU and even led to the suspension of an EU budget support program in January 2011. More recent changes introduced in May 2011 improved some elements but even these were criticised for reducing transparency.

Taxation

Tax reforms went into effect on January 2011. They were aimed at codifying the country's fiscal legislation into one comprehensive legal act. The adoption of the new tax code was a step in the right direction. At the same time, the process of its adoption provoked a conflict between the government and representatives of small- and medium-sized business, who considered the new rules to be discriminatory. It seems that most of the progressive tax reforms were designed to support large, oligarchic, businesses. For instance, only large businesses can enjoy the automatic return of VAT fees – and the list of such large businesses must be approved by the government. Delays and problems with VAT returns traditionally hamper all-sized businesses that engage in international operations. Why favor a few?

Conclusion

The Ukrainian economy remains overregulated and suffers from chaotic governmental interference, despite "reform" efforts. The World Bank puts Ukraine in the 145th position among 183 economies when it comes to "Ease of Doing Business." The Heritage Foundation and *The Wall Street Journal* in their 2011 annual rating of economic freedoms give Ukraine a score of 45.8, making its economy only the 164th freest among 179 ranked. The regulatory framework has not improved and the sense is that Ukraine remains mostly non-business friendly.

Public opinion polls may be an indicator of progress. Recent polls do not show any positive change in public perception of government services. According to a Razumkov Center poll conducted in September-October 2010, the Security Service of Ukraine was trusted by 13.2% and not trusted by 36.3%; the police were trusted by 8.7% and not trusted by 51.2%; public prosecutors were trusted by 7.4% and not trusted by 47%. Only 5% of people polled expressed confidence in Ukrainian courts while 51.5% indicated no confidence.*

Though declaring support for giving greater power to local authorities, the central government did its utmost to boost its own influence at the expense of local and regional self-governance. The emphasis on a centralization of power undermines the already weak connection between authorities and rural residents, not to mention their ability to participate in shaping public policy. The government's further centralization

* [Razumkov Centre Public Opinion Poll, September 30-October 5, 2010](#)

of power has not contributed to a better understanding between the eastern and western parts of Ukraine. In fact, 2010 local elections demonstrated an increase in split attitudes as the radical nationalist Svoboda party took a majority in several councils in Ukraine's western regions.

After years of political turbulence due to constitutional deficiencies and inter-personal conflicts between top leaders, Ukraine began a period of centralized power consolidation that has evinced elements of order, consistency, and manageability. This has allowed the country to escape from its long-lasting institutional stalemate. At the same time, the newly established stability is not based on rule of law, democratic legitimacy, or a viable system of checks and balances. A year and a half into the new administration's term, we see instead a monopolization of power achieved through the manipulation of legal procedures and democratic norms, deviating Ukraine ever further from EU standards.

The Political Economy of Oil in Russia

“REALLY EXISTING CAPITALISM?”

PONARS Eurasia Policy Memo No. 168

Andrew Barnes
Kent State University

The past year has seen oil prices return to near-record levels and the Russian economy return to growth. It has also seen major Russian oil companies discuss partnerships and file lawsuits, while the state has dismissed two leading oil executives, rescinded tax breaks, and spoken of a new round of privatization. Because of oil's dominant role in the Russian economy, and because some of the stories make for good copy, there may be a tendency to see these developments as more evidence of Russia's peculiarities, either as a resource-dependent state or as a post-communist one. If we cut through the drama, however, we may see that the political economy of oil in Russia looks a lot like capitalism as it is actually practiced in many countries: a handful of major companies competing for customers and political influence, alongside a state deeply enmeshed in the sector while trying to appear above it. It is different from the struggle for property in the country over the last two decades in that outright fraud and violence are less prominent tools in the conflict. Nonetheless, the sector is still ripe for upheaval, especially as political and economic actors try to position themselves in the run-up to next year's elections.

This memo first briefly considers the role of oil in Russia's economic development, showing it is still the dominant product. It then reviews several of the major players in the sector, particularly the state, the leading oil producers, and the pipeline monopoly. Next, it highlights some major events in Russian oil over the past year, noting that no single player seemed to emerge victorious from each of these incidents. It concludes with a discussion of what this means for how we understand the political economy of oil in Russia today.

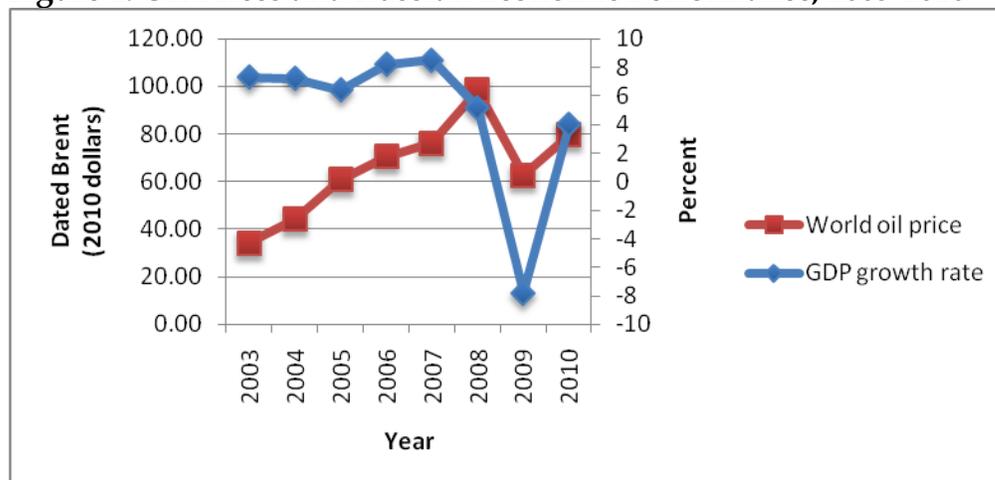
The Context

Despite several years of official statements about the need to diversify the Russian economy, oil remains its most important product. One way to see this is by examining the country's performance during the recent global economic downturn. The drop in oil prices in the second half of 2008 hit Russia hard, as several years of economic growth

and budget surpluses were radically reversed in 2009 (See **Figure 1**). While growth was positive in every year since the financial crisis of 1998, including a rate of 5.2 percent in 2008, real GDP fell by 7.8 percent in 2009. Expected oil and gas revenues dropped by more than half between November 2008 and April 2009, and the planned budget balance fell from 3.7 percent of GDP to -7.4 percent.

While much of the rest of the world remained mired in recession, however, Russian GDP growth moved back into positive territory in 2010 (growing at a rate of 4 percent), as world oil prices rebounded from an average of about \$60/bbl in 2009 to almost \$80/bbl in 2010. The pattern appears to be continuing in 2011. The budget is still in deficit, but if oil prices remain in the neighborhood of \$100/bbl, official forecasts see Russia returning to balanced budgets by 2015; if prices hover in the vicinity of \$90/bbl, the country would run a deficit of one or two percent of GDP.

Figure 1. Oil Prices and Russian Economic Performance, 2003-2010



Sources: World oil price: BP, *Statistical Review of World Energy*, June 2011. GDP growth rate: calculated from GKS data.

It is important to recognize that there are significant differences between Russia and an archetypal natural resource economy, such as Saudi Arabia or Kuwait. Significantly, the Russian economy is much more complex, containing opportunities for backward linkages that are not present in other settings. That is, when the Russian oil sector grows, it can (and does) buy inputs from domestic producers, and its employees can (and do) buy goods from domestic producers. Furthermore, Russia has generally followed sound policies in order to deal with challenges such as exchange rate appreciation, which can accompany large inflows of capital from natural resource exports. Most notably, Russia heavily taxes its oil exports and invests those revenues internationally, using such vehicles as Eurobonds or U.S. Treasuries, which reduces upward pressure on the exchange rate and on domestic prices. In addition, while the export taxes perpetuate a split between domestic and world prices for crude oil, they do so in a way that is far less market-distorting than simply decreeing that domestic prices must be held low. There is no longer nearly as great a temptation to arbitrage the difference between those prices as there was in the 1990s.

Nonetheless, while there is more to the Russian economy than just oil, taxes on and revenues from the petroleum sector (as well as the natural gas sector, which is related to but separate from oil and is not considered in this memo) have been a central component of the country's fiscal and economic successes since the early 2000s. When oil prices have been high, Russia has grown its economy and balanced its budget. When they have been low, growth has reversed and deficits have returned. This situation will only change slowly, if at all.

The Actors

The participants in the Russian oil sector are numerous and varied. First is the state itself, which affects the system in at least three significant ways, two of them active and one passive. Perhaps most obviously, the Russian government affects the oil sector through regulation, including taxes, privatization plans, allocation of exploration and production licenses, and approval or disapproval of mergers. In addition, the state exerts direct control through its ownership of Rosneft and Gazprom Neft, two of the five largest producers in the country, as well as Transneft, the pipeline company. Finally, the state serves as an object to be lobbied by the major Russian companies, as well as foreign suitors.

In addition to the state, the sector includes several major oil companies that vary in terms of ownership, production, and operation (see **Table 1**). Rosneft is the largest (in terms of production), although it began its post-Soviet life as essentially an afterthought. When LUKoil, Surgutneftegaz, and Yukos were created as separate, state-owned companies in 1992, the rest of the oil sector was left in a holding company called Rosneft. Over the next several years, additional companies, including Sibneft and Sidanko, were broken out of Rosneft and sold off. It was not until Putin appointed Igor Sechin, his erstwhile KGB associate, as head of Rosneft that the company became a major player. Most importantly, Rosneft became the vehicle for the state's takeover of Yukos in 2003, vaulting it overnight to the rank of the country's leading producer. Since then, however, it has also invested in new production (often with state assistance in procuring development licenses) and has continued to grow. The most important greenfield development to date has been the Vankor oil field in Eastern Siberia. It currently produces more than 250,000 barrels a day and is the main source of oil to fulfill a 20-year contract with China that went into effect in January 2011.

The other large, state-owned oil company in Russia is Gazprom Neft, operated by the natural-gas behemoth, Gazprom. Early in his first term, Putin replaced the Yeltsin-era management of Gazprom and strengthened the company's control over its subsidiaries (especially the trading company Itera, which had siphoned revenues from Gazprom in the 1990s). Originally expected to take over Yukos, Gazprom was outmaneuvered by Rosneft and Sechin, as well as some of the legal tactics of Yukos. In the end, it had to be content with taking over Sibneft from oligarch Roman Abramovich. Since then, the company has not been especially dynamic economically or politically. It is the fifth-largest Russian oil producer, but its output has been essentially stagnant

since 2006. And unlike its parent company, Gazprom, which is able to use the state to push competitors out of natural gas fields, Gazprom Neft has made no such moves.

Table 1. Major Russian Oil Companies (2010)

Company	Million tons/year	Million barrels/day	Percent Russian total	Ownership type	5-year production trend
Rosneft	115.8	2.3	22.9	State	Increasing
LUKoil	89.8	1.8	17.8	Private	Increasing
TNK-BP	87.5	1.75	17.3	Private	Stagnant
Surgutneftegaz	59.5	1.2	11.8	Private	Declining
Gazprom Neft	50	1	9.8	State	Stagnant
Other (<i><6 percent each</i>)	102.4	2.04	20.4		
Total	505	10.09	100		

Sources: Company annual reports; Calculations from GKS data.

Three other large firms – LUKoil, Surgutneftegaz, and TNK-BP – are majority privately owned, although they vary widely in how they operate economically and in how they approach politics. LUKoil was one of the first oil companies to be privatized, with company insiders acquiring a significant stake. Over the last decade, its expansion efforts have focused most heavily on international opportunities, and its political strategy has been to avoid antagonizing the government. (In the wake of the Yukos affair, for example, LUKoil began to advertise just how happy it was to contribute to the social development of the country, perhaps even over-paying its taxes.) It has not been a stagnant company, however. It was once 20 percent owned by ConocoPhillips (although it recently completed a buy-back of those shares); it acquired a 25 percent stake in new fields in the Timan-Pechora basin earlier this year; and its newest effort at partnership involves talk of a joint venture with Rosneft in the Black Sea.

Surgutneftegaz was also privatized to insiders initially, but it has been less dynamic than LUKoil, preferring a slow-and-steady approach. Its business plan has relied on drilling high numbers of exploratory wells in the fields it owns, and it has been very quiet politically. Its risk-averse strategy has not paid great dividends in production rates, but it is still the fourth-largest producer in the country, and it has holdings in East Siberia that show promise of increased output.

TNK-BP, Russia’s number 3 producer, by contrast, has caused much greater stirs in the political realm. Formed in 2003 as a 50-50 joint venture between the Russian group Alfa-Access-Renova (AAR) and the international oil major BP, the company has conflict built into its ownership structure, and it has not disappointed. In 2008, AAR

tried to drive BP out of the partnership and succeeded in pushing CEO Bob Dudley out of the country temporarily. This past year, the group successfully scuttled a joint venture between BP and Rosneft, as will be discussed in more detail below. The company still produces a great deal of oil, but in some ways it seems like the least stable of the Russian majors.

Transneft, which ships 93 percent of Russia's domestically produced oil through its pipeline network, is another major player in the Russian oil system. Although some of its equity is in private hands, all of its voting shares are still owned by the state, and it exhibits the lack of transparency often associated with such enterprises. (Minority shareholder, lawyer, and blogger Alexei Navalny has leveled sensational embezzlement charges against the company, which the government has so far unsuccessfully tried to sweep under the rug.) Its behavior, however, is driven not only by its state ownership but also by its position as a profit-seeking monopoly, demonstrated most clearly in its efforts to raise transportation tariffs.

The Action

The Russian oil sector has made headlines several times this year, as players have negotiated over redistributing assets and changing the rules of the game. The most famous conflict over assets involved state-owned Rosneft, international oil giant BP, and BP's Russian partner AAR (AAR and BP together own TNK-BP). In January 2011, BP and Rosneft signed an agreement to give Rosneft 5 percent of BP and BP almost 10 percent of Rosneft, in conjunction with plans to jointly explore in the Russian Arctic. The deal had the support of Igor Sechin – deputy prime minister and then-head of Rosneft – as well as at least the tacit support of Prime Minister Putin. In March, however, AAR won an injunction against the deal in a Swedish court, because the TNK-BP charter says all of BP's Russian activity has to take place through TNK-BP, and the BP-Rosneft deal would cut AAR out. Several efforts were made to resurrect the deal, including a rumored buyout of AAR by BP, but it now appears dead.

Not all mergers in the sector were scuttled, however. As noted above, LUKoil purchased a 25.1 percent stake in the Trebs and Titov fields in the Timan-Pechora basin, thereby forming a partnership with Bashneft, a company now owned by the Sistema group in Russia. LUKoil is also in talks with Rosneft to form a joint venture for offshore exploration in the Black Sea. Those talks, however, are evidence of another setback for Rosneft, since they are only possible because Chevron pulled out of its joint exploration plans with the company. Rosneft's only major transnational venture that is still ongoing is with Exxon in the Black Sea.

On the international stage, a conflict has simmered between Transneft and China's CNPC. The Chinese company (and government) has argued that Transneft is charging too much for the oil it ships through the ESPO line and has unilaterally underpaid. Transneft argues that it is simply charging the price agreed upon in the contract. China has repaid some of the difference, but Transneft has recently threatened to repay its \$10 billion loan from China early and to work with Rosneft on taking CNPC to court in order to resolve the dispute.

In addition to these inter-company negotiations, the sector has been changed by new state policies on taxes, pipeline access, and management and ownership. Regarding taxes, the government gave concessions two years ago to new oilfields in Eastern Siberia in order to encourage production to fill the ESPO pipeline and fulfill commitments to China. This year, however, those concessions were removed for the three fields in the region – Rosneft’s Vankor, TNK-BP’s Verkhnechonsk, and Surgutneftegaz’s Talakan – on the argument that the fields were up and running and could operate profitably even if they paid the same export tax as older fields, especially with world oil prices being so high. (The Vankor breaks were already scheduled to expire this year, but those for Verkhnechonsk and Talakan were phased out ahead of schedule.) At the same time, the state eliminated extraction taxes for new projects in the Black and Okhotsk Seas and the northern Yamalo-Nenets region.

In the transport sector, the government in May of this year changed its policy regarding the re-sale of pipeline quota allocations in May. Transneft argues that preventing re-sales will make its system more transparent, preventing politically connected oil companies from hoarding quota allocations for the most desirable export routes. Others, however, see a heavier state hand involved, pointing out that one of the companies most negatively affected by the change so far appears to be TNK-BP – the company that thwarted state-owned Rosneft’s plans to create a joint venture with BP.

In the past few months, the government has also begun to restructure its ownership and control in the sector, although how far this will go remains to be seen. At the end of March, President Dmitry Medvedev announced that government officials would have to leave corporate boards. Although the order was directed at more than the oil sector, within two weeks Sechin stepped down from his position as CEO and board member at Rosneft. Likewise, Energy Minister Sergei Shmatko was forced to resign from Transneft’s board of directors (although his replacement by former East German intelligence officer and Nord Stream manager Matthias Warnig represents a continued presence for the security services). In June, Medvedev said the government should revise its privatization plans for several enterprises, including Rosneft, calling them “too modest” and suggesting the state could be left with only a minority stake in some instances. In August, Transneft was added to the list of companies to be partially privatized, although the state seems set to retain an overwhelming share.

The Implications

What are we to make of these developments in the Russian oil sector over the past year? The ouster of Sechin and Shmatko from the boards of directors of oil companies was a striking move. The presence of high-ranking government officials on the boards of major companies was an important part of Vladimir Putin’s re-centralization of economic and political authority, and Sechin epitomized that strategy. His removal could represent a significant change (and not just in the oil sector; it could mean a general decline of his influence in politics). Likewise, if privatization continues in the direction Medvedev has pointed, the state’s direct control over these companies will decline further.

Of course, it is too early to know for certain how these and the other policies discussed here will affect the sector or the country, especially since some of them may simply reflect political maneuvering in the run-up to next year's elections. Nonetheless, they shine enough light for us to see that, at least in this sector, Russia's political economy looks like what we might call "really existing capitalism" – not a textbook form, but something like what we see in other capitalist political economies. Enormous companies (but not just a single monopoly) face the market, each other, and the state as they compete for wealth and influence. The state has some independent power, but it also relies heavily on the individual companies and the sector as a whole. The system is not always conducive to grassroots democracy or broad-based economic growth, but even the most powerful vested interests may not be able to control its development.

In the Russian case, however, these arrangements are all still new and poorly institutionalized. Even the United Russia party, which was intended to systematize the Putin regime's hold on power, is still in flux. Such a system is vulnerable to shocks, such as the rise or fall of a major player, a rapid change in oil prices, or an election (even if the winner is not a surprise, the campaign or the aftermath may be destabilizing). Likewise, the policies of replacing members of corporate boards or selling off shares of leading state-owned enterprises may have unintended consequences. Those results, in turn, will help determine the continuing evolution of the political and economic systems in Russia.

Tajikistan's New Trade

CROSS-BORDER COMMERCE AND THE CHINA-AFGHANISTAN LINK

PONARS Eurasia Policy Memo No. 169

Sébastien Peyrouse

Johns Hopkins University (SAIS)

Introduction

The official Tajik narrative on cross-border relations with Afghanistan focuses on security concerns, namely the spread of drug trafficking and Islamic militancy. Presenting these threats as entirely external in origin is useful for Tajik elites as it attracts the attention of the international community. However, these issues can in large part be explained by elements of Tajik society itself, including interregional balances, rivalries between influence groups, patrimonial sharing of riches, and the recurrent poverty of the majority of the population. Moreover, the security and defense aspects of relations with Afghanistan are counter-balanced by commercial opportunities offered by Tajikistan's geographical location. A parallel development of trade with both Afghanistan and China is transforming the social fabric and economic strategies of Tajik elites. In Central Asia, Tajikistan has benefitted the most from Chinese investments in road infrastructure, the aim of which is to integrate Tajikistan better into Beijing-led regional trade dynamics involving Afghanistan and Pakistan. Tajikistan is also subject to growing pressure from Afghan partners to open up its borders so that Afghan businessmen have road access to the Chinese market. Pro-Chinese and pro-Afghan lobbies are thus going to structure Tajik trade, particularly in Tajikistan's eastern Gorno-Badakhshan Autonomous Region (GBAO). The pattern of border openings contradicts a more security-oriented approach.

Landlocked Tajikistan and the Chinese and Afghan Neighborhoods

Although Tajikistan is one of three Central Asian republics that borders China, it never developed direct relations with China during the Soviet period. Because of its civil war (1992-1997), it was the last Central Asian state to sign a border delimitation treaty with Beijing, which it did in 2002. In the treaty, Tajik authorities ceded to China 1,000 square kilometers of mountainous zones situated east of Murghab in the Pamirs, although parliament only ratified the transfer at the start of 2011. Once behind its neighbor Kyrgyzstan in terms of trade with China, today Tajikistan enjoys the same commercial dynamic. In 2010, China was Dushanbe's largest trade partner with 33 percent of total

trade, while Tajik commerce with Russia made up only 19 percent. Significantly, Tajikistan receives two-thirds of total Chinese loans to Central Asia. Tajikistan's largest creditor is China and its debt levels toward its neighbor have reached dramatic proportions: more than a third of Tajik debt is tied to Chinese credits, amounting to more than \$700,000 million at the end of 2010. More than 80 percent of Chinese investments in the country are offered in the form of credit.



Chinese credit institutions particularly spoil Tajik authorities because the country is seen by Beijing as the missing link in its access to Afghanistan. The direct Wakhan Corridor between China and Afghanistan is difficult to access. Chinese products destined for the north of Afghanistan arrive via Tajikistan. The wholesale Chinese bazaars that have opened on Tajik territory serve not just the national market, but also neighboring Uzbekistan and Afghanistan. Two routes rival each other for control of Chinese products, one

route going on to Uzbekistan and the second to Afghanistan. The first route passes through the great bazaar of the Kyrgyz south, Kara-Suu, in the direction of Khujand (in northern Tajikistan), and then onto Dushanbe. After the route undergoes renovations, it will be able to split into two and also traverse Tajikistan's Rasht Valley. The second is direct, passing through the only Tajik-Chinese border post located at the Kulma Pass (Kalasu on the Chinese side), situated at an altitude of 4,300 meters in the Pamir Mountains.

The largest Chinese investments in Tajikistan are in the transportation sector, with the construction of roads, tunnels, bridges, earthworks, and shipment terminals. Investments come from the China Import-Export Bank or from large international organizations such as the Asian Development Bank, the Islamic Development Bank, or the OPEC Fund. Beijing's objectives are twofold: 1) to improve the link between Dushanbe and large provincial towns, such as Kulyab, which are viewed as key elements in the country's political stability; and 2) to develop trade relations with bordering countries – Kyrgyzstan, Uzbekistan, Afghanistan, and China. In particular, China wants to integrate Tajikistan into its already ancient partnership with Pakistan via the Karakoram Highway as well as into its more recent trade and investment relationship with Afghanistan.

The Border Trade between Gorno-Badakhshan and Afghanistan

In the framework of the growing triangular relationship between Tajikistan, China, and Afghanistan, the Gorno-Badakhshan Autonomous Region plays a specific role as a crossroads. Geographically isolated from the rest of the country, Gorno-Badakhshan is populated by Pamiris, members of the Ismaili sect of Shia Islam (other Tajiks are Sunni).

Gorno-Badakhshan benefits from the support of the Aga Khan Development Network (AKDN). The AKDN is probably one of the most marked elements of the transformation of the post-Soviet social fabric in Gorno-Badakhshan. It focuses on reducing poverty through development and advocating partnership between the state and private sectors. It disseminates an ideology of private enterprise that invites isolated and impoverished communities to participate in their own development as a way of “nationalizing” or “regionalizing” the market economy system.

The main AKDN program, the Mountain Society Development Support Program, fosters agricultural self-sufficiency but also trade relations between Gorno-Badakhshan and the northern provinces of Afghanistan. Between 2002 and 2008, the AKDN spent nearly \$2 billion to build or renovate several Tajik-Afghan bridges across the Panj River. It also participated in the renovation of the Murghab-Kulma and Darvaz-Kuliab roads, which connect Tajikistan to China and Afghanistan, respectively. At the national level, bridges in Gorno-Badakhshan have gradually declined in economic importance with the opening in 2007 of the Nizhny-Panj bridge, which links Tajikistan to the small Afghan town of Shir Khan Bandar, and which was built by the U.S. Army Corps of Engineers. But at the local level in Gorno-Badakhshan, AKDN bridges play an increasingly important role in fostering trade exchanges.

The bridges in Khorog, Ishkashim, and Darvaz already have established markets on either side of the border, while the Langar and Vanch bridges are expected to get theirs in 2011. Market days are every Saturday and allow for small-scale trade: Afghans sell potatoes, cattle, diverted humanitarian aid, Iranian and Pakistani products (dishes, leather, and shoes), precious stones, gold, and carpets, while the Pamiris sell pastries, bread, and Kazakh and Chinese products. Each vendor pays for a license to the market administration and each client registers to cross the bridge. Up to \$1,110 dollars in tax-free goods are authorized; nonetheless, this figure is rarely reached, except by representatives of prominent businessmen from Kunduz, Fayzabad, or Mazar e-Sharif. In 2010, the Tajik government declared Ishkashim a free trade area, hoping to bring in foreign investors.

Figure 1: Growing Tajik-Afghan Bazaars*

Bazaar	Number of registered customers, 2007	Number of registered customers, 2009	Revenue generated weekly in 2007, in somoni	Revenue generated weekly in 2009, in somoni
Khorog	1,500	2,300	50,000	120,000
Ishkashim	2,300	3,000	60,000	180,000
Darvaz	1,000	1,300	15,000	65,000

As Figure 1 shows, not all markets are equally important. Some are destined to remain small because there are few inhabitants on its Afghan side; the area is extremely mountainous, and local trade has been traditionally limited to livestock and food

* I am grateful to the Pamir business association Milal-Inter for providing these figures. The Gorno-Badakhshan administration has tasked Milal-Inter with monitoring the number of visitors to bazaars and the revenues generated.

products. The markets at Khorog and especially those at Ishkashim play a more regional role. The markets offer non-negligible commercial opportunities to the local populations, some of whom hope to profit from the border openings to get out of the rather unprofitable agricultural sector and avoid migration to Russia, which has become one of the main professional prospects for working-age Tajik men, and also for a growing number of women. Small commercial niches are thereby created, with Pamiri traders aiming to become intermediaries in China-Afghanistan trade.

Pro-Chinese and Pro-Afghan Business Lobbies in Tajikistan

In addition to their impact on the lives of local populations, new trade linkages have had direct implications for Tajik elites. Private economic interests drive geopolitical strategies, and nearly the entire Central Asian trading system is based on corruption schemes. The so-called “red” (*krasnyi*) trade involves high-ranking political figures, while the “black” one (*chernyi*) goes through underground schemes, but also relies on influential ruling persons. Some members of the presidential family, directly involved in the most profitable sectors of the national economy, have Chinese-linked interests. One of Tajik President Emomali Rakhmon’s sons-in-law has built a partnership with a Chinese-Uyghur businessman, whose trade he facilitates in exchange for a cut of the profits. The main Tajik oligarch, the president’s brother-in-law Khassan Sadulloev, controls some sixty companies and has Chinese-directed economic interests, such as in the building materials sector.

Afghan business lobbies in Tajikistan are less directly linked with the presidential family. Chinese-Afghan-Pamiri commerce is controlled in part by Milal-Inter, an association of sixty Pamiri businessmen headed by the influential *apparatchik* Boymamad Alibakhshov, a former member of the Communist Party committee and head of the Soviet-era state investment committee. Milal-Inter has positioned itself as a mediator of trade between China and Afghanistan and lobbies on behalf of Afghan businessmen who wish to operate more easily in Tajikistan.

The association has set up real lobbying strategies at the institutional level. Several of its members belong to the Committee for the Development of Border Cooperation in Tajikistan’s Ministry of Economy and have entered into the provincial administrative organs of Gorno-Badakhshan. The association is, for instance, in charge of the secretariat of a joint GBAO-Fayzabad committee established to resolve customs issues and will also manage a joint GBAO-Osh Committee that is planned for 2011. The association has also managed to position itself as an essential intermediary for international organizations like the OSCE (Organization for Security and Cooperation in Europe), the Eurasia Foundation, and Germany’s GTZ, through activities like tourism promotion and the management of resource centers at Tajik-Afghan bazaars, where it offers free legal advice to settle disputes between vendors and customers.

The results obtained by Milal-Inter have confirmed the effectiveness of its lobbying, thanks to some support among the presidential family and the Aga Khan network. In 2009, the association managed to get restrictions lifted on the list of approved products for sale at bazaars, and it campaigned in 2010 for the opening of

bazaars for two or three days a week. It asks the authorities to open flights to Kabul and Kashgar, China, from Ishkashim's small airport, so that Pamiri traders are not at a disadvantage compared to those from Dushanbe. It has attempted to put pressure on Dushanbe to ask the Chinese government to grant Tajik trucks the right to enter Chinese territory and thus prevent Chinese companies from having full control over transit. Last but not least, Milal-Inter intensively lobbied the Tajik authorities to allow foreigners to cross at the Kulma checkpoint – limited to nationals from both states – giving an obvious nod to its Afghan partners. This facilitation of administrative procedures for Afghans will increase the competition they will exert on Pamiris, but it will also, more importantly, serve to prevent them from having to go to China via Dushanbe, which will ultimately ensure a transit role for Gorno-Badakhshan. In addition, through personal contacts established by Alibakhshov in Afghanistan, Milal-Inter is the only Tajik organization to have directly signed a cooperation agreement to develop trade relations with the administration of Afghanistan's neighboring Fayzabad province.

Naturally, the association also runs its own business, and Alibakhshov fully occupies the trade niche between China and Afghanistan. In order to avoid local intermediaries, it has opened offices in Kashgar and Kabul, responsible for facilitating transactions with local businessmen and mainly cajoling central governments. In the Xinjiang-Uyghur Autonomous Region, Pamiri businessmen go to Kashgar (in the western part of Xinjiang) but rarely to Urumqi (the capital of the Autonomous Region) and are therefore subject to the whim of their Chinese partners, who charter the goods to Kashgar. It has also set up a branch office in Urumqi for transport: a score of trucks carries Chinese goods to Afghanistan in the summer, as well as to Russia and the Far East in the winter.* Milal-Inter's Afghan connections fuel suspicions about the funding the association received to start its major commercial projects. Some local experts suspect Alibakhshov of being close to some Afghan businessmen from Fayzabad, known to be involved in drug trafficking and suspected of laundering their money in trade with Tajikistan and China.

Conclusions

Tajik society has minimal revenues: agriculture is rather unprofitable, it has few industrial riches (aluminum), and only labor migration, mainly toward Russia, furnishes remittances, which are now key to the survival of Tajik households. The tertiary sector, in particular the trade of Chinese goods, is also booming, as it is in neighboring Kyrgyzstan. In this framework, Tajikistan's proximity to Afghanistan, and the Chinese desire to connect the two countries, provides new economic opportunities for a still restricted circle of Tajik traders. For Tajik elites, China presents itself as a new and unavoidable ally in comparison with Russia, judged too assertive on the strategic level and too hesitant on the economic level, and Iran, which remains a limited economic partner and a cumbersome neighbor on the geopolitical level. Tajikistan's

* Information provided by Boymamad Alibakhshov and other Milal-Inter members during interviews with the author in Khorog, June 2010.

relations with Afghanistan are driven in large part by the underground interconnections of drug trafficking, which makes up a significant part of the revenues circulating in the country, the Tajik drug barons clearly displaying their *nouveaux riches* status. The Tajik regime is thus caught in a vice between two contradictory logics: while it seeks to secure its borders and avoid any destabilization spillover from its Afghan neighbor – a discourse in keeping with that of the international community – it also hopes to benefit from new regional economic patterns, both legal and illegal.

Russia's Energy Security Dilemmas in Northeast Asia

CONTENDING WITH THE DIFFERENT FACES OF RESOURCE NATIONALISM

PONARS Eurasia Policy Memo No. 170

Adam N. Stulberg

Sam Nunn School of International Affairs, Georgia Institute of Technology

Introduction

Northeast Asia is widely regarded as “ground zero” for global energy activity, with mounting demand and anxiety about over-reliance on vulnerable sea-lines from traditional but unstable Middle Eastern and African suppliers. Accordingly, emerging Chinese, Japanese, and Korean markets have become a conspicuous fixation for Russian suppliers, given their proximity for overland transit, changing geological bases of domestic production, and drive to diversify outlets to break the “co-dependency” on established European importers and post-Soviet transit states. For many observers, mutual and converging commercial energy interests among the world’s fastest growing supplier and customer regions constitute the basis for spurring development in the Russian Far East while bolstering integration within the Asia-Pacific region and transforming Russian-East Asian cooperation. Others, however, are not as sanguine, seeing in complementary supply-demand interests and the strengthening of interdependence a recipe for deeper Russian-East Asian engagement that has negative strategic consequences for Europe and the United States. Still others see the assertion of resource nationalism – marked by (re)statization of the energy sector, a resort to pipeline politics, and competition for equity oil stakes – as a harbinger for strategic rivalry across Eurasia and between Russia and the heavily import-dependent Northeast Asian states – and not to Moscow’s advantage.

Yet for all the political handwringing over Russia’s “Eastern vector” of diplomacy, the debate typically overlooks the mixed record of Russian-Northeast Asian energy relations. It also conflates commercial with non-commercial energy competition and fails to appreciate the dynamics (and dilemmas) of strategic energy interaction.

This memo addresses these oversights by recasting the Russian-Northeast Asian energy tangle in terms of a security dilemma. It begins by exposing prominent myths that color an assessment of this relationship. It then explicates market and institutional factors that shape the intensity of security dilemmas in Russia’s oil versus gas relations with China and Japan. This entails focus on dimensions of cooperation and inadvertent

escalation of tensions. The conclusion illuminates practical guidelines for advancing Eurasian-Northeast Asian energy projects and strategic reassurances.

Myths vs. Realities

Moscow's prevailing energy strategy projects that new oil development will constitute 50 percent of national production, and that output from gas fields in East Siberia and the Russian Far East will exceed that from European Russia by 2030. This "Eastern" energy wealth represents the brightest light amid rising depletion rates (60-75 percent) of existing large fields in West Siberia. Coupled with the Kremlin's determination to spur development in the Far East, mounting activism of state-owned energy companies at tapping these new reserves, and a push to diversify Russia's international customer base to enhance "security of demand," the Kremlin is primed to engage China with energy at the core. Russian officials and policy insiders also eye the promise of energy cooperation with Japan and South Korea for diversifying regional energy exports, securing a springboard into new markets in Southeast Asia and the United States, and embracing the dynamic Asian-Pacific "face" of globalization.

Not surprisingly, Russia's commitment to strengthening its foothold in the rapidly growing East Asian energy markets raises the specter of a resurgence of aggressive resource nationalism. This conventional wisdom, however, is premised on at least four prominent myths.

1. Russia as an Energy Superpower?

Its emergence as the world's largest oil and gas producer notwithstanding, Russia is a price-taker in the integrated global oil market and faces significant fiscal and infrastructure constraints on employing gas as a sustainable strategic weapon. Although capable of disrupting short-term supply to gas customers in Europe, Russia's stature in emerging Northeast Asian markets is circumscribed by steep start-up costs and preoccupation with "returns on investment" with new pipelines, as well as by the prominence of increasingly integrated LNG markets and the rising potential of unconventional gas offered by more established Southeast Asian, Australian, and Middle Eastern suppliers. The country's eastern hydrocarbon resources are situated under permafrost and complicated geological conditions that elevate already high exploration, production, and export costs. The competitive disadvantages of these fields are compounded by the fragile ecosystem and general under-development of the surrounding provinces, as well as Moscow's dependence on foreign investment, capital, technical knowledge, and managerial experience for unlocking these new and especially difficult-to-access reserves.

2. Russia's Aggressive Resource Nationalism?

A second misconception is that Russia embraces a concerted and coherent strategy of resource nationalism. Yet resource nationalism comes in different forms, including deliberate strategies to bolster energy cooperation and foreign investment. Under Vladimir Putin's presidency, the emphasis was on redressing the insecurity prompted

by dramatically declining socioeconomic trends and general degradation of the inhospitable Far East, its creeping dependency on China, and appreciation of the region's energy potential for strengthening Russia's position in Asia. This fostered an autarchic, if not paranoid, approach to building up the region's energy infrastructure as a bulwark for accelerating protectionist political and economic development in the Far East and asserting Moscow's strategic interests in the Asia-Pacific region. In the face of steadily declining socioeconomic trends in the Far East, disappointing performance of successive government-sponsored regional development projects, and the threat of Russia's further marginalization in Asia, President Dmitry Medvedev retreated from offensive energy plays in favor of diversifying and modernizing the economy. So in contrast to the strategically competitive orientation of the earlier Russian posture, since 2009 the state-directed strategy has placed emphasis on bartering commercial energy deals in the Far East for increased trade and investment links with China, Japan, and South Korea, both directly and via participation in APEC (Asia-Pacific Economic Cooperation) and other international organizations.

Moreover, what is "good" for Russia's state energy companies, let alone private firms, is not necessarily "good" for advancing Russia's national strategy. True, the interests of the political leadership and national energy companies can converge. This was the case with the Kremlin's discretionary enforcement of environmental protection and pressure on foreign majors to sell shares to Gazprom in the potentially productive Sakhalin-2 project in 2006. However, they also can conspicuously conflict, as evidenced by Gazprom's arbitrary intervention in the development of the Kovytko gas field, the gas giant's decision to buy Central Asian gas at the expense of exploring the Chayandinsk field in Sakha, and the Russian railroad monopoly's efforts to undermine the Eastern Siberia-Pacific Ocean (ESPO) pipeline in favor of expanding regional rail exports. In each episode, the state company directly undermined the negotiating credibility of federal and regional authorities, as well as the appeal of prospective field development, pipeline deals, and commercial contracting for potential Northeast Asian energy investors and customers. Accordingly, it is not so much that Russia's energy firms serve as proxies for state power as that distinct commercial and strategic motivations converge or diverge under different conditions.

3. An Asian Redux?

It is often asserted that Russia's offensive energy diplomacy toward Europe and post-Soviet transit states will be revisited in relations with import-dependent Northeast Asian customers. But Asia is not tantamount to Europe in Russia's energy strategy or portfolio. The Kremlin is deeply concerned about becoming a "resource appendage" to Northeast Asia and reluctant to play an "Asian energy card" that would jeopardize "modernization alliances" with more advanced and stable economies in Europe and the United States. Moreover, Russia's projected energy trade with Northeast Asia constitutes a residual opportunity, even under the most optimistic scenarios. The national energy strategy officially calls for only gradually increasing Russia's deliveries to East Asia from 4 percent to nearly 30 percent of the country's overall energy exports

by 2030. That Russia has both experienced delays in developing its eastern fields and related pipelines and faces stiff competition from Central Asian oil and gas suppliers only frustrates these optimistic plans.

4. Russia's Energy Unilateralism?

Russia's resource nationalist strategy is typically treated as a product of concerted policy, legacy infrastructure, and resource endowments. Yet the Kremlin does not operate in a strategic vacuum, and it is constrained by the respective interests and behavior of its Northeast Asian partners. With China, Moscow must manage not only the opportunities to diversify supply and its own fears of over-dependence, but the impact of Beijing's activist and state-controlled "going out" approach to foreign equity acquisition and pipeline building across Eurasia. With Japan, Moscow can benefit from complementary interests derived from Tokyo's commitments to diversifying both the geographic and sectoral sources of energy imports, but there are limits imposed by peaking Japanese demand for energy; preferences among Japanese energy firms for investing in downstream activities amid the poor investment climate in the Far East; and the profitability to Japanese refineries of importing "lower quality" crude from the Middle East. These tensions are inflamed by the longstanding political row over the status of the Kurile Islands/Northern Territories.

Strategic Energy Opportunities and Risks

A state's ability to advance its energy security and related cross-border engagement depends, in part, on what it expects other states and firms to do and how these actors indeed behave. The calculations and related energy outcomes, therefore, are shaped by a confluence of market dynamics and domestic politics that constrain the range of possible outcomes, stakeholder interests, capacity to formulate and implement coherent policies, and international signaling among states and firms. Moreover, because extra-commercial energy conflict is costly (in terms of lost revenue, failure to bring resources on line, deprivation of strategic supply, costs of disruption and diversion, and so on), there exists a range of negotiated outcomes that will leave all involved better off than if they arbitrarily turn off the spigot or terminate an existing contractual arrangement. Yet amid bargaining and technical uncertainties, states are entwined in an energy security dilemma, whereby what one does to enhance its security and commercial capacity can fuel the fears of another, inadvertently generating spirals of mutual suspicion and political rivalry to the detriment of both states' energy security. The intensity of this dilemma varies directly with asymmetries in market power and opacity of domestic regulatory systems.

The security dilemmas confronting the Russian government in its energy dealings with Northeast Asia account in part for its mixed success at forging partnerships. On the one hand, the combination of weak market standing and opaque regulatory systems in both Russia and China ironically augur well for cementing joint oil development and pipeline deals. Although the strategic context has been ripe for competitive posturing over contract terms and the stoking of mutual misperceptions,

not to mention frustration, the opportunities for modest gains from cooperation generally outweigh the risks. For Russia, emphasis was placed on keeping options open and wooing preferred financing arrangements for construction of the ESPO up to Skorovodino, as well as securing multiple commitments for throughput from emerging Northeast Asian customers. Similarly, the drop in oil prices and tight global credit conditions enhanced China's leverage in bilateral negotiations over construction of a direct ESPO connector. This not only strengthened the appeal of Beijing's 2009 "loans-for-oil" offers but enabled China to hedge its bet with Moscow and other foreign suppliers, diversifying the commercial and political risks of the country's growing oil import dependence. Although muddled regulatory authority in both national systems shake confidence in negotiations, the opportunistic circumstances reduce the stakes of bilateral confrontation and contain the potential adverse strategic consequences of commercial rows, as evidenced by China's recent decision to pay off its debt for initial deliveries in the face of a Russian threat of legal action.

On the other hand, the market vulnerability associated with piped gas from Russia, and interaction of clearly delineated responsibilities within the Russian gas sector with opaque authority relations among government offices and state-centered energy firms in China have conspired against sealing long-term deals since 2004. This constellation of factors is conducive to accentuating mistrust and converting competitive commercial plays into punctuated political rivalry, notwithstanding otherwise common interests in unlocking reserves and diversifying the energy trade. For example, irrespective of Moscow's claims of innocence in a 2009 pipeline explosion in Turkmenistan, the fear exacerbated by the strategic context had a boomerang effect on Russia's gas diplomacy. It increased the prospective payoffs to Ashgabat and Beijing of taking risks on diversification, while obfuscating China's motives and escalating the costs to Moscow of exerting its significant market power. However, because Japan is not dependent upon imports of piped gas and possesses more transparent regulatory institutions, its gas trade with Russia lacks the same intensity and instability. This creates opportunities for modest commercial cooperation, as evidenced by preliminary cooperation with Gazprom on the construction of the LNG plant linked to the Sakhalin-II and III fields.

Guidelines for Policy

A focus on energy security dilemmas illuminates several practical considerations for future Russian-Northeast Asian energy relations.

Focus on the Strategic Context

The strategic context rather than energy endowments and scarcity, relative power, or discrete national policies can be decisive for determining both the trajectory of commercial energy interaction and the dimensions of political conflict. Russia's success at landing deals with Northeast Asian customers and brandishing the energy weapon vary across sectors and states. Unlike on gas issues, the pervasive market and institutional weakness of the parties in the oil sector lessens both the risks and costs of

being exploited by the other. Accordingly, the sides' burgeoning confidence in the other as negotiating partners in the ESPO is not likely either to unlock or restrict opportunities in the gas sector. Rather, the risks and uncertainty of a Sino-Russian deal are sizeable in their own right due to imbalanced market and regulatory factors that require more than narrow commercial concessions on price to be assuaged.

Embrace the Dynamic Landscape

With the growing promise of shale and unconventional gas exploration across the globe, the industry stands at the precipice of transformation. Should trends hold, the gas sector may reflect the dynamics of the integrated oil trade, reducing the significance of overland pipelines and, thus, Russia's regional market power. This opening of the gas market, ironically, can reduce the risks of commercial cooperation with Russia that, with viable financing arrangements, can both facilitate LNG transactions and break the logjam over prices, thereby enabling Moscow and Beijing to realize ambitious commercial plans.

Promote Domestic Regulatory Reform

Institutions matter for unlocking the prospects of Russia's energy trade with Northeast Asia. However, unlike Russia's relations with Europe, less attention needs to be devoted to forging international norms to protect supply, demand, and transit security. Rather, the focal point for reform should be enhancing the transparency of respective national regulatory systems. Relative market power and bargaining strength matter so much in shaping bilateral Russo-Sino deals and the risks of inadvertent escalation of commercial gas rows are so great because the capacity and credibility engendered by opaque regulatory systems in both countries are so weak. Over time, policymakers should devote more attention to clarifying authority and oversight mechanisms – such as easing restrictions on foreign direct investment, creating new and transparent PSA arrangements, reforming tax structures to stimulate investment in refining and greenfield projects in East Siberia and Sakhalin, distinguishing between state and private authority – in order to allow commercially viable, self-enforcing, and strategically reassuring agreements to take shape. While this may not root out the possibility of future energy conflicts, it will help to expose commercial from strategically offensive intentions, avert costly blunders, and ease the flow of financing and technologies, thus enabling Russian and Northeast Asian partners to realize common energy security interests while strengthening regional and global stability.

The U.S.–Russia Reset

A SKEPTICAL VIEW

PONARS Eurasia Memo No. 171

Volodymyr Dubovyk
Odessa National University

It has been more than two years since the Barack Obama administration initiated its so-called “reset” in the United States’ relations with the Russian Federation. Some might argue that it is too early to judge the outcomes of the reset. This view makes some sense, as the long-term effects of the reset have yet to materialize, but this should not prevent us from making a preliminary assessment. Well into the second half of President Obama’s term, and fast approaching the 2012 presidential election, the time is ripe to remind ourselves what the reset is based on and what it has brought about.

What Lies Behind the Reset

The major conceptual considerations behind Washington’s reset are well known. First, the United States needs a dialogue with Moscow on strategic issues involving matters like arms control and nuclear non-proliferation. This dimension has always been an imperative for U.S. decision makers and a clear priority for any administration.

Second, there is an understanding that Washington needs Moscow to deal with particular countries of concern like Afghanistan, Iran, and North Korea. It presumably helps to have Russia on the United States’ side when addressing the thorny issues raised by these states. This understanding is based on an assumption that Russia is or can become a willing and capable partner in dealing with these problems.

Third, the reset reflects an underlying commitment to the notion that Russia can be a viable and trustworthy partner to the United States regardless of the state of Russia’s domestic affairs. Proponents of this view vary in their analysis, with some saying that Russia is already a democracy while others picture it as an imperfect or peculiar type of democracy. Others admit that it is not a democracy but question a logic that insists Russia must be one to qualify as a reliable partner. Many also suggest focusing on Russia’s stability and predictability, especially in comparison to other post-Soviet states where risky political experiments have anyhow led to only fragile and messy quasi-democracies at best. Overall, “Russocentrism” has never quite fully disappeared from Washington through all these post-bipolar years. Its adherents have

now received a rallying call, a reason to mobilize themselves under the banner of the reset.

A final assumption behind the reset is that if Washington were to soften its approach toward Russia, this could lead to eventual and sizeable changes in Moscow's international posturing, turning it into a more responsible player in world affairs, in particular with regard to its neighbors.

Has the Reset Been a Success?

Let us now compare the fruits of the reset in its two-plus years with these justifications for its introduction. While some rationales may make some sense, others strike us as outright naïve, while still others appear to be based on deliberate (or subconscious) distortions of reality.

The dialogue on strategic arms and the New START treaty are often cited as the reset's most visible achievement. Let us leave aside discussion of the new treaty's merits (U.S. observers have debated whether the treaty was the right way forward, how well it serves U.S. interests, and whether it gives "an advantage" to Russia). For the purpose of this memo, there is a more important question: was it really the "reset" – the new outlook and approach of the Obama administration – that enhanced dialogue and led to the signing of the treaty? Indeed, the U.S.-Russia strategic arms dialogue was going on before the reset, even under the previous administration (if with lots of difficulties and interruptions along the way) and even during the Cold War. Significant preparatory work for a follow-up START treaty was done well before 2009. Thus, it seems fair to suggest that even without the reset or even under a different U.S. administration, there is a good chance that New START would still have come to pass. As well, NEW Start is supposed to be good for Russia too, but have we seen Moscow make any concessions or give up any of its interests to sign the treaty, reciprocating Washington's reset intentions? It remains to be seen whether Moscow can truly emerge as a partner for Washington in the complex process of strategic arms limitations and reductions.

To what extent, then, has the reset led Russia to help the United States in dealing with such difficult issues as dialogue with the paranoiac regime in Pyongyang, halting Iran's program for nuclear weapons development, and ongoing military operations in Afghanistan? The North Korea issue is far from being resolved and has even begun to slip under the radar of attention among the world's leading powers. In any case, Russian influence in North Korea is minuscule; even China has difficulties communicating with its neighbor and onetime loyal satellite.

With regard to Iran, the position of Russia is more ambivalent. Moscow sees threats emanating from Iran but also maintains long-standing ties to the country in different spheres. It is possible that Russia is not that interested in weakening Iran, in light of its own relations with the neighboring South Caucasus and Turkey, and nearby Syria, as well the unclear future of Afghanistan and Pakistan. One could even speculate that Moscow would not mind a stronger Iran, which would prevent the United States from becoming a more successful player in the broader Middle East. Overall, Moscow's

position has fluctuated between highly reluctant support of Washington's tough tone and blocking or sabotaging harsher Western sanctions against Tehran.

When it comes to Afghanistan, it is said that Russia has been helpful in providing some intelligence to the United States. However, such intelligence sharing began long before the "reset." Furthermore, the nature of this subject makes it difficult for scholars to come to any definitive conclusion as to the scope and utility of information sharing.

More significantly, Russia has also given the United States permission to transport nonlethal military supplies to Afghanistan on the Northern Distribution Network passing through its territory. However, did the reset really facilitate this? Assuming for a moment that there was no reset and Americans still asked Russia for permission, it is possible that Russia would have accepted their appeal. Isn't the U.S. presence in Afghanistan inherently good for Russia? After all, it is American blood (and that of their allies) being shed in Afghanistan, and their military operations are preventing Islamic radicals (at least for the time being) from moving in massive numbers further north, perhaps all the way to the North Caucasus, one of Moscow's worst nightmares. In the meantime, both Russian elites and the public at large (not to mention the military) watch appreciatively as the United States figuratively "bleeds" in Afghanistan. They remain very suspicious of the campaign, as with other U.S. interventions, and surely hope it will weaken the United States. Finally, the supposed merit of using Russian territory to transfer supplies is of limited duration – there is no future strategic benefit to the United States, as Washington contemplates ways to wind down its presence in Afghanistan.

Third, even if the reset reflects an Obama administration preference for practical results over ideological posturing, the burden is still on "Russocentrists" to prove that Russia can really be a stable and reliable partner given the current state of its domestic politics – and that an undemocratic but "stable" Russia is a better choice for the United States than democratic but fragile and imperfect partners. It is difficult to imagine that a regime in Russia that takes all the benefits of the reset with no incentive to change its domestic behavior is a more reliable partner for the United States. It is certainly not one that serves the interests of its people. The recent uprisings in the Arab world confirm this in a way. In the end, the striving to enlarge the community of democratic and market-based countries around the world, a slogan of U.S. foreign policy through most of the 1990s, should remain a priority. It is better for the United States to "swim" not with the authoritarian "sharks" but with those whose behavior is based on principles and values similar to those of the United States.

Finally, it is difficult to say that the reset has led Russia to ameliorate its behavior in the post-Soviet "near abroad." Indeed, Washington may not think it has given Russia a mandate to restore its sphere of influence, but what is important is that Moscow thinks this is exactly what has happened. To Russia, Washington's position lies somewhere between outright support for its policy in post-Soviet Eurasia to turning a blind eye. The Kremlin also thinks that in any case there is very little Washington can do to modify its course of action. Outside Russia, many in the region usually fail to grasp all the details of the reset's complex reasoning. Instead, they see a return to

“Russocentrism” in the United States and an acceptance of regional blocs. They feel they are left alone with a no less aggressive Russia, with no objection from Washington.

In conclusion, the reset has not been responsible for any viable or positive outcomes in Russia policy. In general, it has remained mostly an American endeavor; most Russians (public and elites) continue to view the United States with deep suspicion and mistrust. It has not advanced U.S. strategic or international interests, promoted a stable and reliable Russian partner, or advanced the security or freedom of the other states in post-Soviet Eurasia.

An Interactive Planning Approach to Shaping U.S.-Russian Relations

PONARS Eurasia Policy Memo No. 172

Dmitry Gorenburg
Harvard University

U.S. policy toward Russia, as toward the rest of the world, tends to be highly reactive. Analysts and policy-makers usually spend their time discussing what the Russian government might do in the future and how the United States will (or should) react. This is not actually a useful model for foreign policy planning. Over thirty years ago, Russell Ackoff, one of the pioneers in operational planning research, described reactive planning as walking into the future while facing the past. In his words, a reactive planner “has a good view of where the organization has been and is, but no view of where it is going.”* In this memo, I will describe the three forms of planning outlined by Ackoff and make the case for the advantage of developing a Russia policy based on the principles of interactive planning.

Three Types of Planning

In his article, Ackoff describes most planning as a form of “ritual rain dance performed at the end of the dry season to which any rain that follows is attributed.” Rather than having some effect on subsequent outcomes, it makes the planners feel better about any future successes that come their way, while allowing any failures to be attributed to externalities or unforeseen circumstances. The main reason for this lack of impact is that while most planning is designed to address existing or expected problems, problems as such do not exist in the real world. Rather than face finite and well-defined problems, decision makers confront what Ackoff calls messes – systems of problems in which all the problems interact with each other. With such systems, solving each problem only creates new ones and may only make the situation as a whole worse.

The most common type of planning is of the reactive or retrospective variety. Policymakers who use this form of planning are focused primarily with “identifying and fixing up bad situations.” The goal of reactive planners is to try to maintain the

* All quotations in this memo are from Russell L. Ackoff, “The Corporate Rain Dance,” *The Wharton Magazine*, winter 1977. My thinking about this topic was greatly stimulated by Peter Perla, “Beyond alternative futures: Thinking about designing the future Navy,” CNA Quick Response Study, CQR D0024818.A1, March 2011

status quo as much as possible. Government action officers generally spend the vast majority of their time in this mode, dealing with crises that in one way or another imperil the functioning of the programs for which they are responsible. In large part because of limits on time and resources, they are preoccupied with tactical questions and ignore strategic issues.

Prospective planning is the second type of planning commonly used by policymakers. This approach consists of attempting to predict what the world will be like at some point in the future and then preparing to deal with that future. In Ackoff's words, "it doesn't try to buck the tide, but rides on its leading edge, so as to get where the tide is going before anyone else does." The key tools of prospective planners include forecasting and scenario building. While reactive planners focus on short-term issues, prospective planners focus on long-range programs that attempt to optimize a particular set of policies given a set of assumptions about the external environment at some future point. While this approach is less commonly used in government, it does feature in departments that focus on long-range planning. An improvement over reactive planning, this approach suffers from two critical problems. First of all, the scenarios used by prospective planners are generally based on some combination of past experience and current trends. However, as any stock market analyst can tell you, past results are no guarantee of future performance. The only time that the future can be forecast accurately is when it is completely determined by the past. As Ackoff points out, that is also the condition under which no amount of planning can change the situation. Second, it makes no effort to affect the external environment, assuming that this is not something that can be influenced by policymakers.

This willingness to change the external environment is what sets apart the interactive planner. He or she "believes that the future is largely under an organization's control" and depends largely on actions and events that occur going forward than on the events of the past. Therefore, the goal of planning is to design a desirable future and invent ways to bring that future about. Ackoff calls this type of planning "the art of the *impossible*." He argues that the goal of planning should be "to convert what is initially considered to be impossible into what is subsequently accepted as possible." The most effective way of accomplishing this is to change the environment in a direction that makes the preferred future end-state more likely to come about. Unfortunately, this approach to planning is hardly ever used by the policymaking community because they feel they will be able to deal with the future simply by doing a better job of predicting it and preparing for it.

In order to make the impossible possible, Ackoff advocates starting by developing an idealized vision of the future as the planners would like to see it, "if they were free to replace the current system with whatever they wanted most." The only constraints on this "idealized redesign" are technological feasibility and operational viability. The idea is to stop planning away *from* a current state and start planning *toward* a desired state. Ackoff is careful to note that he is not advocating trying to design a future utopia. In his words, an idealized design "is built on the realization that our concept of the ideal is subject to continuous change..." Therefore, the planners have to

include a capability for the system to be able to adapt to shifts both in the environment and in the policymakers' preferences.

Once an interactive planner has developed a vision of a desired future, she or he can work backwards to find potential critical juncture points that can help change the current environment in a direction that would bring it closer to the ideal state. Some of these efforts will succeed, while others will fail. As a result, the conception of the ideal state is likely to change over time and the planning process has to be sufficiently flexible to take such changes into account. But the end result is that planners stop focusing on how to modify the existing world at the margins and start thinking creatively about how to bring about their ideal future.

Building toward an Idealized Redesign of U.S.-Russian Relations

The current diplomatic agenda for both Russian and U.S. policy makers appears to be permanently stuck in reactive mode. Residual fear of the other side's intentions, seemingly left over from Cold War days that ended 20 years ago, continues to exert an influence on policy planning in both countries. Many American policy planners continue to worry about the possibility that Russian leaders harbor aggressive intentions toward the other countries that became independent when the Soviet Union broke up in 1991. Russian planners, in turn, still seem to genuinely fear the possibility of a NATO invasion of Russian territory, at least if one were to take at face value documents such as the 2010 Russian military strategy.

As a result, policy planning on U.S.-Russian relations usually revolves around an agenda based on the past. The dominant issues – NATO-Russia relations, nuclear arms control and proliferation, even missile defense – would be completely familiar to policymakers working in the 1960s and 70s. The few truly new areas of cooperation, such as transit of supplies to Afghanistan via Russian territory and intelligence sharing in counter-terrorism, are often treated with suspicion by analysts and politicians on both sides.

There have been some efforts to engage in prospective planning in the relationship. This has primarily taken the form of efforts to adapt existing institutions to new realities. In some cases, these efforts have had some positive impact, such as the establishment of the NATO-Russia Council as a step to prevent the creation of new dividing lines in European security. Similarly, arms control efforts over the last twenty years have led to fairly significant cuts in the two countries' nuclear weapons arsenals. And planners on both sides continue to look for ways to reduce distrust and increase cooperation in the bilateral relationship, including through the well-publicized attempt to "reset" the relationship after the 2008 elections in both countries. The various bilateral commissions set up by President Obama and President Medvedev are relatively successful aspects of this effort.

But these efforts, while laudable, suffer from the faults common to all prospective planning. They take the current environment as the starting point and attempt to build the relationship from there. They also focus cooperative initiatives on dealing with the threats that exist today or that seem likely to exist in the future based

on current trends. In doing so, they are inevitably doomed to do little more than modify the existing relationship at the margins. What is needed instead is a new paradigm for the bilateral relationship, akin to the ideas that in the aftermath of World War II envisioned a full partnership between the Allied states and Germany and led to German participation in NATO just ten years after its defeat in the war.

What might such a new paradigm look like? The rest of this memo is obviously speculative, and presents a personal point of view of what an ideal Russian-American relationship might look like twenty or thirty years in the future.*

1. Russia and the United States would be partners in a new European (or perhaps even worldwide) security architecture. They would cooperate with other states in ensuring stability and strengthening governance in potentially unstable parts of the world.†
2. The nuclear relationship between the two countries would be similar to that of the United States and Great Britain. In this environment, bilateral nuclear arms control would no longer be relevant. Instead, Russia and the United States would focus on counter-proliferation and multilateral nuclear arms reductions that include all states that possess nuclear weapons.
3. Both countries would be working together to adjust the international security system to deal with China's rising power. The ideal would be to incorporate China seamlessly into existing international security structures or to establish new structures in which China is a full partner.
4. Russia and the United States would be partners in developing technologies to intercept long-range ballistic missiles that could threaten international security. This partnership would be extended to other potential partners, including the European Union and perhaps China and India.
5. Both countries will work together to stem the potential danger from transnational threats such as terrorism, narcotics trafficking, and smuggling. They will also cooperate in dealing with the potential security effects of global climate change.

Given this set of aspects of an ideal security relationship between the United States and Russia, policymakers could work backward to develop a set of policies that could shift the world in a direction that would make some or all of them more likely to occur. For example, it may turn out that thinking along these lines leads to the realization that maintaining NATO in its current form is actually damaging to

* Due to space constraints, I focus here only on security issues. A full analysis would also look at economic relations between the two states.

† Based on current trends, such areas might include Central Asia, the Caucasus, and the Middle East, but of course the zones of instability might be in completely different areas by that point in time.

European security in the long run, leading to efforts to replace it with another organization that includes a broader range of states and does not carry the burden of NATO's Cold War legacy. On the other hand, Russian planners may realize that their country does not face any threat from the West and can therefore transfer their military forces away from European borders and toward more likely security threats on its southern borders. Both of these scenarios seem to be completely unrealistic given today's security environment, but interactive planners may find that they provide the best way to maximize their countries' security in the long run.

Again, in this brief memo I have simply sought to provide some illustrative examples of this approach. The main point is not to focus on the specifics of the particular ideal state of the relationship but to make the case that an interactive planning perspective will more likely to lead to improvements in security for both the United States and Russia. Current planning approaches are still based on a combination of continued mistrust due to Cold War legacies and piecemeal efforts to adapt existing institutions to new realities.

No Enemy at the Gate

AN UNUSUAL ELECTION CYCLE IN RUSSIA

PONARS Eurasia Policy Memo No. 173

Viatcheslav Morozov
University of Tartu

A few weeks after the September 2004 hostage crisis in Beslan, North Ossetia, the leading propaganda man of the Putin regime, Vladislav Surkov, declared: “We must all realize – the enemy is at the gate.” The claim that Russia is surrounded by all sorts of enemies, from radical Islamists in the Caucasus to the U.S. military in Europe and Central Asia, legitimized a range of measures aimed at consolidating the “vertical of power.” This trend culminated in 2007, in the run-up to parliamentary and presidential elections, held against the background of an open confrontation with the West and a crackdown on the liberal opposition within the country.

Promoting the image of Russia as a besieged fortress in order to consolidate public opinion around the “party of power” and ensure a smooth transition of the presidency is by no means unprecedented in recent Russian history. Similar tactics were used in all election campaigns since Vladimir Putin became national leader in 1999. It is therefore surprising that in mid-2011, as a new election time approaches, there is no enemy at the gate – no propaganda campaign that would urge the Russian people to consolidate around their leaders in the face of overwhelming external or internal threats.

In this memo, I first highlight the key differences between the current pre-election landscape and the pattern that emerged over the last twelve years. Secondly, I discuss the possible implications of these unusually calm pre-election developments.

The Curious Case of Libya

Perhaps the most conspicuous feature of the current Russian foreign policy debate is the sluggish reaction to Western intervention in Libya. The decision to abstain in the United Nations Security Council (UNSC) was in itself unique, but there was a moment when one might think that Moscow had changed its mind and was going to lash out at its “Western partners” for violating the sovereignty of yet another state. Prime Minister Putin’s criticism of the UNSC Resolution 1973 as “deficient and flawed,” and of the intervention as a “medieval crusade,” pointed in that direction. However, what this finally amounted to was a rather vivid exchange (by Russian standards) between the

prime minister and President Dmitry Medvedev, with the latter calling Putin's rhetoric "inexcusable" and "unacceptable." This was followed by a series of dull, repetitive statements by Putin and Foreign Minister Sergei Lavrov criticizing the Western powers for going beyond the measures needed to enforce a no-fly zone authorized by the resolution. Eventually even Medvedev himself joined the critical chorus, while Russia declared its unequivocal opposition to any similar involvement in Syria. These disagreements have not amounted to a real conflict, however, and have not affected cooperation in other areas. Moreover, the evolution of Moscow's position on the Syrian case enabled the UNSC in early August to issue a presidential statement condemning the violations of human rights by Syrian authorities.

This stands in sharp contrast to both 1999 and 2003, when interventions in Kosovo and Iraq, respectively, had very serious effects on both Russia's foreign policy and domestic politics. The reaction to NATO's operation against Yugoslavia was particularly harsh and virtually unanimous: the intervention was denounced as cynical, using human rights rhetoric for the sake of geopolitical expansion. Arguably, it was the shock and disappointment over Kosovo that consolidated Russian public demand for a strong leader, which was finally met with the appointment of Putin as prime minister and future presidential candidate. The series of terrorist acts and the start of the second Chechen campaign later in the same year were important to Putin's success, but it was the outcry over Kosovo that made most Russians deaf to Western criticism of human rights abuses in the second Chechen war.

Similarly, in 2003, Russia did not spare harsh words in condemning the U.S. intervention in Iraq as a violation of international law. The campaign reversed the rapprochement that Moscow and Washington achieved in the wake of the September 11 attacks; it enjoyed sustained media attention throughout the year that revealed no sympathy to the American cause. Against this background, it was once again very easy to present Western criticism of the Yukos affair and the crackdown on independent media as cynical and disrespectful of Russia's sovereignty. These abuses, in turn, clearly influenced the results of the 2003-04 elections.

The fact that the Libyan case has not fueled any serious propaganda campaign is even more striking in view of the fact that Russian public opinion is strongly critical of Western action. According to a recent poll by the Levada Center, 62 percent of Russians believe that the intervention is "an aggression against a sovereign nation," 53 percent support Putin's condemnation of the UNSC resolution (compared to only 13 percent supporting Medvedev's stance), and 46 percent describe their reaction as "indignation." The fact that the "party of power" has not used the opportunity to fully capitalize on this public anger is symptomatic.

Different Trajectories for Missile Defense Debates

In 2007, there was no major international crisis comparable to Kosovo, Iraq, or Libya. However, tensions in relations between Russia and the West were definitely higher than in 2003 (and comparable to 1999-2000). The year started with the famous speech by then-President Putin at the Munich Security Conference, where he strongly condemned

the United States for its alleged attempts to create a “unipolar world” of “one master, one sovereign” that undermines the key principles of international law. A major conflict area, also referred to in the Munich speech, was arms control: Russia was particularly unhappy with the U.S. plan to deploy elements of its anti-ballistic missile defense system (ABM) in Eastern Europe. In response, it introduced a “moratorium” on its participation in the Conventional Forces in Europe Treaty and threatened to withdraw from the Intermediate-Range Nuclear Forces Treaty, as well as to deploy Iskander tactical missiles in Kaliningrad.

In military-security terms, Russia’s strategic situation is hardly any different today compared to 2007. The New START treaty, signed last year, has made a huge contribution in terms of mutual trust, but it did not dramatically affect the realities of mutually assured destruction. The strategic significance of the ABM systems currently planned by the Obama administration is largely the same as those planned under George W. Bush: they present no immediate threat to Russia, but a non-expert audience can be scared by their future potential if and when their capabilities grow.

Against this backdrop, Moscow and Washington have failed to agree on a joint missile defense system – a proposal that was evidently very dear to Medvedev and was considered the next major step in building up the partnership between Russia and NATO. The White House makes no secret of its determination to go ahead unilaterally. In a typical Russian pre-election scenario, this would provide a perfect opportunity to re-invoke the enemy image for the sake of internal consolidation. However, official media hardly noticed the failure of the talks, and this certainly was not used for propaganda purposes.

Same Fences, Better Neighbors?

Another pattern in pre-electoral Russian foreign policy is conflict with neighboring states. In 1998, a year before the military campaign in Kosovo, Russia found itself immersed in a war of words with Latvia about its Russian-speaking minority. It all started with the police in Riga dispersing a small demonstration of pensioners, mostly ethnic Russians, who were protesting against the low standard of living. Most observers later agreed that the police used excessive force but also that Russia blew the event way out of proportion. Two weeks later, there arose more cause for indignation: Latvian Waffen-SS veterans, who fought against the Soviet army during World War II, held their annual commemorative march in Riga. These events caused a prolonged crisis in Latvian-Russian relations with far-reaching consequences. It firmly established the theme of discrimination against, or even “oppression” of, the Russian minority in the Baltic states. It also made divergent interpretations of history in Russia and its former satellites a matter of intense public attention, and even obsession, in all countries of the region. Finally, the crises resulted in the first major energy infrastructure project aimed at bypassing transit countries – the Baltic Oil Pipeline System, which diverted Russian oil from the Latvian port of Ventspils to the Russian terminal in Primorsk. This was the predecessor of such contemporary undertakings as the Nord Stream and South Stream gas pipelines.

In 2007, Russia saw itself encircled by unfriendly neighbors. The most acute was the conflict with Estonia over the so-called Bronze Soldier – a Soviet-era monument to Red Army troops who died fighting the Nazis. The Estonian government's decision to relocate the statue caused riots in Tallinn and a huge bilateral scandal, with Russian public opinion strongly siding with the Kremlin. Also, the "meat war" (a ban on the import of Polish pork) marred relations between Moscow and Warsaw. Meanwhile, the fateful row with Tbilisi was escalating, starting with the Russian ban on Georgian wines and mineral water and deportation of "illegal Georgian migrants" in 2006.

In 2011, one can hardly call Russian-Baltic or Russian-Georgian relations friendly, but a certain normalization is definitely in the cards. Relations with Poland were improving even before the death of President Lech Kaczyński in a plane crash near Smolensk, Russia. Numerous problems remain, but none of them are presented in a manner that was typical in the mid-2000s – as an indication that East Europeans are inherently hostile to Russia.

To be sure, if something similar to the Bronze Soldier crisis happened today, the Russian reaction would be equally antagonistic. At the same time, there is no shortage of pretexts for making a good scandal. For example, one of the factors behind the Russian-Latvian crisis in 1998 were disputes about transit fees and infrastructure. Current disagreements around the ownership of Lithuania's natural gas infrastructure and, more broadly, around the "third liberalization package" pushed forward by the European Union possess at least the same or even greater destructive potential. However, this potential appears to be of no political use to anyone.

No Fifth Column

Finally, one aspect of the current situation belongs in the sphere of domestic politics but also has an important external dimension. Since 1999, election campaigns in Russia have always involved a campaign against the human rights movement and other independent political forces. Activists have been accused of working on Western payrolls and against their country's interests. In 1999, this was a major aspect of the Russian repudiation of the West in the context of both Kosovo and Chechnya. In 2003, similar arguments were used against independent media, and they provided additional justification for restrictive laws on non-commercial organizations, political parties, and elections in 2005-07. In 2003, furthermore, the election campaign was overshadowed by the Yukos affair and Mikhail Khodorkovsky's arrest, while in 2006-07 there was a whole spectrum of cases ranging from spying scandals to high-profile killings, including those of Anna Politkovskaya and Alexander Litvinenko.

There are reasons to be skeptical about the timid liberalization initiated by Medvedev, but at least it has not been reversed in the run-up to elections. Khodorkovsky is still in jail, but the president has recently said that he sees no danger in the former oligarch walking free one day. Various officious boards and committees might be a caricature of working civil society, but they sometimes dare to speak up, such as on the sensitive issue of the death of lawyer Sergei Magnitsky in a Moscow

prison. Overall, the political climate in Russia in 2011 is very different from both the alarmist atmosphere of 1999 and the sultry, apprehensive mood of 2007.

The Reset Has Worked

Each election in Russia's recent history has taken place in a unique historical context. On a case-by-case basis, explaining the absence of individual tendencies is easy. Neither an overreaction to NATO's policies, nor a conflict with neighboring states, nor a crackdown on domestic opposition *has* to take place at this time, or indeed at any other specific moment. However, the image of the enemy at the gate has been a recurring feature of Russian election campaigns since 1999, even if its specific manifestations have varied. The fact that no attempts are made to invoke *any* of the hostile images typical for the contemporary Russian worldview suggests that rather than individual pieces missing, we might be dealing with an altogether new puzzle.

In the months remaining before parliamentary and presidential elections, something can still happen that will bring out the familiar specters. Yet it is also worth noting that at least two perfect opportunities to stir up passions – the Western intervention in Libya and the failure of the missile defense talks with the United States – have *already been ignored* by Russian spin doctors. Arguably, this demonstrates a conspicuous disruption of the pattern.

One explanation for this irregularity could be that the “party of power” feels completely secure in its current position and believes that no adrenaline injections are needed for the country to rally around its leaders. This hypothesis, however, does not seem to hold water in view of other developments, such as the creation of the Popular Front around Putin, or the usual flurry of costly promises to all significant groups of voters, which has already given a headache to the Ministry of Finance. All this suggests that the Kremlin does care about the upcoming elections and wants to leave nothing to chance.

Thus, only one explanation remains: the reset has worked. Russian elites might still worry about the domestic political scene, but they are relatively more relaxed about the international environment. Moreover, they value cooperation with the West as a means to achieve external security and promote social modernization. Whether this new attitude is going to last remains to be seen. And there is no guarantee it can be translated to the public, whose view of the outside world in general, and of the West in particular, is still dominated by images of threats rather than opportunities. It will also not automatically lead to a liberalization of the Russian political system. What it does, at best, is create better conditions for Russia's return to democratic development at some point in the future.

Lost in Translation

IS THERE A WAY TO OVERCOME THE DIFFERENT POLITICAL LANGUAGES OF RUSSIA AND THE WEST?

PONARS Eurasia Policy Memo No. 174

Yulia Nikitina

Moscow State University of International Relations

Between Russia and the West, differences in terminology are perceived to signify irreconcilable differences in values, leading to a mutual lack of trust. Observe the language used by these former foes – violation of human rights *or* stability, autocracy *or* sovereign democracy, democracy promotion *or* pursuit of national interests. After the end of the Cold War, the West tried to make its own “official” political language universal, being sure that it needed no translation. However, in the case of Russian-Western relations, this has not led to mutual understanding, even if some concepts have freely crossed borders. This is not because certain political concepts are misunderstood or lack precise equivalents in the other’s political culture. It is worth the effort to decipher others’ political concepts rather than reject them outright.

Psychology in International Relations

Theorists of international relations tend to be attracted to universal motivations for explaining state behavior – a struggle for power, for example, or the search for security and peaceful coexistence. Such concepts are not goals in and of themselves, but means to other ends. No universal frames for understanding behavior can really exist since one’s behavior can be understood only via his or her – or a state’s – internal frame of reference. Similar “goals” (such as power maximization) can have diverse explanations.

From this psychological point of view – after all, “states” really are made up of people – the driving force of state behavior can thus be generalized as simply “self-actualization,” the desire to realize one’s full potential – to maximize one’s abilities. But self-actualization means different things to different states, as it does to different people. In order to interpret a state’s behavior, therefore, it is important to understand its conception of itself. Such a conception is broader than just the current elite’s views and different from the notion of national interests. National self-concept refers to a state’s perceptions and assessment of its own past and future, of its resources and capacities, place and role in the world, its identity and mission. Just as one’s personality can have

different parts, which can lead to contradictory behavior, different political and social groups within a state can have divergent approaches to their country's self-concept but still act at the international level as a unified actor.

One way to get at differences in self-concept is to consider the different effects of high and low self-esteem. On a personal level, individuals who enjoy high self-esteem operate differently than those with low self-esteem. The former generally have firm values, principles, and beliefs, and act upon these without feeling guilty about their choices. They consider themselves equal in dignity to others and respect their differences. They also respect social rules and the needs of others, and do not act at the latter's expense. Individuals with low self-esteem, in contrast, tend to seek out external approval of their actions, and they often feel inferior to others.

In international relations, we might translate this into states' search for legitimization. States with "high self-esteem" seek legitimacy from among their own population or no one at all (as dictatorial regimes are wont to do). They believe they – and not external restrictions (such as the "international system") – are largely responsible for and determine their own behavior. At the same time, they can be expected to respect social rules (international norms). States with "low self-esteem," on the other hand, seek legitimacy from the international community. They blame everything on others or on "fate" instead of locating the source of their problems in their own behavior.

However, one breaks down differences in self-concept, it remains the case that perceptions of others are based on one's values and understandings – we judge by our own standards. For example, U.S. concerns about the rise of China and its aspirations for global leadership are groundless if China's self-concept does not presuppose global leadership despite its extensive resources. In China's place, the United States might strive to become a global power but this does not mean this is China's goal.

We also cannot assume that the principles one teaches at home can be directly "taught" to others. This is easily demonstrated by the failed cases of "enforced" democratization and state-building in Iraq or Afghanistan, for example. "Democracy" often survives on foreign shores only in its ritual forms, blended (as is often the case with the spread of world religions) with local beliefs and practices.

This does not mean that such societies are underdeveloped vis-à-vis the West when it comes to certain political concepts. They are just incomparable. For example, studies of non-Western regionalism have demonstrated that international organizations are often created to help their members preserve their sovereignty rather than to delegate it to a supranational level. As a result, integration within the European Union is now treated more as an exception than a rule. International relations should be approached as if it were a dictionary, not a mathematics handbook with ready formulas and axioms.

Application to Russian-Western Relations

Such psychology-based concepts can help us analyze relations between Russia and the West. The main problem in NATO-Russian relations, for example, differs according to

the sides. For NATO members, the problem is Russia's irrational lack of trust in NATO's good intentions. For Moscow, it is NATO's stubborn refusal to recognize Russia as an equal partner. Both sides deny the other's accusations.

In fact, there is reason to believe their denials are genuine. Russia *is* ready to trust the West. The West does *not* deny Russia's equality as a partner. Russian willingness to trust the West can be illustrated by the Russia-led Collective Security Treaty Organization's relentless attempts to cooperate with NATO. The latter dynamic is exemplified by the discussion surrounding the Russian draft of a European Security Treaty. Russia seeks new rules of the game because it feels it is not treated as an equal partner in existing Euro-Atlantic security structures. Western states, for their part, have never really questioned Russia's equality in the international system and thus do not see much sense in a new regional institution or treaty.

Both sides may genuinely misperceive the other's behavior and, hence, not believe their denials. But another dynamic might also be at play. The sides might in fact believe what the other is saying. This puts their accusations in a different, somewhat less sincere light. Perhaps the West accepts that Russia does not see it as a threat; it is instead the West that perceives Moscow as a threat. And perhaps Russia gets that the West accepts it as an equal; instead, it simply feels itself inferior to the West.

Here I focus on the latter point. A Russian "inferiority complex" may lead Russia to seek out external approval for its actions and to be obsessed with its international image. The search for a "national idea" (the proper context for discussion about "sovereign democracy") has demonstrated that Russia does not really know what it wants to be or how to find its place in the world and to be valuable to itself and others. Soviet ideology held fifteen republics together until their self-perceptions began to change. Twenty years later, Russia still suffers from an identity crisis.

In contrast, NATO outlived the end of the Cold War because it reinvented itself; it found a new way to achieve "self-actualization." CSTO and other exclusively post-Soviet regional organizations are perceived as ineffective, even by members, precisely because they lack a clear unifying idea. On the other hand, the Shanghai Cooperation Organisation (SCO) is perceived to be more viable not because of its capacities (it is, in the end, mainly a talking shop) or impressive membership roster that includes China, but because it is based on an idea – the "Shanghai spirit" (a "nonconfrontational model of interstate relations" allegedly based on trust, mutual benefit, equality, consultation, respect for the diversity of national cultures, and aspirations to common development). An international organization acquires value when it discovers its own meaning and purpose as an entity, and is not simply a collection of diverse states.

It is also worth underlining that disparity within an organization like the CSTO does not necessarily imply that the organization lacks a future. For instance, Uzbekistan, a CSTO member state, questions most of the organization's collective initiatives and sometimes even blocks important decisions requiring consensus. Other members perceive such behavior as unreasonable and non-cooperative and leads observers to conclude that the CSTO is ineffective and doomed to decay. However, one could argue that Uzbekistan does believe in the CSTO's future; otherwise, it would

have already withdrawn from the organization, as it withdrew from the Eurasian Economic Community (Eurasec) in 2008. Usually it is the most active member of a group or community who, in the name of common goals and interests, opposes its leader. As well, a “dissident” often helps unify a group as other members begin to better understand their common values and interests.

Policy Relevance

Just like professional ethics dissuades psychologists from giving advice, the kind of analysis above is intended mainly to provide actors with an outside view of their situation that can help them find their own solution.

What policy-relevant recommendations can follow from such a framework? Generally, policymakers should not defend their perceptions of others’ behavior solely on the basis of the latter’s actions. They should also be open to analyzing their own internal and domestic forces and motivations that can lead to certain perceptions of behavior rather than others. To change others’ behavior, a state may first need to overcome its mistrust of the other and change its own actions accordingly. In the case of Russian-Western relations, this translates into having a sincere informal dialogue concerning the content and causes of each other’s worries and perceptions. A good dictionary and the will to learn each other’s language are needed to achieve mutual trust.

Extending the “Reset” in U.S.-Russian Relations

PONARS Eurasia Policy Memo No. 175

Mikhail Rykhtik
Nizhny Novgorod State University

Was the ratification of the New START treaty the one and only sign of the reset between the United States and Russia? What is the direction for their new relationship?

Moscow and Washington seem to be moving toward a relationship that embodies pragmatic cooperation, albeit one colored by competition and mutual irritation. In moving forward, the next phase of the reset agenda should shift course from “hard” to “soft,” keeping in mind that forthcoming elections in both countries will place greater attention on their own domestic issues.

The challenges of the 21st century are making the United States and Russia more rather than less dependent on each other. The United States’ ability to achieve its top foreign policy objectives – ending military operations in Afghanistan and promoting the spread of freedom and democracy (especially in North Africa and the Middle East) – increasingly requires the support of a strong and politically cohesive Russia. Russia’s ability to achieve its own current primary goal of developing an innovative economy requires U.S. participation and support. The shared global challenges and pressing domestic needs of both states are the basis for the next phase of U.S.-Russian cooperation – a framework that might be called “Reset 2.0.”

Recently, U.S.-Russia relations have been developing along the lines of a more traditional type of relationship between two states, with both countries focused on security concerns like nonproliferation, regional conflicts, terrorism, and missile defense. Indeed, the reset was based on a traditional agenda. The United States and Russia shared a wide range of critical interests, from preventing the proliferation of weapons of mass destruction and combating international terrorism to addressing global energy concerns. Both countries have reached some pragmatically oriented agreements. The real sign of their “hard security” pragmatism was the achievement of the New START agreement.

At the same time, both presidents, Barack Obama and Dmitry Medvedev, have demonstrated an increasing preoccupation with their domestic agenda, including enhancing security at home, economic recovery and development (both countries are trying to reshape their federal budgets), and effective management of national concerns and emergencies. Over the next 18 months, both leaders will be paying attention to their

election campaigns. Their domestic-oriented agenda can help create a basis for fruitful cooperation based on mutual understanding.

The first step to refreshing the reset is for both sides to enhance mutual confidence and trust. Call it the “new philosophy” of the “new” reset. Agreements reached in July 2011 during Russian Foreign Minister Sergey Lavrov’s visit to Washington, DC helped to improve bilateral ties and outlined some basics of the new outlook. The two governments signed an agreement on child adoption laws and held discussions to ease visa problems – both crucial issues for the Russian public. Russia and the United States did not sign a visa agreement, but Lavrov promised that a travel arrangement would come into force by the end of the year. During the meetings, Secretary of State Hillary Clinton said that the United States was interested in liberalizing bilateral ties, and that businesspeople were to be provided with 36-month working visas while students and government officials could receive multi-year visas. The whole program of the meetings was not very typical. The Russian minister even met President Obama in the White House and had a meeting with U.S. Senators. Lavrov also visited a Russian broadcaster, Voice of Russia, which is starting to broadcast programs in Washington in English. He also met Russian Americans, who, according to the Voice of Russia, have many interesting projects aimed at promoting closer cooperation. These and other developments indicate that U.S.-Russian cooperation is reaching a new plateau.

When dealing with Russia’s security and foreign policy, experts in the West are often misled by a lack of attention to cultural angles. Many still filter U.S.-Russian relations through the prism of the Cold War, while some still use the imagery of “Yalta.” It would be wrong to say that the conservatively-minded Russian authorities are no longer obsessed by Western threats (NATO first of all), but in contemporary Russia’s doctrinal thinking one can discern a growing preoccupation with a more Eurasian list of priorities: China’s nuclear and conventional capabilities; Iran, Afghanistan, and Pakistan; and Russia-Japan quarrels over the Kurile Islands (Northern Territories).

The Russian Far East has recently attracted the attention of all high-ranking Russian politicians, including Medvedev, Prime Minister Vladimir Putin, and Minister of Defense Anatoly Serdyukov. Today’s challenges are being played out within a Eurasian rather than a European framework. This trend creates a new environment for U.S.-Russian relations, one free of a traditional, historical, Europe-centric rivalry. This new environment requires new diplomacy and institutions.

At the same time, Moscow also has misguided expectations. First, no clear understanding exists of how U.S. foreign policy is made, particularly the role of rhetoric and certain recent aspects of decision-making processes in Washington (including the renewed importance of Congress). Some Russian experts naively hope that Washington will emphasize the importance of the NATO-Russia Council and convince European allies to invite Russia to participate fully in a collective security strategy. Russia also expected cooperative missile defense system – agreed upon at the NATO-Russia Lisbon

summit in November 2010 – to be based on a joint system, while NATO insisted there should be two independent systems that only exchange information.

Reading official documents outlining the basics of Russian foreign and security policy, one still gets the impression, as Richard Pipes [remarked](#) in 2007, “Russians don’t quite know what their place in the world is and should be. They are very bewildered.” The American scholar is right in arguing that Russia denies being Western, but denies being Eastern even more emphatically. Eurasianism is an ideology that in a way solves the problem, but it is restricted to a small group of intellectuals. In general, ideology is absent in contemporary Russian foreign policy.

In Washington, Russia has been downgraded as a foreign policy priority due to the diminution of Russian power and the emergence of new threats. This is a great advantage that top Russian diplomats do not use wisely. Since Russia is no longer at the center of U.S. foreign policy concerns, there is a good chance that future policies will be free of the ideological baggage that influences various debates over Russia’s membership in the World Trade Organization, missile defense, human rights, and other sensitive bilateral issues. U.S.-Russian relations can be seen in both capitals as just one set among many. The United States and Russia need each other, but U.S.-Russia relations need not form the backbone of the international security agenda.

As always, the main obstacle for U.S.-Russian relations is NATO. Some NATO members (mainly new members) still see their primary mission as countering Russia. Many influential U.S. politicians sympathize with this view. U.S. and Russian leaders both failed to use the “spirit of Prague” to take the next steps for convincing skeptics in both capitals of an improved course. Both countries have to redefine common threats, while strengthening the institutional mechanisms for preventing, managing, and resolving conflicts. If Moscow and Washington are to continue deriving benefits from their expanded ties, they need to move forward on the reset.

First, they must continue to build trust. A “hard” security agenda, as the most controversial topic, should be given a reprieve. It was clear that Russia’s proposal to build a joint missile defense system in Europe was not going to get a reception in Washington. Might it not be worth taking missile defense off the priority agenda? Let us hear the voices of missile defense opponents, who say that the program is wasteful, ineffective, provocative, destabilizing, morally wrong, weaponizing space, and giving one country too much unilateral power.

Second, Russia and the United States should intensify dialogue on issues of mutual concern in sensitive regions around Russia (e.g., Central Asia, Nagorno-Karabakh, Belarus, and Moldova). Russia has to protect its “special interests” in these regions, but as Lavrov said in July concerning Libya: “We have fewer misunderstandings with the United States than with some European countries. We are unanimous that we have to start a political process as soon as possible.”

Third, and probably most difficult, both countries should minimize or avoid criticizing the other based on different understandings of democracy and liberal values. Let us all be more pragmatic.

A Value-Added Button

There are three reasons why the reset policy should continue. First, the United States has a core interest in the Eurasia region remaining peaceful and secure. One can imagine what the world would be like if Washington was confronted (in addition to problems in North Africa and the Middle East) with turmoil in the post-Soviet space. Concerning Central Asia in particular, experts have observed that it is the strategic backyard of every major Eurasian power, including Russia, the United States, China, and even India. Second, both leaders need foreign policy successes. Progress in developing dialogue on a “new” agenda (such as climate change, visa issues, and energy) could be a substitute for failures in “hard” security realms. Finally, Medvedev needs a personal success, and the United States can play a crucial role helping him reach his goal of developing an innovative economy in Russia. In Russia as in the United States, a “hard” security agenda is simply less attractive from an electoral point of view.

Energy (especially nuclear energy considering the tragedy in Japan), technology and knowledge transfer, visa regulations, and space exploration are possible fields of cooperation. Other areas include interdicting drug trafficking from Afghanistan and Central Asia, anti-terrorism cooperation related to the North Caucasus, and dealing collectively with Belarus. Representatives of both countries (experts, politicians, diplomats, scholars, and ordinary people) should also increase their dialogue on a wide range of issues, which would help overcome the resistance to change by conservatives and skeptics. Both states should reach out to each other through a comprehensive public diplomacy strategy via the Internet, international broadcasters, visitor programs, and exchanges to debunk the myth that the United States is hostile to Russia and vice versa. Unfortunately, perceived differences in values continually prevent Russia and the United States from greater integration. This is partly the fault of Moscow for failing to capitalize on opportunities, but Washington also needs to provide clearer justification for expanding Western security institutions without properly addressing Russia’s security concerns.

In short: How can both states contribute to the formation of a new partnership, a “new” reset policy? The immediate answer is to boost a diverse and multi-venue dialogue between American and Russian politicians, professionals, academics, and citizenry on the benefits of a “soft” security agenda, one that would become ever more supple as the 21st century advances.

The Security Dilemma and “Two-Level Games” in U.S.-Russia Relations

PONARS Eurasia Policy Memo No. 176

Mikhail Troitskiy
*MGIMO/MacArthur Foundation**

The Domestic and the International

U.S.-Russia relations today reflect a classic case of the security dilemma. Mutual suspicions between Moscow and Washington go beyond natural concerns about each other’s offensive build-up capabilities. Each state considers the other’s enhancement of defensive capabilities (and international defense commitments) threatening. For example, Moscow views the U.S.-led ballistic missile defense project as a threat to Russia’s nuclear deterrent capability, while Washington and Europe consider military exercises in Russia’s westernmost regions and in Belarus in 2010 and 2011 as rehearsals of suspiciously harsh reprisals against neighboring NATO and neutral states.

The security dilemma is a widespread political phenomenon in international relations. With regard to U.S.-Russia relations, the dilemma results from a set of factors that include post-Cold-War differences in Eurasia policy, the highly controversial logic of nuclear deterrence, and a legacy of deep mutual distrust. While this memo does not discuss the sources of the U.S.-Russia security dilemma at length, it explores the consequences of “two-level” negotiating games between Washington and Moscow on the dilemma. In a seminal 1988 essay, “Diplomacy and Domestic Politics: The Logic of Two-Level Games,” political scientist Robert Putnam noted the difference between international interactions among chief negotiators (such as presidents and their plenipotentiary representatives) and domestic interactions on foreign policy among legislatures, assorted interest groups, and the general public. A successful round of negotiations is one that ends with an agreement championed by lead negotiators with broad endorsement (“ratified”) domestically.

Within the United States, the domestic side of foreign policymaking in security-related discussions is highly visible. The U.S. Congress and business lobbies weigh in strongly when agreements affecting U.S. security interests are discussed between representatives of Washington and Moscow. Relatedly, if not at the domestic level, is another constituency whose opinion the U.S. president needs to respect: U.S. allies both

* The views expressed herein do not necessarily reflect those of the MacArthur Foundation.

within and outside NATO. Given the U.S. commitment to NATO as a key collective security mechanism, the White House seeks broad endorsement by European NATO members on major U.S.-Russia security and cooperative initiatives.

Identifying a clear-cut domestic level in Russian foreign policymaking is more difficult. Since the parliamentary elections of December 1999, the Russian legislative branch has rarely, if ever, voiced disagreement with the Russian president on foreign policy (or other) issues. The range of options available to the Kremlin in its relations with the United States would appear to be only limited by public attitudes and the inclinations of the political elite: as of the summer of 2011, 26 percent of Russians considered the United States a threat to their country, while at least the same percentage of the Russian public did not consider the United States to be a friendly nation.* This, however, does not really create a predicament for the Kremlin: few observers doubt that the Kremlin can simply ignore or purposefully shape the general opinion of the Russian public using major media outlets and the authoritative pronouncements of popular national leaders. This lack of independence of the Russian legislature and public opinion from the Kremlin has at least three negative consequences for Moscow as it engages Washington on security matters.

First, a stronger dependence of domestic views on the preferences of foreign policymakers in Russia often makes Moscow's negotiating position more vulnerable than Washington's. The Russian executive effectively forgoes the opportunity to tie his demands to an expected, but independent, posture of his legislature (when this posture conforms to the position of the president). Second, as long as Russia's chief negotiator cannot make a credible reference to the opinion of independent representatives of the Russian people, his ability to anchor positions in his country's democratic choice becomes constrained. Finally, the Kremlin finds itself hard-pressed to demand more "side payments" (to use Putnam's language) or concessions from the White House, out of concern that the incumbent or next U.S. Congress will scrap many of the benefits that Russia has been able to secure for itself in negotiations.

The Impact of the Game

Even in the presence of such institutional asymmetry, the logic of "two-level games" exacerbates the security dilemma in U.S.-Russia relations. Such games increase uncertainty about negotiators' motives and their ability to deliver. They also reduce the credibility of commitments taken before foreign policymakers submit agreements for domestic "clearance." Even stronger uncertainty surrounds the pattern of future interplays between the domestic and international levels on each side. Given the low degree of independence between Russia's chief international negotiator and domestic constituencies, this uncertainty may be more acute for Moscow than Washington.

Furthermore, according to some reports, Russian negotiators usually have a less-than-perfect grasp of U.S. domestic politics and its influence on foreign policymaking. This does not help the Russian side manage uncertainty during international talks and

* According to the results of a public opinion poll by the Levada Center—one of Russia's two independent pollsters (http://www.gazeta.ru/politics/2011/07/14_a_3695649.shtml).

generates suspicion about the integrity of U.S. negotiators (What if we agree to a deal that is likely to be domestically challenged, if not rescinded?).

As mentioned, a different two-level structure on the U.S. side consists of the interaction between the U.S. administration and NATO allies in Europe. Both NATO's institutional design and historical objectives imply that Washington needs to secure endorsement by NATO for any major moves in its relations with Moscow. Coordination of policies vis-à-vis Russia remains one of the cornerstones of the Alliance. Thus, any U.S. administration would strive to avoid an impression of concluding agreements with Russia at the expense, or even "behind the back," of any NATO allies. For example, the White House sought public declarations of approval for the New START strategic arms control treaty from all of NATO's East and Central European members (securing them in all cases but Lithuania). In its turn, the Russian side had a decent grasp of NATO politics and made attempts (if at times incoherent) to reduce adverse affects on the U.S.-Russia relationship.

The current missile defense controversy between Russia and the United States illustrates the impact of U.S. domestic politics on U.S.-Russia relations. The interaction between the Obama administration and Congress has left Moscow with no other choice but to accept limitations imposed on the White House by conservative senators who uncompromisingly demand a missile defense system out of conviction that the United States (and its allies) must be reliably protected against all security threats, including ballistic missile attacks. At the same time, it is difficult for Moscow to prove that the missile defense program undermines Russia's interests as long as the United States has a legitimate right to honor the demands of its NATO allies for the development of collective defense capabilities without specifying the source(s) of potential threats.

In conjunction, the interaction between the United States and NATO is played out in European security architecture debates. While Moscow persistently favors "pan-European institutions" and the United States can be seen exploring options for engaging Russia, a group of NATO states tends to present such moves as unwarranted appeasements of Moscow. This inevitably narrows down the range of "win-sets" available to any U.S. administration on many European security issues.

Further aggravating the U.S.-Russia security dilemma is the fact that domestic and international politics are potentially interchangeable in the U.S. context. It is always a possibility that incumbent lawmakers will become international negotiators. Once in the White House, say, Republican politicians could be reluctant to continue cooperating with Russia on security issues – a course they have been consistently criticizing from the bench. As long as a change in U.S. administrations can sharply turn Washington's Russia policy, the feeling of the security dilemma on the Russian side becomes perpetual and plays into the hands of those in Russia who argue that any "reset" with the United States is an aberration that will give way to a "traditional" adversarial U.S. approach toward Russia.

Indeed, Russian politics provides no better guarantees against an unfavorable shift in Moscow's approach to relations with the United States. One only needs to watch the powerful domestic constituencies who argue that, for assorted reasons from

historical determinism to geopolitics to mysticism, Russia and the United States are “doomed” to be competitors and who advocate outright opposition to U.S. influence in the world. Washington also has to heed the possibility of radical nationalist forces (active outside the Duma) seizing power in Russia, resulting in heavy negative implications for Russia’s policy in the areas of primary concern to the U.S.

Reversing the Dynamic

When a security dilemma exists in a bilateral relationship, such as the one between Moscow and Washington, such “two-level games” make it more acute. However, in the absence of a security dilemma, they can serve to prevent its onset. In this case, a domestic lawmaker or defense contractor might seek to qualify, if not contain, any attempt by the executive to modify attitudes toward allied or friendly states on key international issues. Indeed, such states usually have powerful lobbies that make themselves heard within both the U.S. and Russian government.

For example, domestic opinion in the United States, as reflected in Congressional views, acts as a powerful brake on the development of a potential – if indirect – security dilemma in the U.S.-Israel relationship. Such a dilemma could materialize should the view prevail among U.S. policymakers that the strengthening of Israel’s security potentially jeopardizes some U.S. national security interests by eliciting radical Islamist responses against the United States. In Russia, a similar mechanism affecting policymaking and public rhetoric may very well be preventing the rise of a security dilemma from becoming a stark reality in Russia-China relations, despite a clear and steady increase in China’s economic and military capabilities over the past two decades.

The security dilemma-reinforcing effects of the two-level-game dynamic on U.S.-Russia relations can decrease as a result of several developments, none of which can be orchestrated or happen overnight.

First, a credible but sufficiently flexible domestic constituency may emerge in Russia at a certain point. For the time being, Russian public opinion is not fully fit for such a role because it is considered by U.S. policymakers as malleable and susceptible to manipulation. To begin with, a credible discussion of foreign policy options, taking place within the Russian parliament, could provide the necessary reassurances to members of Congress. As a result, the opposition of U.S. legislators to confidence-building measures with Russia in the security field might gradually diminish.

Should powerful parliamentary factions unambiguously independent from the Kremlin materialize in Russia, they could move on to establishing a cross-domestic dialogue with their U.S. congressional counterparts. In the course of such interaction, these factions may gain a certain influence over the positions of U.S. domestic policymakers by pointing out the constraints that the Russian parliament can place on Russian international negotiators.

Second, costly signals – “expensive” unilateral moves to demonstrate good intent – that both sides could send each other might help to alleviate domestic pressure on negotiators. One Russian signal – the cancellation of the shipment of S-300 missiles to Iran in September 2010 – played a key role in tilting the balance in the Senate in favor

of ratifying the New START treaty later that year. This ratification, in turn, served as a reciprocal costly signal from the U.S. administration.

Finally, convincing evidence of positive spillover from one area of U.S.-Russia security engagement to another, including (but not limited to) arms control, cooperation on Afghanistan, or coordination on Iran, could soften the domestic opposition to the Obama administration's security policy decisions affecting Russia.

Conclusion

Should the security dilemma recede from the forefront of the U.S.-Russia relationship, the two-level-game dynamic will become a tailwind for U.S.-Russia ties. U.S. lawmakers and allies alike could then develop interest in preserving the positive momentum and help cushion any divisive security shocks that may derive from the executive branch in either country (or externally). The sheer thought that this could indeed be a possibility may generate a push to change the outdated security dilemma-ridden pattern of U.S.-Russia relations.

The Latent Resonance of the Arab Revolutions in the North Caucasus

PONARS Eurasia Policy Memo No. 177

Pavel K. Baev

International Peace Research Institute (PRIO), Oslo

The spectacular explosion of revolutionary energy across the greater Middle East in the first weeks of 2011 reconfigured many international endeavors, including the Israeli-Palestinian pseudo-peace process and NATO's wishful quasi-consolidation. The revolutionary drive may have slackened in the second half of the *anno arabicus miraculum*, but it is definitely not a spent force and there are heavy impacts to brace for. It is far too early to say whether these revolutions will promote democracy across the region, of which there has been too little, but it is certainly a good time to speculate about probable repercussions. Popular uprisings in post-Soviet states (still defined as such twenty years after independence) have features and dynamics significantly dissimilar from those in Tunisia, Egypt, and Yemen, but it may be useful to look for interplays between the so-called color revolutions and the Arab Spring. A particularly complex interplay appears in the North Caucasus, where new drivers are reshaping the banditry-insurgency-terrorism threat and providing it with new momentum.

Russia Stands Firm Against Revolutions

It has become strikingly clear that Russia's position on the breakdown of the political status quo in the arc of revolutions from Morocco to Syria is the opposite of that taken by the West (disunited as the West has been), and very close to the attitudes expressed by China. Where U.S. President Barack Obama finds a "historic opportunity" for advancing democratic values, Moscow sees the threat of violent destabilization, the risk of Islamist extremism, and even a conspiracy set in motion by Western agents, including Google's top managers. The Kremlin's counter-revolutionary stance is not pragmatic, but neither is it opportunistic or mercantilistic — the three most prominent traits in Russian foreign policy. Instead, it can be characterized as ideological, determined by the very nature of the political regime labeled *Putinism*. This authoritarianism has grown too corrupt to be effective, and its only ideology is survival by means of "over-managed democracy," which has become repugnant to the active electorate. The specter of revolution haunts this regime, as it has closed all channels for

any opposition to develop. It is also demonstratively incapable of modernization as feebly advocated by President Dmitry Medvedev. Since the mid-2000s, the main incarnation of this specter has been the phenomena of color revolutions, which are closely linked to elections, as demonstrated by Georgia (November 2003), Ukraine (November 2004), Moldova (April 2009), and Belarus (December 2010). The Kremlin has therefore concentrated on tightly controlling the election process, which includes building the Soviet-style “Popular Front” for December 2011 parliamentary elections. However, the Arab revolutions, foremost in Egypt, have shown that perfectly managed elections can be a major part of the problem and that an explosion of discontent among the urban middle classes does not require a charismatic leader or an underground party – revolt can be triggered by an absurdly insignificant spark.

Demonstrating that the new wave of revolutions is bringing nothing but violent chaos is a crucial element of the Putinist counter-revolutionary strategy, which thus comes into conflict with Western strategies supporting democratic transformations. Granting NATO an opportunity to intervene in the Libyan civil war is now seen in Moscow as a mistake that has brought unexpected benefits because the Alliance seems stuck in a hopeless enterprise, which has further damaged its cohesion and Russia can now refer to the “abuse” of UN Security Council Resolution 1973 for justifying its rejection of further Western interference, first of all in Syria. This increased emphasis on the sacred principle of the primacy of sovereignty is more than just a tactical maneuver because the Putin clan, with growing certainty, expects that at some moment it will have to reassert its control over Russia, maybe with violent force, despite any sanctions the West might dare impose.

Re-Assessing the Risks in the Southern Neighborhood

No expert analysis supplies a convincing argument as to whether the wave of Arab revolutions will stop at the borders of Turkey and Iran or perhaps spread even further into the Caucasus and Central Asia. Russian policymakers, however, do not see any connection between the collapse of the Mubarak regime in Egypt and, say, the crisis of the Lukashenko regime in Belarus. What the Kremlin is concerned about is the probable shift in attitude of the Obama administration, which had toned down the United States’ rhetoric in support of regime change by mass uprising as it was too closely associated with George W. Bush’s ideological course. It may now have to embrace even non-peaceful revolutions as vehicles for the democratic cause. Nonetheless, Moscow expects that Washington will place its strategic interests – centered on Afghanistan – above wishful idealistic thinking.

This is particularly relevant in the case of Central Asia, through which an increasing part of military transit to Afghanistan passes as the crisis in the U.S.-Pakistan strategic semi-partnership deepens. Russian Prime Minister Vladimir Putin knows the rulers of the Central Asian “sultano-stans” too well to believe their claims that Arab revolutions have had no impact on regional stability, but he is not particularly keen to spread the illusion that Russia would come to their aid. Moscow was caught unprepared by the violent unrest in Kyrgyzstan’s Osh province in late spring 2010, and

has apparently concluded that the scope and intensity of potential crises go beyond Russia's military capacity to project peacemaking power. Every stagnant autocracy, with the possible exception of Kazakhstan, has accumulated a crucial mass of discontent, but any attempt to depose an ailing despot, particularly in Uzbekistan, could degenerate into violent state failure with heavy cross-border resonance. Russian leadership does not fancy an intervention modeled after the remarkably successful one in Tajikistan in the mid-1990s. This reluctance to play the role of security provider is rational since Russia no longer sees Central Asia as an area of geopolitical competition with the United States or, for that matter, with China.

The situation in the Caucasus is perceived rather differently. But here again, Moscow presumes that the West is downsizing its interests and even slackening support for Georgia, a pioneer of the color revolutions. The main pressure point of the revolutionary wave is Azerbaijan, where the corrupt and dynastic ruling regime distinctly resembles Arab oil monarchies. Not that Moscow sees a revolution coming to Baku, but it anticipates an anti-Western turn from President Ilham Aliyev, who used to be welcomed like a guest of honor in Brussels and Washington but is now treated like another corrupt autocrat whose term could expire any day. Aliyev, however, resents the prospect of accepting Putin's patronage, opting for a riskier game of escalating tensions around Nagorno Karabakh and assuming that a nervous EU will try to secure its energy corridor with reassurances and incentives.

Mutating Civil War in the North Caucasus

Libya, Yemen, and Syria have shown how easily revolution can unleash civil war; regarding the North Caucasus, the question is whether an evolving civil war can culminate in revolution. This is by no means a hypothetical question since various violent conflicts that were diminishing in intensity from 2005 to 2007 have strongly escalated since late 2008 and have shaped a theater of non-stop combat operations stretching from Dagestan to Kabardino-Balkaria. Up until the terrorist attack at Moscow's Domodedovo Airport in January 2011, Russian authorities remained in denial of this trend, insisting that Putin's strategy for stabilizing the region was a success. Admitting the undeniable rise and spread of violence, they also ordered a counter-offensive, so several successful operations targeting leaders of rebel networks were executed in the spring and summer of 2011. That secured a break in the escalation trend, which might suffice for reducing the terrorist agenda to a third-priority issue in the election campaign and re-arranging the Russian political arena as Putin sees fit without major disturbances.

The pause in the growth of the civil war, however, might not last long. Indeed, already in late summer a series of minor attacks hit Dagestan without any mark on the political radar screens in Moscow. The main drivers that propel the destabilization are still at work, and their diversity creates the complex interplay of conflicts, making it next to impossible to distinguish between terrorism, insurgency, and banditry. Many analysts identify the growth of Islamist radicalism as the main cause of conflict; from that perspective, the question about a Tahrir-style revolution is irrelevant. There are,

however, good reasons to believe that it is the profound distortion of structures of governance caused by corruption that is driving the escalation of violence. Corruption might seem to be a pedestrian explanation, but in the North Caucasus, it has acquired not only grotesque forms but also a particularly malignant quality. Sustained inflows of “free money” from the Russian federal budget have corrupted local elites, who engage in clan warfare; it has also alienated the have-nots who are excluded from patronage networks. This discontent feeds the growth of Islamist extremism, while also shaping a revolutionary situation.

The proposition about a revolution in one of the seven pseudo-republics in Russia’s Caucasus region might appear far-fetched, but it builds on several important precedents. Abkhazia had a “color revolution” of sorts in September 2004, when a Putin-backed candidate was defeated after a confrontation that followed inconclusive elections. Karachaevo-Cherkessia was in turmoil in November 2004, when protestors stormed the government building in Cherkessk and demanded the president’s resignation. In the republic of Adyghea, citizens and the provincial president, Hazret Sovmen, staged mass protests in the spring of 2006 against a plan for merging the republic with the Krasnodar region – a plan that was abandoned. In contrast, the growth of social tensions in Nalchik, Kabardino-Balkaria in 2005 culminated in an armed uprising in October that was crushed in a few hours.

Major urban centers of the region concentrate the discontent among the downwardly-mobile middle class and student bulge; for many such malcontents, an Egypt-inspired idea of mass protest against local political mafia appointed from Moscow might become an appealing alternative to armed violence. One place where such an idea cannot be entertained is Grozny, which is rebuilt but remains badly traumatized by two wars and is brutally controlled by Ramzan Kadyrov’s paramilitaries. In fact, a more probable prospect for Chechnya is a new bid for independence made not by the rebels but by the maverick Kadyrov, whose loyalty to Putin should never be overestimated.

Conclusions

Russia has managed to steer a safe course through the Middle Eastern turmoil. It has expressed its disapproval of revolutions but benefitted from anxiety in the oil markets. Russia gave NATO the opportunity to commit a serious blunder in Libya while asserting that Syria is off limits for interventions and sanctions. Its opposition to U.S. efforts at encouraging democratic reforms in the region has been essentially cost-free, while the counter-revolutionary proto-alliance with China has impressed Saudi Arabia, built influence in Turkey, and gained ground in Central Asia. Successful as this maneuvering may be, it cannot erase the question of whether Putinism is becoming ripe for a revolutionary breakdown.

Looking at the world from Moscow, Russia might appear safe from populist threats – unless a major external shock, such as a colossal fall in oil prices, upsets the stagnating system. Such a shock, however, might come from inside the country. The escalation of instability in the North Caucasus points in the direction of a series of

terrorist attacks, perhaps aimed at upsetting preparations for the Sochi Winter Olympics. A different and more benign kind of shock could come by way of a regional revolution against corrupt clans that were installed by the federal center and resented by the middle classes and the youth. These social groups are much better informed about and connected with the Arab world than politicians in Moscow tend to believe. The Tahrir demonstration effect could yet come into play in the post-election frustration with Russia's unmodernizable and dysfunctional kakistocracy.

Russia's "Libya Debate"

POLITICAL MEANINGS AND REPERCUSSIONS

PONARS Eurasia Memo No. 178

Andrey Makarychev

Institute for East European Studies, Free University of Berlin

Russia's reaction to the recent uprisings in the Middle East and Libya, in particular, was striking for two reasons. First, it unmasked multiple trends in the Kremlin's foreign policy machinery. Second, the deep perceptual gaps between Russian and European discourses on Libya revived the oft-discussed question of the role of Russia in today's evolving international society.

Mixed Messages

Russia's response to the Libya crisis illustrated a host of uneven foreign policy mechanisms in the country today. The Russian ambassador to Tripoli was removed because of his alleged disapproval of presidential policy condemning Muammar Gaddafi. The Foreign Ministry criticized United Nations Resolution 1973 imposing a no-fly zone over Libya as "hasty," even though Russia had not vetoed it.

This lack of uniformity was seen most evidently in the policy tug-of-war between Russia's president and prime minister. While Vladimir Putin compared the military operation against Gaddafi to a colonial military invasion, Dmitry Medvedev, at the May 2011 G8 summit in Deauville, France, not only shared the Western policy view toward Libya but publicly indicated that Gaddafi had de-legitimized himself by brutally oppressing his own people. Medvedev made clear that the Arab revolutions were caused by authoritarian rule and mismanagement, and were not provoked from outside. He authorized a travel ban on Gaddafi and his family and decreased Russian business operations in Libya.

Other members of the government toed the presidential line. In March 2011, Konstantin Kosachev, the head of the Russian parliament's International Affairs Committee, explicitly supported military action against Gaddafi, accepting both the notion that sovereignty entails a responsibility to protect and demonstrating political support for Libyan opposition forces. Later, Russian senator Mikhail Margelov, who was appointed presidential envoy to Libya, openly expressed solidarity with those eager to see Gaddafi face a Hague tribunal and claimed that Russia was ready to open a

representative mission in Benghazi, based upon Moscow's earlier acceptance of the opposition as a legitimate interlocutor.

To many, such a policy line suggested that Medvedev really saw the crisis in Libya as an opportunity to foster Russia's Euroatlantic agenda. Yet even such pro-Western signals were not entirely what they seemed. First, Medvedev's sympathies for the anti-Gaddafi coalition were not much more than a pragmatic move aimed at developing a more cooperative platform with major Western institutions, including NATO and the European Union.

Second, the importance of engagement with the West on Libya was more symbolic for Medvedev than substantive. The key to securing Medvedev's pro-Western narrative on Libya was, allegedly, a petition from Western leaders asking Russia to mediate between Gaddafi and the opposition, thereby confirming Russia's indispensability as a key global security actor. This would explain why it was not until after the Deauville summit that Medvedev dispatched Margelov, special envoy to Africa since March, to Tripoli. Demonstrating the public relations purpose of the mission, Margelov quickly declared a "breakthrough" in negotiations between Gaddafi and his opponents. He later admitted it would be more correct to speak of "contacts" between the two sides than "negotiations."

Third, Medvedev's good intentions do not reflect a well thought-out strategy but are instead a byproduct of the growing imbalances in the Russian policy-making system. Some of the president's pronouncements were implicitly rebuffed by anti-Western utterances from Prime Minister Vladimir Putin, as well as by Foreign Minister Sergey Lavrov and Vice Prime Minister Sergey Ivanov. The sudden visit in June 2011 to Tripoli by Kirsan Ilyumzhinov, former president of Kalmykia (and head of the International Chess Federation), further contributed to an impression of disharmony among Russia's ruling elites. According to Ilyumzhinov, the visit was made at the behest of Russian authorities, who had requested that he convince Gaddafi to leave power. However, he instead turned his visit into a gesture of overt support for the Libyan dictator. At the same time, he confusingly compared Gaddafi with Dzhokhar Dudaev, the former Chechen leader who was killed by a Russian missile.

In general, this was the first time in more than a decade that the "presidential standpoint" was not the hegemonic policy platform in Russia. What has lain behind these conflicting outlooks, however, are more than pre-election "conflicts of interest" between Medvedev and Putin or discordant actions by politically marginal figures. The Arab crises have created tiers of tense domestic debate thanks to their prospective implications for Russia itself. In other words, the Libyan debates were not about Libya but about Russia and its (re)positioning vis-à-vis the West. In this sense, the debate has further polarized the Russian political scene, with its widening gap between those who wish Russia to be part of the West and those who portray the West as "dangerous losers." While some see the wave of North African revolts as incarnations of a growing sense of civil activism in the non-Western world, other see developments "inspired" by external forces. Gaddafi is portrayed as either a tyrant or an example of principled resistance to the U.S.-led world order.

Russia's Role in International Society – Again

The revolutions and upheavals across the Arab world have strengthened the global salience of normative issues like civil rights, accountability, and public participation, while fueling discussions on the limitations of authoritarian stability. In the EU, the Arab Spring has become an argument for reversing previously tolerant attitudes toward tyrants and autocrats and promoting democracy in neighboring states. The political and historical parallels that inform the dominant European discourse are normatively loaded, including comparisons with the revolutions of 1989 and even 1848, as well as an analogy between Benghazi and Srebrenica as symbols of brutal government-orchestrated repression.

References to the breakdown of Communist regimes in 1989 have been part of Russian discourse as well, but in a way that reinforces a deep attitudinal gap between Russia and Europe. If in the West parallels with previous waves of anti-authoritarian movements appear to strengthen global prospects for democracy, in Russia this comparison takes on an alarmist hue. Most recent revolutionary changes, from the anti-Communist revolts of 1989 to the Eurasian “color revolutions,” have been widely perceived as a challenge or threat to Russia, rather than as an opportunity opening up prospective avenues for the country’s integration with international structures. In not a single case (with the possible exception of the overthrow of the Bakiev regime in Kyrgyzstan) have popular protests been seen to be in line with Russian interests.

Ultimately, therefore, the Arab Spring has strengthened sovereignty-based, anti-liberal thinking in Moscow. One Russian commentator derogatorily equated Mohamed ElBaradei with Mikhail Gorbachev and Andrey Sakharov, two symbols of slavishness to the West in the eyes of those nostalgic about the Soviet Union. Another positively invoked past Soviet stands against the West in Africa: in 1956, when the Soviet Union was on the side of Egypt against Great Britain and France, and 1986, when Moscow allegedly prevented the United States from bombarding Libya. Others compared Medvedev to Gorbachev in their policies of making concessions to the West. One former Russian diplomat even fantasized about the Libyan crisis eventually leading to a “new Crimean war” of the West against Russia. Within this explicitly anti-Western frame, the anti-corruption crusade of individuals like popular blogger Navalny is said to undermine the stability of Russia in the same way anti-corruption invectives have proven to be capable weapons in the arsenal of opposition forces across North Africa and the Middle East.

Other parallels have been invoked to substantiate the aggressive nature of U.S. policies (Serbia = Afghanistan = Iraq = Libya) and its pursuit of regime change (Georgia = Ukraine = Egypt = Libya). This in turn is said to spell trouble for Russia in its turbulent North Caucasus, via the latter’s putative links with the Middle East.

Conclusion

Ultimately, this discourse of external intervention is inconsistent. It claims that the West lacks strategic thinking and strong leaders, while insisting that the “debilitated” West must be resisted at all costs. Those in Russia who blame the United States and its

European allies for “sponsoring” the Arab revolutions also paradoxically depict the West’s military operations in Libya as ineffective and lacking in direction.

The very fact that Russian debate is strongly influenced by those who believe in “American conspiracies” reveals Russia’s provincialism in international society. Rather than worry about Russian influence in the Arab world, Russian observers exhibit passive and self-defeating concerns: Will a “domino effect” damage Russia? Who, exactly, will benefit from the Arab regime changes – the West, Islamists, or China? Such concerns have been sustained even by Putin, who has assumed that Russia has no special interest in Syria. Lavrov too assumed Russia would not play a key mediating role in Libya, encouraging the African Union to take on this responsibility instead.

Such thinking uncovers Russia’s lack of global leadership resources. Unsurprisingly, Russia did not make any attempt to start a political dialogue with Germany when abstaining from supporting the UN “no-fly-zone” resolution. Despite expressing full sympathy for the sovereignty of Libya and indignation against those violating it, Lavrov did not exclude the possibility that Russia would participate in land operations if sanctioned by the UN Security Council. In the end, Russia adopted the mostly symbolic role of “critical bystander,” with no real potential to influence the situation on the ground.

The Arab revolutions of 2011 might lead one to conclude that the worldview espoused by proponents of “radical democracy” – the growing segmentation of the global social milieu and the rise of unestablished social groups capable of challenging regimes outside existing institutional mechanisms – is not all that far off from reality. Against this backdrop, it is understandable why the responses of some states are ambiguous and ambivalent, and not always institutionally coherent. This, however, only underlines what does remain far from reality – an international society that is an established global structure rather than a metaphorical idea.

Yawning Through the Arab Spring

RESILIENT REGIMES IN CENTRAL ASIA AND THE CAUCASUS

PONARS Eurasia Memo No. 179

Scott Radnitz

University of Washington

In the weeks and months after the January 25 Revolution in Egypt, there was hope among commentators and opposition figures that some post-Soviet regimes might be equally susceptible to uprisings and collapse. Such hopes were not entirely fanciful. Like the events of the Arab Spring, the color revolutions in Georgia, Ukraine, and Kyrgyzstan in the early 2000s caught observers off guard. And making confident predictions about the durability of authoritarian regimes anywhere is a hazardous enterprise. Nonetheless, even while the overthrow of Hosni Mubarak led to further mass protests (and crackdowns) across the Arab world that are dramatically reshaping the region's politics, leaders in Central Asia and the Caucasus – the region physically and culturally closest to the Middle East – reacted with barely a yawn.

This memo identifies three reasons for the Arab Spring's failure to influence events in Central Asia and the Caucasus: (1) the social ties enabling diffusion across Middle Eastern states weaken when they cross the Russian-language barrier, (2) post-Soviet regimes became more resilient in the early 2000s in response to the color revolutions, and (3) the likely form of political opposition differs between the two regions, making a structurally similar uprising unlikely. This does not mean post-Soviet regimes are indestructible; rather, they are more likely to break down in other ways.

Presidential Primacy

Stability in Central Asia and the Caucasus is not a result of good governance or satisfied citizenries. As of 2011, the Central Asian regimes led by Nursultan Nazarbayev in Kazakhstan, Islam Karimov in Uzbekistan, and Saparmurat Niyazov and Gurbanguly Berdimuhammedov in Turkmenistan have been in place for 21 years; in Azerbaijan, Heydar and son Ilham Aliiev have governed for 18 years collectively; Tajikistan's Imomali Rahmon (néé Rahmonov) has been president for 17.* Kazakhstan, Uzbekistan, Tajikistan, Turkmenistan, and Azerbaijan are considered "not free" by Freedom House, while Kyrgyzstan and Armenia barely squeak into the "partly free" category. The

* Where there was a seamless, dynastic transfer of power that was not the result of free and fair elections, I do not consider a transition to have taken place.

global financial crisis hit the region hard and caused falling commodity prices, declining foreign exchange reserves, unemployment, decreased remittances, and rising poverty levels. Recently, as a result of economic recovery, these states have suffered from inflation, particularly from rising food and energy prices. With the exception of Georgia, the region places in the bottom half of the 2010 Corruption Perceptions [Index](#), with most states concentrated in the bottom 10 percent.

Yet “objective” indicators of misery and authoritarianism do not make revolution inevitable, even after the inspiring examples from the Arab world. Significant acts of civil disobedience in post-Soviet Eurasia that could reasonably be tied to the Arab Spring are few and far between.* In February, former Armenian president Levon Ter-Petrossian, who mobilized tens of thousands against presidential victor Serzh Sargsyan in 2008, organized protests in Yerevan along with several opposition parties. In early April, one thousand protesters aligned with several opposition parties gathered in the center of Baku, Azerbaijan, before they were rounded up and arrested. Groups in both countries explicitly linked their grievances to those in the Arab world. However, their minimal impact to date has disappointed those who had hoped for regime change. Likewise, a fanciful attempt to hold a protest in Uzbekistan on July 1 was announced over the Internet; it failed to materialize.

It is equally hard to identify significant actions taken by post-Soviet regimes in response to events in the Middle East. Instead, the region has witnessed characteristic forms of simulated democracy and soft repression. Kazakh President Nazarbayev’s abrupt decision to hold a presidential election in April 2011, a year early, was attributed by some as a pre-emptive action, despite the fact that he faced little political or grassroots opposition. He cruised to re-election with nearly 95 percent of the vote. The same month, the Turkmen government [reportedly](#) called on hundreds of Turkmen students living abroad to return home or face punishment. These measures, though troubling, are hard to link directly to concerns about revolution. Nazarbayev had toyed with the timing of elections in the past, and a patently false result would be unlikely to increase his legitimacy. Berdimuhammedov had also previously tried to prevent Turkmen from studying abroad for various manufactured reasons, assumed to relate to fear of “ideas” they might acquire there.

In the Caucasus we can identify some regime actions that may have stemmed from the Arab example, though they too are hardly out of the ordinary. In Azerbaijan, officials warned young people from joining demonstrations and arrested several youth activists, including organizers. Taking a different tack, the Armenian parliament passed laws allowing freedom of assembly and granting amnesty to 400 prisoners. In neither case did these measures backfire. The contrast is clear – whereas temporizing measures by the leaders of Egypt, Yemen, and Syria were perceived as insulting, which emboldened the opposition to carry on, in post-Soviet Eurasia there was no galvanizing effect, and autocrats calmly rode out the storm. To reiterate, this contrast can be

* The recent creative “clapping” and other protest acts in Belarus are self-consciously modeled after the Arab Spring. Yet their relatively small numbers and limited impact thus far serves to demonstrate how different the region’s dynamics are from the Arab Spring.

attributed to limited cross-regional diffusion, skilled post-Soviet regimes, and differing qualities of the opposition.

The Weakness of Weak Ties

Dense cultural and economic ties between societies has been a critical feature of the spread of protest movements across the Arab world. Like the East European revolutions of 1989, the Arab Spring was driven by citizens who were separated by national boundaries and had never met, but who were linked through numerous channels of communication and recognized the similarity of their predicaments.

Despite heavy restrictions on media freedom in the Arab world, people in one country could rapidly learn of protests in other states through international travelers such as businessmen and labor migrants; by telephone and e-mail; and through blogs, social networking websites, and satellite networks like Al Jazeera. The effects of these dense networks of communication were visible in the rapid spread of protests and tactics from Tunisia to Egypt, Libya, Yemen, Bahrain, and beyond.

A perception of analogy was also critical in the regional spread of uprisings. Middle Eastern regimes were led by presidents in power for decades, presiding over sclerotic economies dominated by a narrow ruling elite. Protesters in different countries referred to their similar political circumstances and framed their grievances using shared cultural references and life experiences. We thus saw recurring demands for justice and diatribes against the ruling elite, whom ordinary people, especially youth, blamed for hoarding economic resources and blocking opportunities for others.

But there are limits to social ties and the credibility of analogy. Just as network ties are dense within the Arab world, they are also strong within post-Soviet Eurasia, many residents of which still direct their attention toward the full territory of the former Soviet Union 20 years after the breakup. Despite sporadic efforts by the region's leaders to distance themselves from their former "imperial" core, ordinary people continue to interact through ties of trade and labor migration, and through digital media. Many still speak Russian as a first or second language and watch Russian television, including pro-government news broadcasts. By contrast, social and cultural manifestations from the Arab world weakly penetrate former Soviet space.

Even the societies of Central Asia and Azerbaijan, which are predominantly Muslim, tend to look north rather than south or west. These states' economic, cultural, and political ties with Russia remain strong, while their leaders treat Arab states with apprehension. Young people who intend to seek work abroad learn English, or sometimes Turkish – but rarely Arabic. Central Asians see Arabs as distant ancestors, not relatives, and consider themselves more culturally advanced than Arabs, a legacy of Soviet modernizing discourse. In official discourse, Arab Islam is portrayed as extreme, and fundamentalism as retrograde and dangerous. This view is widely shared by Central Asians, even those who dislike their government.

When events happened in the Middle East, dissidents and opportunistic politicians in post-Soviet states sought to capitalize by organizing rallies, as in Armenia and Azerbaijan. But due to their lack of social ties with the Arab world and post-Soviet

orientation, mass publics did not draw inspiration from the Arab Spring. Likewise, perceptions of political opportunities failed to travel across the divide; people had no reason to believe that the institutional constraints on protest and freedom of expression in their own countries had changed significantly just because they had in, say, Egypt.

What Doesn't Kill Them...

A second reason why contagion from the Middle East is unlikely to infect post-Soviet Eurasia is that the latter has already faced a wave of regime-toppling protests in 2003-2005. As some autocrats tumbled, others took measures to shore up their power lest they also succumb, becoming more resilient in the process. Many of their actions have been well-documented: the closure of Western non-governmental organizations; the expulsion of the Peace Corps from Russia; the arrest and harassment of journalists and human rights activists; the use of violence against peaceful demonstrators in Azerbaijan and Belarus; the Kremlin's creation of the pro-government youth movement *Nashi* and copycat groups in other states; and investments in building up ruling parties in Russia, Kyrgyzstan, Kazakhstan, Tajikistan, Georgia, and Azerbaijan. Less visible measures have involved the use of surveillance technology to monitor public gatherings and Internet activity; the weeding out of potentially disloyal regime officials; and the stealth nationalization of private businesses, making it more difficult for economic elites to mount a challenge.

The surviving autocrats, having endured potentially destabilizing elections – in particular, in Azerbaijan in 2003 and 2005, Kazakhstan in 2005, and Tajikistan in 2006 – were by 2011 well positioned to withstand threats from below. Middle Eastern autocrats, isolated from events in post-Soviet Eurasia by the same barriers that prevent contagion in the other direction, took little notice and grew complacent from their many decades of successfully managing power. They were thus caught off guard when a hapless street vendor set himself on fire in Tunisia and sparked the first of many challenges to incumbents.

Today's post-Soviet autocrats are adept at staving off opposition challenges without using overt repression, allowing them to preserve stability and even to claim popular and international legitimacy. This is most apparent in Kazakhstan, where Nazarbayev won the chairmanship of the Organization for Security and Cooperation in Europe, an organization charged with safeguarding human rights and strengthening democratization in the region. Even Karimov and Berdimuhammedov, while scarcely easing up on repression, have used their geopolitical leverage to decrease the volume of criticism.

Revolutionary Dreams Deferred

A third reason we have not witnessed a Central Asian-Caucasian spring has to do with the sources of opposition in the two regions in question. The Arab Spring appears to be a genuinely grassroots affair, in which ordinary people representing different social groups coalesced into a united movement – at least temporarily. They in part succeeded by acting through existing civic organizations such as trade unions, student groups,

Islamic movements, and political parties with grassroots appeal. These organizations survived under authoritarian regimes, albeit with many restrictions, and aided in attracting ordinary people once protests began. Mobilization against authoritarian regimes is a high-risk activity, so the trust that held these groups together was critical for the opposition.

In contrast, civil society in Central Asia and the Caucasus is very weak, with the exception of Georgia. In large part due to the Soviet legacy, there are few independent organizations with popular support through which people can be recruited to join protests. Central Asia has no pre-existing Islamic movement enjoying widespread support and organizational resources, such as the Muslim Brotherhood. In Armenia and Azerbaijan, where there was mobilization against Soviet power in the late 1980s, dissident groups failed to institutionalize their influence in civil society over the ensuing years of regime stabilization.

Even the color revolutions, despite enjoying mass support, were led by elites, particularly leaders of political parties, some of whom had previously worked for the incumbent; and were supported by business elites, who opened their wallets to finance the preparation, coordination, and sustenance of demonstrations following fraudulent elections. The fragmentation of the elite years before the revolutions was a critical contributor to their success. If this is indicative of the dynamics of post-Soviet regimes, then it should point our attention to a different mode of regime breakdown than the Arab Spring.

Threats to regimes can be latent, undeclared, and informal, and can come from above – rival political elites within the regime or businessmen who have pledged their loyalty but also have their own power base. A president's coalition can hold together for a long time, but it can also unravel abruptly, for example, as a result of imminent succession and the failure of officials to rally around a successor who can assure their privileges. Struggles over power can also occur over a shrinking economic pie, or from personal disagreements between influential figures. Such an unraveling could be especially destabilizing – for 20 years, the rules for managing power in countries such as Kazakhstan, Uzbekistan, and Azerbaijan have worked well within the limited domain of satisfying elite interests. But these elites have no experience dealing with rapid change, and they may not be able to resolve their differences peacefully when the old rules cease to function.

In short, Central Asian and Caucasian incumbents may breathe a sigh of relief that they were able to avoid the challenges faced by their Arab counterparts, but they would be wise not to become too complacent. Political change *will* eventually come to the region, however stable its governments appear on the surface. But change will not necessarily come from below. It may instead come from within regimes. If this happens, we will see new opportunities for democratization, but also, as after the Arab Spring, a new set of challenges.

Direct Impact

THE INFLUENCE OF THE ARAB SPRING ON THE CIRCASSIAN WORLD

PONARS Eurasia Policy Memo No. 180

Sufian Zhemukhov

The George Washington University

The Arab Spring is an interregional and multinational event, with many ethnic minorities participating from afar and *in situ* – the Jewish community in Tunisia, Copts in Egypt, Berbers in Libya, Darfuris in Sudan, and Kurds in Iraq and Syria. Significant ideological events like the Arab Spring always impact those with similar problems in other regions of the world. The North Caucasus falls into this category as evidenced by Russian President Dmitry Medvedev’s February 2011 [remark](#) that the Arab revolutions might have a “direct impact” on the situation in the North Caucasus.

In this paper, we will analyze what kind of “direct impacts” the Arab events have had on the Circassians, a Russian ethnic minority in the Caucasus with diaspora communities in practically all Arab states. The Circassians make an interesting case study because they found themselves on both sides of the movement: they came to identify with protesters in Libya and they primarily sided with the establishment in Syria. Beyond these parochial examples, they experienced a ripple effect across to their homeland, located in the middle of the most volatile region of Russia.

About one million Circassians live in the North Caucasus. By all accounts, about five million Circassians live abroad: in Arab countries (less than one million), Turkey (more than three million), and in Western states (about one hundred thousand). They form what is known as the “Circassian world,” and they have showed a strong sense of common purpose in response to the many challenges of our time.

Nalchik – A Town with Three Uprisings over the Past Twenty Years

Kabardino-Balkaria is the only administrative province in Russia where Circassians form a majority population. Events similar to Arab revolutions took place in Nalchik, the capital of Kabardino-Balkaria, several times over the last twenty years.

During perestroika, the communist regime in Nalchik did not support the changes in the Soviet Union. Valeri Kokov, the leader of Kabardino-Balkaria at the time, was on the side of anti-democratic forces in the Politburo that tried to overthrow Soviet President Mikhail Gorbachev in August 1991. This undermined his legitimacy in

Kabardino-Balkaria and led to a clash in Nalchik. Under pressure from popular opposition, Kokov resigned. Ideologically different, but similar in its anti-state character, another uprising took place in October 2005, when about one hundred youthful insurgents attacked the local headquarters of the federal security forces. This event had its roots in, among other things, a local change in regime as President Arsen Kanokov came to power. These two events had the “regime-change character” of the Arab revolutions.

Another type of clash took place in Nalchik in 1992. After the beginning of the Georgian-Abkhaz war, thousands of Circassians in Nalchik expressed their will to volunteer as soldiers in support of their “kin nation,” the Abkhaz. At that time, Russian President Boris Yeltsin stated that Russia supports the principle of Georgia’s territorial integrity and considered dangerous the actions of those who summoned volunteers to fight for Abkhazia. Due to a fear of disorder in Nalchik, military troops were deployed to Kabardino-Balkaria. In response, people blocked roads and started a permanent street protest in front of the Republican Government building that lasted over 10 days. This led to a clash with the army and police, leaving many people wounded. Another demonstration took place in Nalchik the next year. These events show how rapidly the situation in the Circassian capitals of Nalchik, Maikop, and Cherkessk can become unstable if other Circassian communities in the homeland or diaspora are threatened.

Today, the North Caucasus has again been grappling with stability. Medvedev has called for increased socio-economic development in the region, [noting](#) in February 2011 that “only the creation of new jobs can give hope to the unemployed young people.” This is an indication of the Kremlin’s concern for the direct impact the Arab spring may have on this Russian region. Indeed, Nalchik was one of the first places in Russia to echo the Arab events. Three days after Medvedev’s statement, Larisa Dorogova, a human right activist in Nalchik, [expressed](#) a widespread local sentiment: “we look at Egypt as an example [of how to solve regional problems].” Extremism, counter-terrorist operations (CTO), and the deployment of federal military forces complicate the local and regional situation. In July 2011, about 600 young men blocked roads in Kabardino-Balkaria and demanded the cancellation of the CTO, leading to a clash with the military. One of the observers, a member of the Russian State Duma, stated in an interview on the Voice of America that “people protest against the CTO because they do not see any positive results from it.”

Circassians Against Gaddafi’s Regime in Libya

Today, about 35,000 Circassians live in Libya, most of them in Misrata and Benghazi. Descendants of Mamluks, their ancestors served in the armies of the Arab Caliphs from the 9th century on. In 1382, Circassian Sultan Zahir Barkuk established his own dynasty in Egypt, where it ruled until 1517, constantly receiving new soldiers from the Caucasus. Circassian Mamluks stayed in power after the Ottomans came to the region. The war with Napoleon undermined their power, and in 1811 the new Arab elite overthrew the Circassians, many of whom had to flee to other Arab territories.

Libyan Circassians did not support Colonel Muammar Gaddafi when he came to power in 1969. In 1975, a group of military officers under the command of Major Omar Mehesh, a Circassian from Misrata, organized a plot against Colonel Gaddafi. It failed and Mehesh fled to Morocco but was handed back to Gaddafi in 1984 and executed. From then on, the Circassian community in Libya was under pressure from the government. When in 2009 a Circassian delegation from Jordan visited Libya, Gaddafi did not let its members meet with their local compatriots.

Circassians opposed Gaddafi's regime from the very beginning of the Arab revolution in both Misrata and Benghazi. In March 2011, Gaddafi sent an envoy to the Circassian community in Jordan asking the Jordanian Circassians to persuade their Libyan brethren not to fight against him. He received no response.

In April 2011, a group of Circassians from the Caucasus wrote an open letter to Gaddafi expressing their willingness to volunteer in the war on his side. The Russian Circassians did not know the actual situation in Libya and assumed that the Libyan Circassians were on the side of the government because of the widely spread myth that Circassian communities in Arab countries are close to ruling regimes and always support them. The news reached Libyan Circassians, who responded by describing Gaddafi as a "murderer of Circassians." Circassian activists in Russia and the diaspora also spoke out against Gaddafi. When the letter-writers grasped reality, they also changed their minds and never went to Libya. Several Circassian organizations even wrote open letters to Medvedev asking him to help the Libyan Circassians and bring them to their homeland in the North Caucasus.

Repatriation of the diaspora to the homeland is one of the strategic goals of the Circassian national movement. Ninety percent of Circassians fled across the Black Sea after the 19th century Russian-Caucasian war. Contemporary Russian laws do not allow the Circassian diaspora to come back to their homeland. But there was a precedent from the Kosovo War, when Yeltsin's government allowed 174 Kosovar Circassians to move to the Caucasus and settle in a new village, Mafakhabl, built for them. Circassian organizations now refer to this "Kosovo precedent" in their petitions. While the Russian government transported 653 Russian citizens from Libya in February 2011, it neither helped Libyan Circassians nor even responded to the open letters of the Circassian organizations. On many Internet forums, Circassian activists accuse Russia of a double standard thanks to its disregard for Libyan Circassians.

Circassians in the Events in Syria

Today, about 50,000 Circassians live in Syria, most in Damascus, but also in about 20 villages. They are descendants of exiles (*Muhajirs*) who fled to the region from Circassia after the Russian-Caucasian war. The Ottoman government regarded the Circassians as stabilizing elements and settled them in strategic regions. When Syria was a French protectorate at the beginning of the 20th century, the Circassians became the leading element of the special forces and were incorporated into the ruling regime of the country. After the Arab-Israeli war of 1967, more than 18,000 Circassians were deported from the Golan Heights, settling in Syria and Jordan. Circassians became especially

close to the regime of President Bashar Assad, who once appointed a Circassian as minister of internal affairs. At present, there are two Circassians serving in Syria's government.

At the beginning of the disturbances in Syria (January 2011), the Circassian community tried to pursue a policy of neutrality. Later they were involved in events on both sides of the conflict. A majority of Syrian Circassians, especially those living in urban areas, support the existing regime, and some of them even work in military and police departments. Being close to the existing elite, the pro-government Circassians regard it as their duty to be loyal and fear that a change of regime will worsen their position. Few Circassians joined the opposition as part of the Arab revolutionary movement. Circassians who live in rural areas do not want to be involved in the conflict, though opposition forces try to bring them on their side. Opposition activists have even gone to Circassian villages to try to persuade them to join. If they did not join, they were often told, they would be "sent back to the Caucasus" once the opposition came to power. Because of their uncertain situation, many Circassians have considered a short-term move to Turkey where a notable Circassian community resides and where visa restrictions are quite lax. Politically-oriented Syrian citizens, including Circassians, have been lobbying the Turkish state for intervention in Syria. The Circassians in Turkey made an appeal for security, which resulted in Turkey expressing its concerns about the security of the Circassians in the event of an escalation of conflict and releasing a statement that it is ready to shelter Circassian refugees from Syria alongside Kurds, Armenians, and other minorities.

As in the Libyan case, Circassian activists and organizations in Russia wrote letters to Medvedev and to the presidents of Kabardino-Balkaria, Adyghea, and Karachaevo-Cherkessia asking for assistance in organizing the repatriation of Circassians from Syria to the North Caucasus. Authorities [replied](#) that they saw no threat to Syria's Circassian community.

Conclusion

The Arab Spring had two primary impacts on the "Circassian world." First, it influenced Circassians in the North Caucasus, who have the same problems as many citizens in Arab states. Second, the Circassian diaspora became actively involved in events in Libya and Syria. Due to the disorder in these states, the Circassian nationalist movement has been making an effort to move their compatriots from these countries to the North Caucasus, thereby following through on one of their strategic goals, the repatriation of Circassians to their homeland.

Instability in the region and deployment of military forces in Nalchik during counter-terrorist operations provoke organized civil protests, a precursor to possible further complications in the region, especially in Kabardino-Balkaria. This is a highly undesirable development for the Kremlin in light of the upcoming presidential elections in 2012. Noting that the Arab events and their impact on the North Caucasus are still dynamic, there is the possibility of a repetition of the Nalchik uprisings of 1991, 1992-3, and 2005.

More widely, events may affect the “Circassian world.” On May 2011, Georgia’s parliament recognized as genocide the mass killings and exodus of the Circassians during the Russian-Caucasus war, turning the Circassian question into an international issue. Nonetheless, most Circassians still regard the Circassian question as mainly a Russian problem, and they hope, first and foremost, that Russia will allow Circassians to return to their homeland (the Kosovo example proves that this is not an impossible request). The question of repatriation of Circassians from Libya and Syria is the first challenge for Russia on the Circassian question since Georgia’s recognition of the Circassian genocide. If the Russian state fails to take any steps to help the Circassians, it will look like Russia is simply not willing to try and resolve the Circassian question. Russia’s silence will be especially notable after Turkey has made practical steps to help the Circassians of Syria.

Significantly, the way Russia handles both historical and contemporary Circassian issues will have a vast impact on the attitude of Circassians toward the 2014 Sochi Olympics. After all, Sochi was the last capital of independent Circassia before Russia conquered it. The 2014 Olympics coincide with the 150th anniversary of the Circassian exodus. Many Circassians oppose holding the Olympics in Sochi, and their numbers only increased after Georgia recognized the Circassian genocide. Such an act by a foreign state emboldened more Russian Circassians to believe that Russia should either recognize the Circassian genocide or not hold the Olympics at all. The resolution of the situation in Kabardino-Balkaria and the repatriation of Circassians from Syria and Libya will help change the negative attitude of the “Circassian world” toward the Sochi Olympics and create a new image of Russia as a modern and progressive state, which is Russia’s main goal in hosting the Olympics.

GLONASS

PROBLEMS AND CHALLENGES

PONARS Eurasia Policy Memo No. 181

Alla Kassianova
Tomsk State University

Russia's Global Orbiting Navigation Satellite System (GLONASS) is expected to become fully operational this year. Heavily endorsed in recent years by both members of the ruling tandem, it was designed to provide services similar to the U.S. Global Positioning System (GPS) and place Russia on technological par with the United States. In recent years, extraordinary efforts have been made to advance the system, including a big boost in funding, up to 70 billion rubles (\$2.3 billion), in 2008-2010.

The GPS Role Model

At present, GPS enjoys a global monopoly in the field of geo-spacial positioning, navigation, and timing (PNT). GPS began as a military system that eventually branched out into the civilian sphere. In May 2000, U.S. President Bill Clinton announced that the United States was going to discontinue intentionally degrading the accuracy of non-military GPS signals to make the system "more responsive to civil and commercial users worldwide." The United States regards GPS as a "national asset" and funds it from the federal budget, providing free-of-charge signal access worldwide. With seemingly endless applications, GPS has a robust commercial dimension. From 2005-2010, sales of GPS receiver units averaged an annual revenue of \$33.5 billion in North America alone. GPS technology has stimulated innovation and increased productivity across a wide range of industries from agriculture to construction and transportation. A recent estimate suggests that the productivity gains and cost reductions related to the use of GPS technology amount to 0.5 to 0.9 percent of the annual U.S. gross domestic product. Based on the overarching policy goal that "the United States must maintain its leadership in the service, provision, and use of global navigation satellite systems," the international dimension of U.S. GPS policy stresses competitiveness and interoperability with similar foreign systems. In the mid-2000s, the United States spurred cooperative agreements with countries that had been working on similar systems (China, India, Japan, Russia, and the EU).

GLONASS: A Showcase for Defense Technology Conversion?

With the Russian leadership struggling to identify entry points for innovation-driven economic development, there has long existed a view suggesting that the Russian defense industry's technological potential could become a driver of innovation in the economy. If anything, GLONASS is positioned to become a success story for the military-technology complex, breaking the path for cutting-edge civilian applications. Indigenous PNT capability would seal Russia's "navigation sovereignty" in the areas of security and defense, stimulate research and development and business activities, and open opportunities for international cooperation and integration. The GPS monopoly presents to GLONASS not only a challenge but an opportunity. A decade of GPS infrastructure development has established areas of application and optimal business models. Internationally, diversification in supply of navigation services is seen as being in the interest of many governments and commercial customers. From the individual end-user standpoint, devices with dual or multiple system receivers offer better performance, and manufacturers have already come up with modules that can receive signals from satellites of multiple navigation systems. Within Russia, GLONASS is a high-priority program that has had consistent funding and comprehensive administrative support.

Many indicators, however, have signaled that the program is far from a success. While a new federal program for GLONASS development is being drawn for the next ten-year period (with a budget request of 402 billion rubles), the previous program, running from 2002 through 2011, enjoyed three budget increases but failed to reach 10 out of 28 benchmarks. The date for achieving full operational capacity was moved back several times. The system was able to provide global coverage by the end of 2010, but only because it was decided to activate reserve satellites and thus reach the required minimal capacity of 24 operational satellites.

While no hard numbers exist, the product lines and sales of Russian-made GLONASS devices are running far lower than projected. The record of GLONASS implementation shows how difficult it is to realize a commercial promise out of military technology even with powerful resources committed. An analysis of GLONASS difficulties points to several problem areas.

Industry's Structural Constraints

The primary weak spot in the GLONASS program relates to the core aspect of the system: the space segment. At the root of the problem lies a long recognized but never adequately solved Russian lag in electronics. For many years, the short lifespan of GLONASS satellites (just three years for the first generation) dictated a heavy manufacturing and launching schedule to maintain the full capacity of the orbital group. In 2005, the second-generation GLONASS-M was introduced with a life span of seven years. Even now, however, the GLONASS program has been hallmarked by a race to replenish and increase the orbital group against a steady stream of worn-out satellites. In several cases, the need to maintain a minimal operational constellation has required the deployment of satellites that have not completed their testing phases. In a

recent interview, the general designer of ISS-Reshetnev, Russia's leading space system developer and manufacturer, blamed the persisting lapse in the longevity of electronic components as a deficiency of domestic capability. He confirmed that they continued to use foreign-made electronic components, and he revealed that a faulty imported "radio element" used by one of their sub-contractors in 2009 led to a recall of three launch-ready satellites as well as a setback in the manufacturing of another three. In another interview, the deputy head of [RosKosmos](#) acknowledged that the designers of the latest-generation satellites, the GLONASS-K, with a design lifespan of ten years, were "faced with the necessity of using a number of radio electronic components, which, unfortunately, cannot be currently manufactured in Russia."

Problems with outdated base components pervades Russia's entire defense industry and stems from the structural deficiency of the defense sector, which is weakly integrated with civil industries and largely insulated from market mechanisms thanks to state patronage. The need to upgrade the domestic capacity of electronic components – starkly revealed by the GLONASS program – continues to be hampered by the fossilized nature of the defense sector.

Disconnected Policies

Another group of problems made apparent by the GLONASS program relates to the weakness of state policy planning. The GLONASS project has experienced alternating spans of state attention and neglect. Contrary to the set stereotype about the total downturn of the 1990s, the program actually stayed on track enough to put a partial 12-satellite group into orbit in 1993. It even achieved a full capacity of 24 satellites in 1995. After this high point, it degraded over five years to just six operational satellites. It is interesting that this period of inactivity with regard to existing material assets was also a period of intense state policy planning and program development. In 1995, the government issued a ruling for the further development of the system "in the interests of civil consumers." In 1997, it adopted a dedicated federal program for 1997-2001, remarkable for its surprising disengagement from reality. Precisely at a time when the orbital group was losing its operational satellites one by one, the program planned to launch a comprehensive GLONASS receiver service complete with land infrastructure and working industry applications as early as 2001. Specifically, the program planned to spend the years of 1997-1999 doing research and development, and the years of 1999-2001 deploying the land infrastructure, installing GLONASS devices on transport and other facilities and placing 10,000 personal navigation devices on the market.

Around the turn of the century, a new federal program was planned for an extended timeframe of ten years (2002-2011). It recognized the lack in a "concentration of effort by executive organs" and called for a "balanced development of all GLONASS segments." The program was uninspiring until a new spike of state interest occurred around 2007-2008, which led to an accelerated implementation of it. As the system approached its planned operational capacity, it became apparent that its actual use in civil applications suddenly required unforeseen but essential resources such as digital navigation maps and a manufacturing base for end-user devices. Work on digital maps

was kickstarted in 2008 by RosKartografia, a federal agency, which projected obtaining full coverage of all “economically developed cities and regions” by 2011. Market players (small companies and startups) moved quickly to fulfill demand, but the state moved slowly – for example, a guideline of standards and regulations for the new geodesic sub-field of digital navigation mapping was not adopted until October 2010.

Even with the clear motivation and apparent political will to turn GLONASS into a full-fledged, commercially successful service utility, Russia’s state leaders seemed at a loss in how to make it all actually happen. Prime Minister Vladimir Putin, GLONASS’ principal champion, regularly goes on record with various recommendations, such as implementing the system on all new Russian-made road vehicles or in fishing vessels. State bureaucrats also often articulate ideas, such as installing GLONASS trackers on poll boxes or using it for waste management fleets. This kind of thinking, which confuses market viability with state-cultivated demand, is an inherent weakness of GLONASS policy planning.

Worn-Out Toolbox

So far, GLONASS is being implemented by wielding an old-fashioned administrative resource: a law adopted in February 2009 that prescribes the obligatory use of “navigation devices relying on Russian navigation systems” for transport and other technical assets, including armaments and military equipment, under federal, regional, and municipal ownership. Appropriate authorities at each level must determine the types of transport vehicles to be equipped with GLONASS or GLONASS/GPS modules. A 2008 government ruling established the “personal responsibility” of federal executives for the installation of the required equipment on their agencies’ technical assets. (At the same time, no regulations enforcing its obligatory use through licensing or fines have been put into place).

Accustomed to relying on a monopolist state agent, the government instituted a “National Navigation Service Provider” personified by the company [Navigation-Information Systems \(NIS\)](#), one of the newly-sprung commercial units in the RosKosmos domain. Its multiple roles, most importantly, include international representation of the GLONASS program and streamlining the host of federally-funded GLONASS implementation projects. It comes as no surprise that a parent company, [M2M Telematics](#), closely affiliated with NIS, runs the navigation services’ most developed regional network, and enjoys over a 40 percent market share for on-board vehicle modules for both corporate and state clients. Regional governments have been assigned with drawing up their own GLONASS implementation programs. Guaranteed federal funding for these programs provides a good stimulus for building mutually beneficial partnerships with large federal-level integrators. In a telling example, the Altai regional branch of M2M Telematics is headed by the 25-year-old son of an Altai government official. State corporations like Gazprom and state-favored private companies like Norilsk Nickel are another group of clients for the state-recommended GLONASS application projects.

The personal device market has proven to be a far more challenging one. Several

GLONASS officials floated ideas of imposing prohibitive custom tariffs for imported mono-chip GPS devices, but it soon became apparent that all major device manufacturers were ready to introduce dual GLONASS/GPS chips as soon as the GLONASS commercial-grade signal went online.

Mission Endangered by Bureaucratic Idiocy

At least for the present, it is fair to say that heavy state protectionism is playing against the market robustness of GLONASS. The classic bureaucratic ways of building demonstration-size Potemkin villages and presenting upbeat reports in place of critical analysis creates skeptical public attitudes and ironic perceptions of a system that has genuine value and potential. In a skewed bureaucratic perspective, the October 2008 presentation of a GLONASS-tracker collar to Putin's Labrador retriever, Koni, became the event that made the most memorable GLONASS news of the season. The following grotesque dialogue between Putin and Deputy Prime Minister Sergei Ivanov was reported by the mass media:

VP: "Come, Koni, you have a present here."

SI: "We alone in the world were able to make this; no one else has anything similar. When the dog stays put and does not move, say, she lies down in a puddle..."

VP: "Hey, my dog is not a pig, she does not lie in puddles."

SI: "OK, say she's in a forest. [When she does not move], then the battery is off, which saves energy."

VP: "Do you like it? Yes, she likes it. Wagging her tail...means she likes it."

After a Russian-made, GLONASS-capable smartphone was introduced to President Dmitry Medvedev as a "Russian iPhone" on television, public comments took a distinctly derisive tone. The Chinese-manufactured unit with below-average specifications and an older-generation Android platform was set by default to GPS navigation and was found to contain no easily recognizable option to enable navigation by GLONASS. The culture of *pokazukha* (i.e., show rather than substance) unfortunately extends to applications that are supposed to create added value in the real-life economy. A report published by the authoritative GLONASS/GNSS Forum Association contains this finding: "The presence of a GLONASS/GPS chipset does not guarantee the actual possibility of the equipment working with the GLONASS signal." In other words, the nominal dual GLONASS/GPS devices in many cases are programmed to run on GPS signal alone and simply do not allow integration with the GLONASS signal. Based on its own research in the absence of systematized information, the report concludes that "a significant share of GLONASS terminals installed in 2010 do not meet their declared specifications."

Future Still Undecided

The ubiquitous and reliable GPS service presents GLONASS with an uphill task, not so much in the realm of technical specifications, but in successful market strategies. In its stated goal of "commercializing" the world's second satellite global navigation system,

Russia's policy has been the weakest – less in the management of the system's physical assets than in the market – governed domains of mass production, competitiveness, and integration into a dynamic economy. The GLONASS program can play a stimulating role for the Russian economy, and benefit not only privileged state-connected actors but also agile and competent market-based entrepreneurs seeking to expand their businesses. In the realm of policymaking, the aforementioned non-governmental GLONASS/GNSS Forum association has come out as an effective entity for vision and planning, more so than any of the state structures. The state plays a positive role by providing funding and encouraging the market, but in its present state of stagnation, it simultaneously undermines the program through ineffective and poorly implemented policies.

Ending Bilateral U.S.-Russian Strategic Arms Control

PONARS Eurasia Memo No. 182

Mark Kramer
Harvard University

For more than 40 years, negotiators from Moscow and Washington have engaged in countless meetings about strategic arms control. Several bilateral agreements resulted from these talks during the Cold War, and several more have been achieved in the post-Cold War era, most recently in April 2010. Even though the net value of all of these agreements is open to doubt, there was at least some rationale for holding strategic arms control negotiations during the Cold War. That rationale no longer makes sense in the post-Cold War era, yet strategic arms control has remained a dominant part of U.S.-Russian relations. The continuation of bilateral strategic arms control has fostered the impression that the intense hostility of the Cold War era, pitting the Soviet Union against the United States, still characterizes U.S.-Russian relations. Far from helping bilateral ties, U.S.-Russian strategic arms control negotiations have inadvertently perpetuated a degree of tension and mistrust between the two countries over the past twenty years.

This does not mean that all U.S.-Russian discussions pertaining to nuclear weapons should end. Bilateral and multilateral efforts to safeguard nuclear weapons materials and components through the Cooperative Threat Reduction (CTR) program and related ventures have been extremely important and productive, and should certainly be continued. U.S.-Russian negotiations aimed at forestalling nuclear proliferation to Iran and other rogue states have also been important, albeit much less fruitful. Quite apart from the intrinsic value of CTR, U.S.-Russian-led actions to prevent sensitive materials and components from falling into unauthorized hands have been conducive to an amicable U.S.-Russian relationship, rather than being seen as talks between two adversaries. By contrast, strategic arms control originated as, and remains identified with, discussions between enemies. The continued central role of strategic arms control in U.S.-Russian relations has thereby helped to forestall a genuine U.S. “strategic partnership” with Russia.

Maintenance of Enemy Images

During the Cold War, the United States and the Soviet Union were the only countries that held strategic arms control talks. The negotiations began at the end of the 1960s, by

which time three other countries – Great Britain, France, and the People’s Republic of China (PRC) – had openly acquired nuclear weapons. Neither then nor later did the United States contemplate holding strategic arms control talks with Britain or France. Both of those European countries were U.S. allies, not adversaries (even during the height of France’s Gaullist obstreperousness), and therefore the U.S. government did not worry about how many strategic nuclear weapons they had. Indeed, the United States provided extensive assistance over the years to Britain as it built and modernized its strategic nuclear forces, and U.S. officials secretly gave assistance to France in the 1970s in developing nuclear warheads suitable for modern strategic missiles. Strategic arms control talks came to be seen as something that took place solely between enemies, the opposing superpowers. China was an enemy of the United States until the early 1970s, but the PRC’s nuclear arsenal was minuscule compared to the Soviet Union’s. Hence, U.S. policymakers focused solely on negotiating treaties with the USSR.

The fact that strategic arms control talks were held only between the United States and the Soviet Union and no other countries indicates that the *de facto* criteria for holding such talks during the Cold War were twofold. First, the negotiating countries perceived each other as enemies and were actively prepared to engage in a nuclear war if necessary. Second, the magnitude of their nuclear arsenals was such that they dwarfed the arsenals of all other nuclear powers combined. Until the end of the 1980s, the United States and the Soviet Union were indeed enemies and saw each other as such, and each of them developed elaborate operational plans and immense strategic forces to fight a nuclear war against the other. The many thousands of strategic nuclear warheads and bombs deployed by the United States and the Soviet Union on intercontinental-range ballistic missiles (ICBMs), submarine-launched ballistic missiles (SLBMs), and long-range heavy bombers vastly outnumbered the French, British, and Chinese arsenals combined.

In the post-Cold War era, U.S. and Russian strategic nuclear forces are still much larger than those of other countries (although the disparity with China has diminished considerably as a result of sharp cuts in the U.S. and ex-Soviet arsenals and the growth of PRC strategic forces), but the other prerequisite for holding strategic arms control talks – namely, that the two countries regard each other as enemies – was supposed to have ended once the Soviet Union disappeared. The continuation of strategic arms negotiations between Moscow and Washington over the past two decades has given the impression, if only inadvertently, that the United States and Russia still see each other as enemies. Over time, that perception has become a self-fulfilling prophecy, congealing a bilateral relationship that falls far short of the cooperative, friendly ties that were once envisaged. The talks themselves have helped to preserve mutual “enemy images.” Although the extreme hostility of the Cold War era has not returned, relations between the United States and Russia nowadays are still basically adversarial and seem likely to remain so.

Rationales and Purported Benefits

During the Cold War, the strategic arms control process was rationalized and spurred along by five main factors.

First, policymakers argued that strategic arms control was crucial in allowing the United States and the Soviet Union to fulfill their obligations under Article VI of the Nuclear Non-Proliferation Treaty (NPT), which requires all parties to “pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament.” According to this line of reasoning, strategic arms control treaties would demonstrate the U.S. government’s intention to comply with Article VI and would thereby give the United States greater leverage to achieve its non-proliferation objectives.

Second, advocates maintained that nuclear arms control treaties helped to stabilize the superpower strategic relationship, reducing the risk of misperceptions or miscalculations that might have heightened the risk of war. The treaties, the argument went, also reduced U.S. expenditures on strategic forces.

Third, advocates of strategic arms control emphasized the value of monitoring and verification provisions that, they claimed, allowed for greater transparency and enabled the United States to have a better sense of the status of Soviet strategic forces at any given point. The phrase “national technical means of verification” (NTM) was used in treaties to refer to the broad range of reconnaissance satellites, electronic-intercept platforms, and other secretive equipment that was used, along with espionage, by each side to acquire information about the other’s strategic forces. Starting with the 1972 Interim Agreement on the Limitation of Strategic Offensive Arms (SALT I), each side pledged not to prevent the other side’s NTM from acquiring sufficient data to determine whether the opposing side was abiding by specific limits and provisions in the treaty.

Fourth, U.S. policymakers found the strategic arms talks a useful way of coping with domestic political pressure that might emerge on the question of nuclear weapons. Although the public rarely paid attention to strategic nuclear policy, anti-nuclear movements did arise on a few occasions during the Cold War, notably with the nuclear freeze movement in the early to mid-1980s. The existence of the strategic nuclear arms control talks with the Soviet Union was a useful way of trying to deflect pressure from these movements.

Fifth, an “epistemic community” (transnational network of scholars, public intellectuals, and professionals with specialized expertise) that arose around the strategic arms negotiations developed a stake in the talks, viewing them as something that would induce journalists and policymakers to seek their advice.

These same five factors, with surprisingly few modifications, have moved the process along in the post-Cold War era. At the April 2010 signing ceremony for New START (the name given to the latest Strategic Arms Reduction Treaty), President Barack Obama asserted that “the United States and Russia – the two nations that hold over 90 percent of the world’s nuclear weapons –” bear a special obligation to exercise “responsible global leadership” in “keeping our commitments under the Nuclear Non-

Proliferation Treaty, which must be the foundation for global non-proliferation.” The new arms treaty, Obama added, “will set the stage for further cuts,” thereby demonstrating “America’s commitment to the NPT as a cornerstone of our security strategy.” The U.S. State Department published a fact sheet emphasizing that “the New START Treaty will enhance U.S. national security by stabilizing the strategic balance between the United States and the Russian Federation at lower levels of nuclear forces.” The fact sheet also claimed that “the new START Treaty’s verification provisions provide visibility into Russia’s nuclear forces and thereby help to mitigate the risk of surprises, mistrust, and miscalculations that can result from excessive secrecy or decisions based on worst-case assumptions. The Treaty will give us a vital window into the Russian strategic arsenal.” All of these statements could just as easily have been uttered during the Cold War-era negotiations.

Critique of the Supposed Benefits

Whether the benefits of strategic arms control are really as significant as they were alleged to be during the Cold War – or as they are purported to be nowadays – is highly questionable.

The supposed link between strategic arms control and the NPT is mostly in the minds of U.S. and Soviet/Russian leaders. During the Cold War, many non-nuclear states disputed the notion that the slow progress and modest results of U.S.-Soviet strategic arms control talks could be construed as fulfilling Article VI. The sharp reductions in U.S. and former Soviet strategic forces in the post-Cold War era stemmed, for the most part, not from bilateral arms control agreements but from decisions made by each government for its own interests. Yet, even these reductions were seen as inadequate by many developing countries.

Indeed, the State Department’s own fact sheet stresses that “the New START Treaty allows the United States to . . . maintain a safe, secure, and effective arsenal to deter any adversary and protect [U.S.] allies.” If the United States is indeed going to maintain a large and diverse nuclear arsenal indefinitely – an eminently sensible policy – how is the treaty going to appease all the non-nuclear countries that are supposedly clamoring for the U.S. government to fulfill Article VI provisions on nuclear disarmament? If in fact the treaty does not really restrict the United States or keep it from fielding the weapons it wants, the rhetoric about upholding Article VI is empty.

Moreover, even if some non-nuclear states did believe that Washington and Moscow were sincerely trying to fulfill their Article VI obligations, this would hardly cause the most refractory states to eschew nuclear proliferation. No country that has decided to acquire nuclear weapons – either during the Cold War or after – has based this decision in even the slightest way on the status of superpower arms control talks. Countries like Israel, India, Pakistan, North Korea, and Iran sought to acquire nuclear weapons for security reasons, not because of any umbrage they may have felt at the lack of progress in strategic arms control. If anything, the maintenance of huge nuclear arsenals by Washington and Moscow helped to curb, rather than promote, nuclear proliferation. The superpowers were able to offer nuclear guarantees to their allies

(nearly all of which therefore saw no need to build their own nuclear weapons) and to deter any would-be nuclear states from even contemplating a bid to overtake the United States and the Soviet Union/Russia as the chief nuclear powers.

With regard to the supposed stabilization of the U.S.-Soviet strategic relationship, the connection again is not at all clear. Secretary of State Hillary Clinton has claimed that “the principal U.S. objective in bilateral strategic arms control is to increase stability in the U.S.-Russian nuclear relationship at significantly lower levels of nuclear weapons.” But why is arms control needed to achieve this objective? Why not simply have each side decide for itself how low it wants to go and then just reduce its weaponry to that level? Most of the reductions in strategic forces over the past twenty years have indeed resulted precisely from this type of independent decision-making, not from strategic arms accords. During the Cold War, domestic politics may have compelled the two sides to want to maintain rough equality in strategic forces, both substantively and in appearance.

In the post-Soviet era, however, the erstwhile drive for equality seems quaintly bizarre. Who really cares nowadays whether Russia has fewer or more of a particular type of weapon than the United States possesses? The “strategic relationship” between the two countries is not going to be “destabilized” if one side or the other deploys a new strategic missile.

Indeed, there is considerable evidence that New START could actually lead to higher levels of Russian strategic forces rather than lower levels. Before the treaty was negotiated, Russian military officials had been planning to cut their forces to levels significantly below the numerical limits that were eventually set out in the treaty. The obsolescence of a sizable fraction of Russia’s strategic forces may still induce Russian commanders to go down to the lower numbers that were originally planned, but the treaty itself creates a perverse incentive to stay at higher levels.

The notion that strategic arms control is crucial to gain more information and transparency about Russian strategic forces is also spurious. The main nuclear threats nowadays come from the deployment of nuclear weapons by Pakistan, North Korea, and eventually Iran. Strategic arms treaties with Russia shed no light at all on these threats. Instead of bilateral arms control, the United States and Russia should be pushing for a regime of nuclear weapons transparency that would pertain to all the nuclear weapons states. Verification provisions that apply only to U.S. and Russian weapons are no more than a feel-good substitute.

If the purported benefits of U.S.-Russian strategic arms control are almost entirely fictional, the conclusion one might draw is that the main factors driving the process over the past twenty years have been threefold: political inertia, the desire of policymakers in both Washington and Moscow to pretend to be achieving a close bilateral relationship, and the tenacity of what remains of the strategic arms control epistemic community. The members of that dwindling epistemic community, such as Alexei Arbatov, have been strenuously arguing for the past two decades that strategic arms control remains vitally important, but it is hard to avoid the impression that they

are concerned mainly about their sinecure.* If strategic arms control negotiations were to end, their own expertise would no longer be avidly sought or needed.

Conclusion

In a strictly military sense, bilateral U.S.-Russian strategic arms control has not been an onerous burden on U.S. nuclear forces. The Obama administration is correct in saying that “the New START Treaty allows the United States to determine [its] own force structure, giving [it] the flexibility to deploy and maintain [its] strategic nuclear forces in a way that best serves U.S. national security interests.” The retention of maximum flexibility for U.S. strategic forces is laudable, and indeed any other posture would be irresponsible.

The real reason for halting all U.S.-Russian strategic arms talks is political, not military. Bilateral strategic arms control talks were a phenomenon peculiar to the Cold War. The United States and Russia should have moved beyond that phenomenon at the very start in 1991-1992. The delay of twenty years has been unfortunate, helping to reinforce tensions and acrimony in U.S.-Russian relations. Undoing that damage will take a considerable while, and the U.S. and Russian governments should therefore move promptly to halt all bilateral strategic arms control talks, do away with the strategic arms control treaties that are still in effect, and propose a negotiating structure that will encompass all of the nuclear weapons states. Putting an end to this obsolete feature of the Cold War will be of great benefit to U.S. security as well as U.S.-Russian relations.

* See, for example, Alexei Arbatov, “U.S.-Russian Strategic Arms Control,” Working Paper, International Commission on Nuclear Non-Proliferation and Disarmament, March 2009

The New European Missile Defense Architecture

IS THERE A ROLE FOR UKRAINE?

PONARS Eurasia Policy Memo No. 183

Polina Sinovets

Odessa National University

U.S. President Barack Obama rejected his predecessor's proposed ballistic missile defense system in Europe and substituted it with a localized theater system. This was generally understood to be a significant gesture in support of the "reset" between the United States and Russia. Moscow met this gesture, however, with continued opposition to any European missile defense system that did not include binding guarantees that the system would not threaten Russian strategic capabilities in the future. Lack of progress on this issue will presumably stimulate Russian efforts to enhance its defensive perimeter. This, in turn, will impact the national interests of Ukraine, which has an incentive to cooperate in European missile defense based on a mixture of geopolitical anxiety and technical interest.

A New System, Russia's Concerns

According to the "phased adaptive approach" of the Obama administration's new missile defense plan, the system will be designed to detect and intercept a missile launched by a "rogue state" (the United States named Iran) and is supposed to be deployed in three stages covering different geographical regions: Southern (Romania), Eastern (Poland), and Northern Europe. The strategic ground-based interceptor (GBI) systems formerly planned for deployment in Poland and the Czech Republic have been replaced by a tactical Aegis-type sea and ground-based system, which some Russian experts regard as actually able to outperform their GBI counterparts. There is a common opinion in Russia that the SM-3IIB interceptors being deployed on ships in Northern Europe, along Russian ballistic missile trajectories, are capable of striking down these missiles. Moreover, the claim that the last two stages of the plan will solve the problem of intercepting intercontinental ballistic missiles (ICBMs) potentially increases the vulnerability of Russian strategic nuclear forces. Finally, if some years ago the quality and quantity of Russia's strategic forces were considered sufficiently high to withstand any threat from a limited missile defense program, this will no longer be a safe assumption by the end of the decade. Aging Soviet ICBMs (SS-18) built by missile facilities in Ukraine, together with the degradation of its naval strategic forces,

presumably will reduce Russian nuclear forces by a factor of three (from the 2010 level). Even rough strategic parity with the United States will thus be broken. The European missile defense system could then be regarded as a key factor increasing Russian vulnerability.

It should thus come as no surprise that Moscow has been urging NATO for either a legally binding guarantee that the new missile defense system will not be developed to intercept Russian ICBMs or for full participation in the creation of the new system. The United States and NATO have rejected the first idea, while supporting the second. The devil, however, is in the details. Russia favors a sectoral missile defense variant, whereby it will be responsible for the security of NATO's eastern flank, Poland and the Baltic states in particular. For Moscow, a sectoral approach would mean a guarantee that the new missile defense system would not be directed against its strategic capabilities. The Alliance, however, considers such an idea a contradiction of NATO's principle of collective self-defense. Moscow regards this unwillingness to include Russia as a full participant as proof of the hidden adverse motivations of NATO and United States.

Future Scenarios

Three potential scenarios concerning Russia's response to a European missile defense system may be proposed. The first is based on Russia's aforementioned concerns and is a continuation of the classic conservative line, the pursuit of a course of *strategic confrontation* and military blackmail. In this case, if NATO fails to meet Russia's demands, Moscow might fulfill its threat to deploy missile systems along Russia's borders with NATO member-states. Moscow's intention to develop a new heavy ballistic missile to replace the ageing "Satan" (SS-18) could play a critical role in this scenario. Like its predecessors, the new missile has high counterforce first-strike potential. Its introduction will blur the prospects for future strategic arms control treaties between the United States and Russia, creating the precondition for a new arms race. This will most of all raise concerns about tactical nuclear weapons, as Moscow's quantitative superiority in this area gives it leverage. Finally, this scenario would likely include a deterioration of the Russian-U.S. dialogue on issues like the Iranian nuclear program and NATO enlargement.

The second scenario of *cooperation* is one based on genuine dialogue. This scenario has a chance at being implemented if both sides reach a consensus on MD. Short of joint sectoral European missile defense, as advocated by Russia but rejected by NATO, other compromise steps could make the strategic dialogue between Russia and the West more transparent and trust-based. Limits on interceptor speed could be introduced, or the United States could give a political guarantee that it will not deploy Aegis systems in Northern Europe. Even limited compromises could help the United States and Russia support the progressive tendency of the "reset." This scenario could lead the two nuclear giants toward a window of opportunity for further reducing their strategic and tactical nuclear weapons.

The third scenario, *limited dialogue*, is a situation in which the United States and Russia do not reach agreement on principal issues but keep up the façade of continuing dialogue. Such a scenario will not prevent an arms race, and would inhibit progress toward either tactical or strategic reductions, but it would help keep the door open to future discussions.

Ukraine's Position

Kyiv's position on European missile defense is mainly defined by three factors: an interest toward the European MD project, the absence of any concrete proposal from NATO, and Russia's opposition. In general, the absence of an official invitation to join the project makes domestic Ukrainian debate on the subject theoretical and loosely developed. Nonetheless, many in Ukraine (including some traditional left-wing parties and experts) support the creation of a joint NATO-Russia MD system, in which Ukraine is also a participant. At the same time, the Ukrainian government's interest in the project has varied. If in November 2010 Kyiv expressed eagerness to join in on a European missile defense system, in February 2011 it declared it was ready to participate in the project but only with Russia. Then, this past June, President Viktor Yanukovich [stated](#) that Kyiv is not prepared to join in. This last comment coincided with the public disagreement between NATO and Russia over the creation of sectoral MD. Nonetheless, Kyiv's tendency to support Moscow in the missile defense dialogue remains in tension with its desire to further deepen Ukraine's cooperation with Europe. Emphasizing the non-aligned status of Ukraine, Yanukovich also mentioned in his June remarks that "if Ukraine, even Russia, were engaged in some part of this system, European security will only benefit." Two weeks later, clarifying his statement, Yanukovich added that Ukraine was ready to discuss participation in the European MD system if it received a proposal to do so. This was a clear message that Kyiv remains interested in playing a role.

What kind of contribution could Ukraine make in the European missile defense project? We can base our analysis on the three scenarios outlined above. In the event of *confrontation* between Russia and the West, Ukraine will lack all room of maneuver. Moscow's pressure on Kyiv will grow, as it will be ever more concerned about militarily enhancing its Black Sea flank. The fact that Ukraine shares a 650-kilometer border with NATO member Romania, where the first Aegis Ashore systems are to be deployed (2015), makes the loyalty of Ukraine highly important to Russia. This scenario thus excludes any participation of Ukraine in the West's missile defense plans. At the same time, there are grounds to believe that Ukraine could then be involved in other technical projects, particularly the creation of the new Russian heavy missile. This is quite plausible, as Ukraine's Yuzhmash machine-building factory, one of the creators of the legendary Satan missile, has the qualifications and technical experience needed and which the Russian industrial complex lacks. Such strategic cooperation would dictate to Russia the necessity of including Ukraine into its closest orbit in all spheres.

The second scenario, *cooperation*, would be a significant step toward erasing traditional dividing lines between NATO and Russia and thus favorable for a range of

opportunities for Ukrainian involvement in European MD – from housing MD infrastructure (Ukraine is situated on the intersection of strategic missile trajectories from the south [i.e., Iran], as well as from Russia) to technical cooperation, akin to the Sea Launch spacecraft launch service that unites Ukraine, Russia, Norway, and the United States. Today Sea Launch performs dual-use missions, work that can be of use to the European missile defense project. European MD is thus of interest to Kyiv from the business-technical point of view as well. Such partnership, however, remains possible only if Russia were to consent.

The third scenario of *limited dialogue* might bolster Ukraine's balancing act between Russia and the West. Mainly staying out of the project, Kyiv could still engage in limited collaboration on MD issues, such as joint military training or limited technical assistance in the framework of the Sea Launch missions. In this scenario, Ukraine's behavior would be more part of a diplomatic game to strengthen its hand in relations with Moscow than a signal of any kind of serious participation. In this case, clarification of NATO's own position could be decisive for determining the substance of Kyiv's cooperation; as long as NATO gives the impression that it does not wish to complicate relations with Russia because of Ukraine, the latter will hardly be interested in doing anything more than "talking" with NATO.

Conclusion

The development of a modern European missile defense system is of great significance to both Russia and Ukraine. In spite of the differences in their geopolitical weight, power, ambitions, and interests, both states will face serious consequences if the project is implemented. Russia sees no threat from Iranian missiles and thus sees the program as aimed at undermining its strategic capabilities. Moscow's position is thus "no" or, in the event of a joint NATO-Russia system, "maybe yes." Since Washington and Brussels do not share this position, any attempts by Ukraine to cooperate on European MD will be regarded by Moscow as interference by the West in its sphere of vital interests.

Ukraine's position on European MD can thus be boiled down to the apt [metaphor of Valery Chaliy](#), former Ukrainian deputy minister of foreign affairs: "Until the big bear and big elephant come to an agreement, Ukraine has no role." For many years, the dividing line between NATO and Russia has passed through Ukraine. A scenario of Russian-Western cooperation on MD could be a brilliant opportunity for Kyiv to get over its geopolitically uncomfortable situation. In addition, cooperation on European MD could be a good opportunity for Ukraine to realize its political and technical potential. At the same time, Moscow remains the main partner for Kyiv, and its position greatly influences Ukraine's own. In spite of Ukraine's interest in the MD project, the continued lack of consensus between NATO and Russia continues to narrow Kyiv's choice.

Nuclear Weapons Disagreements within NATO

SOURCES AND IMPLICATIONS

PONARS Eurasia Policy Memo No. 184

Nikolai Sokov
Monterey Institute for International Studies

In the last few years, debates within NATO on the future of the Alliance's nuclear policy have gone through a number of twists and turns. The adoption of the new Strategic Concept in 2010 was not the end of that process: the NATO Defense and Deterrence Posture Review (DDPR) expected in the spring/summer of 2012 might reveal new surprises – and perhaps new fault lines – within the Alliance.

Events started to unfold in 2008 when new German Foreign Minister Guido Westerwelle rather unexpectedly called for a complete withdrawal of American nuclear weapons from Europe; his proposal was quickly supported by some other European states. Meanwhile, many observers in the United States expected that the Obama administration would initiate a withdrawal as well, although the possible timing and conditions remained unclear. Shortly thereafter, the tide began to turn. First the May 2009 report of the Congressional Strategic Posture Commission cautioned against unilateral withdrawal (that language appeared in the report reportedly after testimonies by representatives from the Baltic states, Poland, and Turkey). Subsequently, debates on the new Strategic Concept revealed deep fault lines within the Alliance; the compromise language effectively kicked the issue down the road, to the DDPR, which could hopefully establish a more coherent and definitive policy. Then, debates in the Senate over the 2010 New START Treaty raised Russian tactical nuclear weapons (TNW) to the top of the arms control agenda, instructing the administration to seek talks on TNW within one year of the entry into force of New START. The mood prevailing in the Senate during the ratification debate clearly suggested that a complete withdrawal of U.S. TNW from Europe as part of an agreement with Russia, let alone unilaterally, was unlikely.

In the meantime, Russia stuck to its traditional position that any dialogue on TNW could only begin after the United States withdrew its TNW from Europe. During ratification of New START, that position even hardened: the package was expanded to include missile defense, conventional weapons, and some other issues. While the Russian position will be reviewed in detail below, it is sufficient to note here that the deadlock in NATO over the future of U.S. TNW in Europe was probably welcomed in

Moscow as a means of avoiding negotiations. Effectively, Russia bet on the Alliance's inability to agree on a withdrawal and, so far, has won.

A Rift in NATO

Two groups emerged in NATO in the run-up to the Strategic Concept, commonly referred to as representing the "old" and the "new" NATO, although these terms do not fully reflect the lineup within the Alliance. One group consisted of Germany, Belgium, Denmark, Luxembourg, the Netherlands, and Norway. This group advocated a "fresh look" at the role of U.S. TNW in Europe, including the possible removal of these weapons from the continent. The other group, consisting of the Baltic states, Poland, Hungary, and France, adhered to a more conservative position; such countries as Italy and Turkey were close to this view. This second group opposed the withdrawal of U.S. TNW and agreed to at most their reduction in the event that Russia would accept an asymmetric reduction of its much larger TNW arsenal. While the common characterization of these groups is not entirely correct, the labels seemed to stick and for a reason, as will be discussed below.

At the heart of the debate are two interrelated issues: whether American non-strategic nuclear weapons – a limited number of B-61 bombs that are still kept in several West European states – have deterrence value and what should or could be done with the much larger Russian TNW stockpile.

The proponents of withdrawal insist that for a variety of reasons the remaining U.S. TNW have no deterrence value, and they are skeptical about the utility of nuclear weapons in general. Furthermore, they claim that they are located far from Russia, which is commonly assumed to be the main (although not the only) target for them. Moreover, a significant portion of the elites and public of basing states question the costs of replacing the aging F-16s, which are the main delivery vehicles.

Opponents tend to point to the existence of threats that they believe short-range nuclear weapons could still help deter – for East and Central European states, Russia, and for Turkey and Italy, states to the southeast and south of NATO. France apparently joined this group for a different reason – it reportedly feared that the withdrawal of U.S. TNW could make its own nuclear arsenal the primary target for nuclear disarmament advocates. While members of this group accept that the value of these weapons is primarily symbolic, they nonetheless see them as essential to their security. A further reduction (complete withdrawal is not really accepted by this group) is only seen as feasible if Russia agrees to deep asymmetric reductions of its own TNW arsenal. East and Central European states have been particularly vocal in their opposition to the withdrawal of U.S. TNW, which is why that group is commonly associated with "new" members.

These debates developed against the backdrop of a quite definitive U.S. military view that TNW in Europe have no mission. This was, for example, the conclusion of the U.S. European Command (USEUCOM), which said that the U.S. military would be

better off if these weapons were withdrawn from Europe.* The Vice Chairman of the Joint Chiefs of Staff James Cartwright also expressed this view.† A task-force report for then-Secretary of Defense Robert Gates indicated that senior EUCOM officers believed it could cost between \$120 and \$180 million to upgrade the security of the weapons stored in Europe to the required level.‡

Moreover, the consensus language of the 2010 NATO Security Concept is different from both U.S. and British policy guidelines and is essentially hollow. In the hypothetical case of a major conflict, the decision to use or not use nuclear weapons on behalf of NATO (or, if the decision to use nuclear weapons is made, the choice of specific assets) will be determined by the national policies of the United States and Great Britain rather than by NATO documents. The convoluted NATO process has thus resulted in a document that perhaps has helped to smooth over internal differences within the Alliance but is meaningless for practical purposes. This situation is untenable and cannot be allowed to continue, lest NATO's role as a defense alliance be undermined.

The persistent rift in NATO presents several challenges to the future of the Alliance. In the absence of a consensus on the degree of threat Russia presents and on the utility of the remaining small U.S. TNW force, further clashes during the DDPR process appear unavoidable. This is not healthy, as the debate increasingly grows emotional and political. Behind closed doors, representatives of the two groups speak about each other with growing disdain. Some "new" members (Poland and the Baltic states in particular) signal their preference for direct U.S. security guarantees instead of those provided through NATO, further undermining the long-term value of the Alliance.

The continuing rift also complicates the Alliance's policy vis-à-vis Russia. On the one hand, Moscow can always hope that the group of NATO members that advocates the withdrawal of U.S. TNW succeeds, thus helping achieve a long-standing Russian goal without any effort or sacrifice on the part of Russia. On the other, they cannot fail to have noticed one consequence of the recent debates: whereas in 2009-2010 some in NATO and the United States proposed to introduce contingency planning to boost the defense of the Baltic states and Poland to compensate for the withdrawal of U.S. TNW, in the end contingency planning was introduced *in parallel* to the retention of TNW. This fed Russia's sense of insecurity and further strengthened domestic support for retention of a large TNW force.

DDPR *must* help bridge that rift. Its continuation is untenable and dangerous. Yet the chances that the review process can achieve this goal without extra effort appear slim.

* U.S. Air Force, "[Air Force Blue Ribbon Review of Nuclear Weapons Policies and Procedures](#)," February 8, 2008; Hans Kristensen, U.S. Air Force [Report](#): "Most Nuclear Weapons Sites in Europe Do Not Meet U.S. Security Requirements," Federation of American Scientists Strategic Security blog, June 19, 2008; Report of the Secretary of Defense Task Force on DOD Nuclear Weapons Management, Phase II: Review of the DOD Nuclear Missions, Washington DC, December 2008

† Council on Foreign Relations meeting, "[Nuclear Posture Review](#)," April 8, 2010

‡ Report of the Secretary of Defense Task Force on DOD Nuclear Weapons Management, "Phase II: Review of the DOD Nuclear Missions," Washington DC, December 2008

Russian Position (Or Lack Thereof)

Russian government and non-governmental experts commonly refer to TNW as a tool for offsetting U.S. and NATO conventional superiority. Since the West is already regarded as superior in conventional forces, continued presence of TNW in Europe is bound to generate suspicion. Beyond these general points, however, almost nothing has been said about specific missions, scenarios, or force posture. As with NATO, Russia's TNW apparently represent a symbolic asset instead of a warfighting tool. The only exception seems to be the navy, whose commanders insist they want to keep the option of deploying non-strategic nuclear weapons on ships and submarines (currently they are stored on shore).

Moreover, the modernization of the Russian armed forces, including theater-range delivery vehicles, appears to emphasize high-precision conventional, rather than nuclear, capability. While reliable data on the Russian TNW stockpile has been absent, almost all Western experts agree that that stockpile is gradually dwindling as Russia dismantles more warheads than it refurbishes.

For Moscow, Russia's own TNW have turned into the same kind of "hot potato" as are U.S. TNW for NATO – a military asset that for political reasons is impossible to drop but at the same time difficult to handle. If one tried to define the Russian attitude toward TNW in a single phrase, it would be: "we do not know what to do with them." This applies both to military posture and to arms control.

Asymmetric reductions similar to the 1987 Intermediate-Range Nuclear Forces Treaty (INF Treaty), advocated by the "new members" group and many U.S. legislators, are bound to be rejected by Moscow. The arms control legacy of the late 1980s, and the INF Treaty in particular, is now cast almost exclusively in a negative light. It would be politically almost inconceivable to accept the same approach for non-strategic nuclear weapons.

Including TNW into the next START negotiations, which is the preference of Obama administration officials, might be palatable for Russia. Yet this option would require an unprecedented set of verification and transparency measures that are difficult for the military to swallow. Changing that attitude will require inducements beyond what seems politically possible for the United States and NATO.

Under these circumstances, the old, even ancient, adagio about withdrawal of U.S. TNW from Europe as a precondition for any negotiations has become an ideal escape hatch. Its only risk has always been the possibility of withdrawal – in which case Moscow would be forced to develop a serious position (something it has not done so far) and begin negotiations. In effect, Moscow has placed its bet on NATO's inability to agree on such a withdrawal. So far, that gamble has paid off.

Recently, in response to the New START ratification resolution adopted by the U.S. Senate, Moscow has piled on additional conditions – TNW are now linked to Russia's laundry list of security concerns: conventional strategic weapons, space-based weapons, missile defense, and the imbalance in conventional forces (listed in that order

by Foreign Minister Sergey Lavrov).^{*} This move clearly reflects a desire to more reliably deflect U.S. pressure, which became evident during the ratification of New START, and perhaps hope of exploiting the apparent anxiety of the United States and NATO over TNW. Paradoxically, the decision to up the ante might also have reflected concern that proponents of unilateral withdrawal among NATO members would win, and Russian decision makers decided to shore up their defenses.

What Can (and Should) Be Done?

The period of active debates and fluid positions that could have led to progress on TNW in Europe appears to be over. By the beginning of 2011, the positions of all the relevant parties have been set – maybe not in stone, but close. Proponents of unilateral withdrawal of U.S. TNW from Europe within NATO and the United States have been blocked; proposals that could garner support within the Alliance and in Washington are non-negotiable; Russia continues to comfortably hide behind a set of conditions. Chances for a breakthrough appear slim.

While the lull continues, it might make more sense to address the rift within NATO with regard to the perceived utility of nuclear weapons in general and their non-strategic variety in particular – a rift that has grown since 2009 and that could reach potentially dangerous proportions. In theory, DDPN could serve as both a vehicle and a forum for a new stage of debates within NATO, but national positions appear unyielding.

To achieve progress, the underlying causes of this sorry state of affairs must be addressed, namely the gap between perceptions of the utility of nuclear weapons espoused by the two groups within the Alliance. The attitude of many U.S. legislators seems to be derivative of that gap – they primarily insist that as long as at least some members of NATO believe in the utility of the small number of U.S. TNW, they should be kept where they are.

Many practitioners from the “old” NATO countries, with whom the author has had an opportunity to discuss this issue, tend to attribute this gap to the inadequacy of background knowledge and of prior experience in nuclear disarmament matters among government and non-governmental organizations in East and Central Europe. Whereas “old” NATO members have been closely involved in all nuclear disarmament debates and negotiations for several decades, “new” members joined the process only relatively recently; during the Cold War, they were prevented from serious involvement in nuclear policy by the Soviet Union. As a result, the staff of foreign and defense ministries, as well as other governmental organizations, often lack institutional memory and training in nuclear disarmament affairs, and the non-governmental expert community, which in the United States and “old” NATO member states serves as an important source of analysis and initiatives, is virtually absent.

^{*} "Stenogramma Vystupleniya Ministra Inostrannykh Del Rossii S.V. Lavrova na Plenarnom Zasedanii Gosudarstvennoi Dumy Federalnogo Sobraniya Rossiiskoi Federatsii po Novomy Dogovoru o SNV, Moskva, 14 Yanvarya 2011 goda" [Transcript of a Statement by Foreign Minister of the Russian Federation Sergey Lavrov at a Plenary Meeting of the State Duma of the Federal Assembly of the Russian Federation on the New START Treaty, January 14, 2011], Russian Ministry of Foreign Affairs, January 14, 2011, document 20-14-01-2011 (www.mfa.ru)

This calls for a serious educational effort. NATO needs a discussion about the fundamentals of nuclear policy rather than a debate about specific practical issues and positions. One example is the question of whether weapons that do not have a defined credible mission (and have insufficient range) can serve as a deterrent. Another question is whether extended deterrence requires short-range nuclear weapons in the theater or can be supported by long-range out-of-area assets (extended deterrence for Japan was entrusted to long-range sea-launched cruise missiles with warheads that were kept on shore in the United States and, under the new Nuclear Posture Review, will now be supported by strategic weapons).

A discussion of fundamentals has an advantage of being less emotional and less restricted by domestic politics. It could also include seminars and even short educational courses designed to bring younger government and non-governmental experts up to speed with regard to past policies and experiences, including nuclear and disarmament policy failures.

Current debates usually center on the question of whether Russia represents a threat. Achieving a consensus within NATO on this question is hardly feasible in the near future. Yet one can try to develop a common understanding of what nuclear weapons can and cannot do, and which posture and negotiating strategy works best. If such an understanding is reached, DDPR could produce a policy that is more sound and forward-looking than the one reflected in the Strategic Concept.

Sochi Surprise

IMAGINING CHANGE IN MOSCOW'S CAUCASUS POLICY

PONARS Eurasia Policy Memo 185

Mikhail Alexseev
San Diego State University

Let us imagine... at the opening ceremony of the 2014 Winter Olympics in Sochi, the United Nations Secretary General announces a new peace deal for the Caucasus, surprising everyone. The details are that the governments of Russia and Georgia agree on a visionary and innovative Georgia-EU Pooled Sovereignty Framework for Abkhazia and South Ossetia, with special recognition of the rights of Russian citizens in the territories. A cross-border free trade zone is enacted between Russia and Georgia. It turns out that Gazprom had offered a 30 percent discount on natural gas to Germany, France, and Italy for a three-year time period in exchange for getting the EU to approve the deal in time for the Olympics. Amid the euphoria, a YouTube video appears of Russia's leader, Vladimir Putin*, making a toast with Saperavi, a Georgian wine, and singing a rendition of "Georgia on My Mind." A U.S. government spokesperson compares the mood to Gorbachev's declaration of the "Sinatra Doctrine," which heralded the Cold War's demise.

If that's not enough, let's imagine that at the Olympics, Putin unveils a new Historical Atonement Monument at the Krasnaya Polyana Ski Resort – an apology set in stone for Russia's "acts of genocide" during the Caucasus wars of the 19th century, Stalin's Great Terror, mass deportations, indiscriminate killings in Chechen wars, and abuses of power committed during counter-terrorist operations in the early 2000s. Moreover, the Kremlin announces that a Truth and Reconciliation Commission will investigate all abuses of power and human right violations in the Caucasus since Soviet collapse. The worldwide media praises Russia, the International Olympic Committee makes Sochi the first "Olympic Peace City," and the international blogosphere lauds Putin as the front-runner for the Nobel Peace Prize.

* For the purposes of this memo, Russia's current political institutions are held constant, and "Putin" is often used in the scenarios as a proxy for this system regardless of who becomes Russia's president in 2012. This memo also avoids substituting Russia's 2012 election analysis for Russia's Caucasus policy analysis.

Analytical Value of Imagining the Impossible

Based on prevalent thinking and current media reports, the imaginative scenarios outlined here appear unattainable. Russia is likely to assert its great power status and isolate the Olympic games from security challenges, which Russian officials have said may come from Georgia, radical Islamists, and/or North Caucasus nationalists. Security will be tight, with complete area coverage by surveillance cameras and perimeter patrols – and they may even use large, sophisticated machines that can scan whole delivery trucks for explosives. The most likely scenario, therefore, is “Fortress Sochi” (see Figure 1).

A crucial point here is to correct the human proclivity of predicting through extrapolation – along the line of thinking that “current trends will continue until they change.” This generally applies to expert assessments of the situation in the North Caucasus and between Russia and Georgia. For example, the *Strategic Conflict Assessment, North Caucasus* (2009), funded by Britain’s Foreign Office, examined complex structural and behavioral correlates of conflict in the region and concluded that “the status quo” was the likeliest future scenario, ranking it as “highly probable.” They gave a “probable” to the “continuation of active peace reconstruction efforts” – an extrapolation of a major trend, and a “less likely” or “unlikely” for a substantial worsening of the situation – a breaking with the prevalent current trend. Their outlook did not even consider a rapid improvement.

“Surprise analysis” can add value to “trend analysis” by creating a vantage point in the imagined future with which to evaluate likely trend-changers by looking at the present as if one were a seasoned “Monday morning quarterback.” The Shell Oil Company’s 1984 report “Greening of Russia,” for example, imagined Gorbachev’s perestroika. Daniel Yergin and Thane Gustafson’s “Russia 2010” imagined the rise of state-controlled capitalism in Russia at a time when most analysts predicted something very different. This memo follows this approach, devising scenarios that appear to be *most* at odds with current trends. It takes the opposite of Moscow’s present policy positions on Georgia, Circassian genocide claims, and the Chechen wars. It lays bare a positive outcome of the kind that would be hard to achieve even if a “Sochi Surprise” were Moscow’s stated goal.

Pathways to the Sochi Surprise

We must identify trajectories that may lead to the postulated outcomes and assess what conditions and actors may motivate them. I take as the point of departure the following key building blocks:

- Russia as an important actor, but one that is geographically and sectorally limited (with a semi-peripheral position in world politics and the global economy).
- Energy and military-industrial sectors as key economic drivers.
- Top-heavy, executive branch-dominant, high transaction-cost government.

- An ageing, well-educated, increasingly ethnically diverse population, in a society traumatized by the Soviet state's collapse, but increasingly post-Iron Curtain and outward-looking.

In this setup, the key actors/prime movers are leaders of the executive branch of government, with a dominant role played by the prime minister, leaders of state-allied businesses in key industrial sectors (oil, gas, military-related industries), and the *siloviki* (holders of key positions in the police, the former KGB, the military, and related agencies). The party and the electoral systems primarily serve as an incentive for the key actors to buy into the system through the parties of power, be it United Russia or the newly-manufactured National Front. Given these building blocks and actors, I posit two pathways to reach the Sochi Surprise: **Perestroika-2**, which assumes that Russia's leaders act from a position of weakness, and **Global Bear**, which assumes that Russia's leaders act from a position of strength.

Perestroika-2

Under this scenario, the Sochi Surprise comes about because Russia's rulers face a concatenation of unfavorable trends in global energy markets and fall behind in innovation in lead sectors of the global economy. They decide to mitigate or avoid major socioeconomic challenges – particularly intra-elite fractionalization – by integrating with Euro-Atlantic institutions and liberalizing domestic political institutions. The behavioral foundation for this scenario may be summarized as: “If you can't beat them, join them.” This pathway is tempting to entertain because it replays processes Russia experienced in relatively recent political transformations under Gorbachev and Yeltsin.

Perestroika-2 is only plausible given two conditions. First, the Kremlin must come to believe that global energy prices are not merely declining, but racing to the bottom. Second, the ruling coalition behind Putin must reach a new consensus that they have to change foreign policy and domestic institutions to better fit the expectations of key lender states in the West (while retaining their suspicion of Chinese intentions toward Siberia and the Russian Far East).

As an illustration, let's say the electric Nissan Leaf automobile proves to be a global success. New oil deposits in Southeast Asia, Latin America, and in the Arctic regions of Canada show reserves exceeding those of Saudi Arabia. Meanwhile, major oil exporters keep selling more oil to offset the cost of suppressing or rebuilding after popular uprisings in the Arab world, which continue longer than anticipated. Gazprom faces rapidly escalating costs of getting oil out of Russia's Arctic territories due to melting permafrost and flooding. In North America, significant new natural gas deposits in the Arctic are tapped. In Europe, shale gas production increases. Germany develops generators using tidal flows. New world-class gas deposits in the Sahara now stand to replace Russian gas supplied to Europe and offer a major source of liquefied natural gas for India and China. Heavy borrowing from Western banks by Russia's

state-allied businesses, when oil prices were high, makes Russia's key elite players increasingly dependent on Western institutions.

Putin himself may side with the Westernizers. On a visit to Japan, just say, he drives the updated version of the Nissan Leaf and is impressed with the noiseless startup, smooth handling, absence of exhaust, and solar charged instruments. Still unable to recover from the profound feeling of discomfort after driving the "new" Lada (and failing to start a Yo-Mobile), Putin comprehends that Russia will never catch up with the West in his lifetime, so he decides to integrate with key Western states – perhaps by using Georgia as a lever.

In reality, Russia's ruling coalition has changed since Putin's arrival in power in 1999. Its members are more cosmopolitan and well traveled. They have investments and own significant properties in the West. Their children are educated in the West. Their families reside there (Putin's own daughters are a case in point). These elites want better, more predictable, and durable relations with the West. Putin either has to retire as the "Deng Xiaoping of Russia" or change state policy to embrace new priorities. Sochi Surprise can be a tremendous start, giving Putin a chance to go down in history as a great peacemaker.

Global Bear

This scenario may emerge if Russia experiences a series of fortunate developments in the coming years. The perceptual driving logic of this pathway to the Sochi Surprise may be termed as "killing with kindness." The grand Caucasus peace deal, in other words, will not be so much an act of goodwill and benevolence as an act of benign neglect. It results from the Kremlin downgrading the geopolitical significance of the Caucasus region, with Europe increasingly becoming an export market and business partner for a rapidly modernizing and diversifying Russian economy. This scenario differs from "Russia as a great power" scenario because it envisions Russia as developing a global rather than a regional/neighborhood outlook in foreign affairs. The far abroad, especially the Pacific Rim, gets precedence over the near abroad.

The first crucial ingredient of this scenario is that oil and gas prices not only stay high, but they become less volatile. Fears about the resurgence of the Arab Spring and its spread to Saudi Arabia, as well as failure to discover significant new deposits, ensures stable high demand for Russian oil. This reduces the risk of investment in costly pipeline projects for oil shipments from Siberian deposits to China and the Pacific Rim. The 2012 APEC summit heralds Russia as the rising new Asian (Energy) Tiger. As a result, Moscow no longer views the Eurasian corridor as important to its global ambitions.

Meanwhile, increasing foreign investment helps diversify the Russian economy and propel new competitive high-tech industries, including nanotechnology. The Russian economy becomes more energy efficient, making more oil and gas available for export. Russia develops new missiles capable of penetrating U.S. anti-missile systems in Central Europe, produces effective anti-drone weaponry, and clones Mistral warship technology. Consequently, Moscow sees Georgia's Western orientation as less of a

security threat. While this may not induce the Sochi Surprise all on its own, it calms down threat perceptions in the Kremlin.

The return of Putin as Russia's president in 2012 helps this scenario. With enough reputational capital among Russian security hawks, together with Russia's projected new capabilities, Putin can afford to be magnanimous toward Georgia and the North Caucasus (particularly since Putin also has a strong reputation for successfully double-crossing outsiders, as in the case of the BP-Rosneft deal, or as might be the case with the new Right Cause party, led by billionaire Mikhail Prokhorov). Besides, Putin's magnanimity resonates with the younger cosmopolitan members of the ruling coalition, who regard preoccupations with the North Caucasus and Georgia as "sweating the small stuff." Putin has also learned that his public support no longer depends on his legacy as the initiator of the second Chechen war. According to Russia's Institute of Sociology, only four percent of respondents in a 2011 poll felt that the Chechen War of 1999-2001 (that propelled Putin to the presidency) was a good idea – compared to 56 percent in 2001. Yet, the view that Putin's 2000 election as president was a good thing rose from 73 percent of respondents in 2001 to 82 percent in 2011 (*Rossiiskaya Gazeta*, June 30, 2011).

Among other contributing developments: the continuing rise of China's economic and military power relative to the EU and the United States; the U.S. debt crisis and failure to get out of Iraq and Afghanistan completely; the election of a business-oriented president in Georgia who keeps an open mind to the EU concept of pooled sovereignty; a Russia-EU visa-free agreement; Ukraine's support for Russia's naval expansion in the Black Sea; and Russia's spies in Georgia providing credible information that Tbilisi puts no resources into destabilizing the North Caucasus or supporting terrorist acts in Sochi.

Comparing the Scenarios: Likelihoods and Lessons

Both scenarios are highly unlikely *per se*, but they contain valuable insights concerning Russia's foreign policy drivers. One non-trivial and seemingly counter-intuitive conclusion is that a strong and globally ambitious Russia may be just as – or more – amenable to working out innovative pathbreaking settlements with Georgia and the North Caucasus' ethnic leaders than a weak and vulnerable Russia. Perhaps more importantly, however, this examination helps tease out indicators of Russia's policy changes in the Caucasus and beyond. As we have seen, some indicators – such as oil price – change in one direction (they increase) in the Global Bear scenario and in the opposite direction (they decline) in the Perestroika-2 scenario. Such indicators are thus likely to be indeterminate, because regardless of how they change, the outcome (Sochi Surprise) remains the same. Indicators that stay constant in both scenarios are more likely to predict changes because they matter regardless of other factors. Specifically:

- Energy price is less indicative of change and price volatility is more indicative of change than they appear.
- The U.S. economic position may be less indicative than one would assume.

- The lingering traumas and insecurities of the Soviet collapse and its aftermath in the Yeltsin era are important.
- Elite understanding that Putin’s public support is now decoupled from views on the Chechen wars is likely to be a strong indicator.
- Hawkish reputational capital – such as Putin’s – among the *siloviki* is likely to be necessary for any Russian leader to change policy in the direction of the Sochi Surprise.
- Wariness of China’s rise is a strong putative indicator.
- The emergence of elites seeing globalization and interdependence as a must for Russia emerges as the game changer.

Figure 1. Russia’s Putative Pathways to the “Caucasus Peace” Scenario for Sochi 2014



Iran and Georgia: Genuine Partnership or Marriage of Convenience?

PONARS Eurasia Policy Memo No. 186

Kornely K. Kakachia
Tbilisi State University

Since regaining its independence two decades ago, Georgia, a small weak state, has developed close relations with both regional and great powers and aligned with them in order to compensate for its weaknesses. As Georgia is perceived to be a close regional partner of the United States and was the recipient of roughly \$4.5 billion in Western aid over the past three years, recent moves by the Georgian government to establish closer political and economic links with the Islamic Republic of Iran have caused some bewilderment in Western capitals. This memo examines Georgian foreign policy toward Iran and attempts to identify the main causes and motivations for Tbilisi's affiliation with Tehran.

The Limits of U.S. Power and a Geopolitical Reality Check

Soon after independence from the Soviet Union in 1991, Georgia faced serious domestic and international problems that endangered its existence as a sovereign state. The fragility of the country was tested by constant Russian attempts to subjugate and manipulate it, which constituted the greatest challenge to its national security. Consequently, Georgia's initial foreign policy was driven by an interest to ally with other external powers, leading it from a general balancing policy (of checking Russia) to a more specific bandwagoning policy (of joining the West and seeking the direct patronage of the United States). Beginning from the 1990s, Georgia felt it had no choice but to be engaged in an unfolding pattern of alliances involving regional and extra-regional powers.

After the August 2008 war with Russia, as Moscow was trying to weaken and isolate Georgia, Tbilisi was eager to broaden the quantity and quality of its foreign relationships. Rapidly shifting equations in the regional balances of power, as well as from the potential consequences of Russia's unilateral recognition of Abkhazia and South Ossetia, forced Georgia to reevaluate and reshape its regional foreign policies. The United States had downgraded its security ties with Georgia after initiating its "reset" policy with Russia, making this key U.S. foreign policy accomplishment a mixed

blessing for Georgia at best. By then, Georgia had thrown in its “strategic lot” with the United States and the European Union. Close relations with the West were seen as indispensable for Georgia’s development, but some in the U.S. foreign policy establishment questioned whether the United States had any interests in the region that were more than marginal to U.S. national interests. Tbilisi had to adjust its geostrategic calculations accordingly.

The perceived decline of the role of Georgia and the Caucasus region in U.S. foreign policy led to a situation where it became clear that Georgia could not rely exclusively on Western backing for security, making it essential to advance relations with regional states. Close strategic links with Washington provided some legitimate security and defense needs, but they could not continuously ensure its vital security interests and, in some cases, could even limit Tbilisi’s scope for developing relations with rising regional powers. Consequently, the goal of Georgian diplomacy has been to create and promote a suitable balance of power in the region and diversify its foreign policy portfolio, which includes enhancing its relations with Iran. So far, Georgia’s knocking on Iran’s door has been successful.

Shared Concerns and Conflicts of Interests

The South Caucasus, as a source of both opportunity and threat, occupies a major place in Iran’s multiregional foreign policy agenda. After disregarding the Caucasus for decades and being excluded from its geopolitical chess game, Iran decided to cultivate a new relationship with the South Caucasus, including Georgia, hoping to regain its once-potent role as a regional power. Plagued by Western sanctions and with its internal politics in turmoil, Iran is more than uncomfortable having any neighbor allied with its main enemy: the West. Given Georgia’s pro-Western orientation, Iranian officials perceive Tbilisi as a “Westoxicated” regime, subservient to the regional interests of the United States. While not dramatizing publicly the U.S.-Georgian strategic partnership, Tehran fears in particular that Georgia could be used as a staging point for the West in case of a military operation against Iran. The Iranian leadership has constantly voiced its concern to Tbilisi regarding Georgia’s close security partnership with the United States, claiming that strengthening NATO’s position in the region is not the best way to maintain regional stability. Recognizing the limitations on its ability to influence Georgia, however, Tehran has increasingly adopted a pragmatic policy toward Tbilisi better suited to its limited political resources.

Essentially, Tehran has tried to sell itself as a “protector” of nearby weaker states while promoting anti-hegemonic (anti-U.S.) policies in the region. For instance, the Iranian ambassador to Georgia, Majid Saber, questioning whether the United States was a reliable strategic partner for Georgia during the Russo-Georgian war, said: “No U.S. help was there when you [Georgia] needed it most...Real friendship is demonstrated in hard times.” He thus hinted that only Tehran could be a reliable friend to Georgia. At the same time, it seems that Tehran’s policy is not aimed at forestalling Westernization in the region, but rather to keep the South Caucasus from becoming a base for U.S. military power. Iran thus pursues a stability-based foreign policy, albeit one that

promotes its own economic and strategic objectives and expands its own regional influence.

From Tbilisi's perspective, Iran is considered as a pragmatic radical within the region. The country is also seen as having the potential to play a somewhat constructive regional role as a counterweight to the geopolitical ambitions of Russia. The cooling of relations between Tehran and Moscow over Russia's support to Iran's sanctions has further contributed to this belief. Cautiously accepting Tehran's recent overtures of friendship, Georgians calculate that Iran could potentially be an advocate of Georgia's territorial integrity. Tbilisi remembers the balanced position of Iran during the 2008 war, when it refrained from taking sides. While Iran did not condemn Russia's aggression, Tehran officially supported the sovereignty and territorial integrity of all states and stressed the importance of respecting international norms and agreements. Subsequently, Iran also refused to recognize the Russian-backed separatist regions of Georgia. By doing so, Iran greatly improved its image and prestige in Georgia and somewhat recovered its regional influence, which had been in decline.

Despite talk of a contemporary Georgia-Iran partnership, Tbilisi's dealings with Tehran have not been easy. While stressing repeatedly that its relationship with its neighbor is solely about trade and tourism, Georgian officials have had to consider a number of delicate international issues in their dealings with Tehran, such as the international legality of Iran's nuclear program and its strained relations with the United States and others. In 2008, Georgian-Iranian relations were frozen for almost a year, when Georgia agreed to extradite an Iranian citizen to the United States on charges of smuggling, money laundering, and conspiracy, an action that Tehran assessed as an anti-Iranian act. As Washington did not particularly realize the high sensitivity of this issue for Georgian-Iranian relations, it took for granted Georgia's somewhat risky decision, which caused indignation in Tehran. In order to stabilize the situation, then-Georgian deputy foreign minister Grigol Vashadze visited Iran in January 2010 and met with Iranian President Mahmoud Ahmadinejad. Whether Tbilisi expressed regret to Tehran for the extradition, or offered something else to pacify Tehran, is unknown. Since then, however, Georgian relations with Iran have been stable.

Economic Cooperation, Investment, and Bilateral Projects

As Georgian and Iranian political contacts improved, both sides tried to enhance economic cooperation. Iran is an important trading partner with Georgia, and the relationship between the two countries has been promising in the economic sphere, notably in the energy sector. Desperately seeking a way out of its energy and economic dependence on Russia, Georgia considers Iran as an alternative supplier of energy, and both sides have renewed their drive for an energy partnership. One of the best examples of energy cooperation was the support Tehran provided to Tbilisi during the winter of 2006 when Russia cut off gas supplies to Georgia. Despite major pressure from Moscow, Iran supplied energy at a low price to Georgia. The Georgian political elite did not forget this and learned a useful lesson of political realism: Iran, which has the

world's second largest gas reserves after Russia, is eager to find a new customer for energy exports and to expand its economic ties, even at the expense of straining relations with Russia.

Over the past decade, Tehran has also signed agreements with Tbilisi for elimination of double taxation and encouraging investment in, air, surface, and sea transportation, and customs and trade cooperation. The volume of trade between the two countries has been rising. Seeking to diversify transit routes for its cargo shipments, Iran has an interest in Georgia's transit capacity and considers the country to be a viable alternative route for shipping freight to Europe. It is expected that the visa-free regime between Georgia and Iran, which came into force in January 2011, will help increase trade turnover. As a result of this agreement, Tehran has offered to assist Tbilisi build a new hydroelectric plant, made good on a plan to reopen a long-abandoned Iranian consulate in western Georgia, and sent thousands of Iranian tourists on chartered planes to Georgia's Black Sea resorts.

Even so, and with further investment deals on transportation and energy projects on the table, the West should not be concerned much that Iran is filling a "vacuum" in the South Caucasus. Notwithstanding the declared partnership, there is a huge gap between the actual and potential economic relationship between the two countries. Iran is not on the list of Georgia's key trading partners. According to the Georgian state statistics office, trade turnover between Georgia and Iran declined by 41.5 percent in 2009 to \$36.3 million. The figure climbed again to \$67.2 million in 2010, but in spite of this increase, trade between the two nations still accounts for less than 1 percent of Georgian imports.

Figure 1: Trade Turnover between Georgia and Iran, 2000–2011 (in thousands of dollars)

Year	Export	Import	Trade turnover
2000	6,801.5	5,879.8	12,681.3
2001	4,311.4	6,315.3	10,626.7
2002	3,316.4	8,096.8	11,413.2
2003	3,426.3	6,995.7	10,422.0
2004	4,500.7	15,157.9	19,658.6
2005	4,681.2	25,999.8	30,681.0
2006	2,699.4	40,301.8	43,001.2
2007	6,050.0	51,732.9	57,782.9
2008	10,060.0	52,080.0	62,140.0
2009	6,425.8	29,895.0	36,320.8
2010	12,140.7	55,079.5	67,220.2
2011 January-May	5,219.3	21,122.5	26,341.8

Source: website of the Georgian Ministry of Foreign Affairs and Geostat-National Statistics office of Georgia.

Conclusion

Some observers are unconvinced that there is a need for Georgia to establish a visa-free regime with Iran, and many worry about its possible implications for the West. However, Georgia's current policy toward Iran is not irrational. Closer relations with Iran, despite extremely tense relations between Washington and Tehran, is an indication of Tbilisi's disillusionment with what it sees as the West's weakening interest in Georgia, as well as its desire to expand its room for maneuvering, politically and economically. Georgia's shrewd game of regional *realpolitik* neither shifts its core foreign policy orientation nor conflicts with its primary goals of integration with the EU and NATO. Even with Tehran and Tbilisi's apparent new partnership, one should not expect to see Iran playing a superior role in the region for the foreseeable future. With unstable relations with Azerbaijan and strategic links with Armenia, the real economic and geopolitical dividends of Iranian diplomacy in the South Caucasus are mostly theoretical at this point. Particularly in dealing with Georgia, Iran has to take into account Russian interests in the South Caucasus and has acted very cautiously not to anger Moscow over its cooperation with Tbilisi. Moreover, Iran's ability to be an influential actor in Georgia is limited by geography (there is no direct border between the two countries) and other factors such as the dominant Western and Turkish influence. Heavy dependence on Western economic and political support does not allow Tbilisi to cross certain red lines in its dealings with Tehran. Georgia, as a NATO-aspirant country, is unlikely to endanger its strategic relations with the United States or its prospects of Euro-Atlantic integration for the sake of improving relations with Iran.

On the whole, it is a reasonable balancing act. Georgia's new Iranian foreign policy seems unequivocally pragmatic and driven by economics and, to some extent, security concerns. With the reflex of a small state, Georgia assessed the changing international political environment and determined that political dialogue with Iran would help strengthen mutual confidence. While trying to maintain a high level of strategic cooperation with the West and simultaneously profit by trade relations with Iran, the Georgian political leadership is aware of the fact that as a small state, Georgia's room for maneuvering and its ability to formulate foreign policy are relatively limited. From Iran's perspective, the advantage of a Georgian-Iranian rapprochement is that Tehran can assert itself more strongly in the region, particularly when Iran does not have unlimited outlets. Taking into consideration Russia's significantly weakened role in Georgia, all this suggests the possibility that Iran's presence on the Caucasian chessboard could end up being a stabilizing force in the volatile South Caucasus. As bilateral relations between Iran and Georgia enter a deeper stage, it remains to be seen how far Iran and Georgia will benefit from their declared friendship.

Georgia's Foreign Policy Impasse

IS CONSENSUS CRUMBLING?

PONARS Eurasia Policy Memo No. 187

George Khelashvili
Tbilisi State University

Introduction

A broad, pro-Western consensus over foreign policy goals has existed in Georgia since the late 1990s, but it is not certain whether this will be sustained in the future. The consensus was based on a few widely shared assumptions, including Georgia's geostrategic importance in the post-Soviet region, the indispensability of the so-called pro-Western course, and an irreconcilably dualistic nature of world politics played out as a geopolitical great game between Russia and the West.

The aftermath of the war of August 2008 put these assumptions under serious question. Georgia, a self-perceived regional pivot, came under direct Russian military attack, but neither the United States nor Western European states bothered to strain their relations with Russia, let alone come to Georgia's military aid. Western states have not been effective in ensuring the "de-occupation" of Abkhazia and South Ossetia, which Georgia still deems to be inalienable parts of its territory. Quite the opposite, the United States engaged Russia in an apparently positive-sum game of "reset." All Georgia received from this post-war international situation was U.S. and European financial aid, which felt more like "guilt money" than a serious postwar reconstruction aid package. Georgia did not receive strategic backing from the West except for qualified sympathy and occasional rhetorical support.

The Georgian government, led by President Mikheil Saakashvili, managed to retain its authority within the country while the opposition remained fractured and weaker than ever before. One of the major political tools in the hands of Saakashvili, which helped him to remain in power, was popular mobilization in the face of the Russian threat. The Georgian population's perception of Russia has remained negative ever since August 2008, and this perception continues despite the attempts of particular political forces to question the rationale of Saakashvili's ardently pro-American and anti-Russian rhetoric.

This paper is an attempt to analyze what has underpinned Georgia's foreign policy consensus and how likely it is to persist in the face of mounting difficulties

concerning Georgia's international standing. The explanation for foreign policy persistence includes the Georgian president's grip on power, the intransigence of the Russian leadership toward improving relations with Tbilisi, a lack of practical cooperative areas in Russian-Georgian relations, and the government's motivation to stay its course under conditions of international uncertainty. However, the broad ideological consensus regarding Georgia's foreign policy stance may be weakening.

A Foreign Policy Impasse

Georgia finds itself at an impasse over foreign policy. This impasse can be defined as a political situation that precludes meaningful progress toward enhancing national independence and security. It is both conceptual as well as practical. The Georgian leadership clings to foreign policy priorities that are either unrealistic or too distant to achieve. Meanwhile, important foreign relationships are either already strained or deteriorating.

On the conceptual level, there are currently no visible – to say nothing of credible – guarantees for ensuring Georgia's independence and territorial integrity. Georgia does not have enough power on its own to stand up to the aggression of almost any of its neighbors. Georgia also has no formal military alliance with anyone. The closest such alliance is the U.S.-Georgian Charter on Strategic Partnership, which does not go beyond a rhetorical endorsement of Georgian democracy and territorial integrity. Membership in either NATO or the European Union has been Georgia's top foreign policy priority for the last ten to fifteen years but now these priorities seem more distant than ever before. Therefore, the current leadership does not have any answers for the acute questions of national security and independence.

The EU has turned more and more critical of the Georgian government over human rights, democracy, and rule of law. Georgia's long awaited treaty with the EU has been delayed because of Tbilisi's intransigence over regulation mechanisms and other such technical issues. The EU's so called "neighborhood policy" showed little promise of serious progress. Georgia did not receive any significant investments from the EU after the August 2008 war, except for the above-mentioned financial aid.

Georgia's relations with its neighbors as well as traditional partners have not improved since the August war. Relations with Russia, Georgia's most important neighbor, are extremely strained. Apart from the absence of diplomatic ties, the two countries have failed to make any progress on concerns regarding the cause of the 2008 military conflagration. Georgia refuses to accept the legitimacy of Russia's recognition of Abkhazia and South Ossetia and still demands the withdrawal of Russian forces from the two regions. The Russian leadership flatly refuses to have anything to do with Saakashvili. Meanwhile, there are no international guarantees for a non-resumption of conflict between Georgia and Russia, or between Georgia and its breakaway regions.

The United States has a reset policy with Russia, which endures despite many initial predictions about its quick termination. U.S. President Barack Obama's policy did not deprive Tbilisi of Washington's rhetorical support, but Saakashvili's government found itself increasingly marginalized and deprived of its hopes for a more energetic

and sympathetic U.S. policy toward Georgia. Saakashvili would be happy to undermine the reset, hoping, implicitly, that renewed U.S.-Russian scuffles would give Georgia a more important place in U.S. foreign policy. In fact, the reset may be the only international premise on which the stability of a Georgian-Russian “cold peace” is predicated. Its termination could lead to unpalatable consequences for Tbilisi.

Georgia’s relations with its traditional partners, Turkey and Azerbaijan, continue seemingly undisturbed, but these relations have cooled down a great deal since the times when Eduard Shevardnadze, Heydar Aliev, and Suleiman Demirel enjoyed especially cordial, and fruitful, relations. Turkey and Azerbaijan look for better relations with Russia because of the business opportunities the latter gives them. The “revolutionary” rhetoric of the Georgian leadership, and a certain personal alienation between Saakashvili and Azerbaijani President Ilham Aliev, have not helped improve relations between Azerbaijan and Georgia.

In short, Georgia has no prospect of relying on any foreign power or alliance in its showdown with Russia. And a change of policy toward Russia is also not in sight.

Domestic Disagreement over Foreign Policy

Saakashvili has relied on popular support for his foreign policies ever since he assumed power in 2004. Paradoxically, the war of August 2008, despite Georgia’s spectacular military defeat, increased the popular basis of his pro-Western and anti-Russian political rhetoric. However, this popular support has never been unconditional. It started to crumble recently because of two fundamental reasons: disillusionment with the United States by the Georgian opposition and domestic social and economic grievances.

Domestic opposition to Saakashvili, even if disparate and powerless, is increasingly restless and there is little promise of significant progress in terms of societal consensus over basic issues of legitimacy and power distribution. As early as December 2009 and March 2010, erstwhile supporters of Saakashvili, former Prime Minister Zurab Noghaideli and former Parliamentary Chairwoman Nino Burjanadze, visited Moscow and held meetings with Russian Prime Minister Vladimir Putin. This was the first major public political act challenging the foreign policy consensus. Saakashvili and his party, as well as the state-controlled media, labeled Noghaideli and Burjanadze as traitors. By the summer of 2011, almost the entire Georgian political spectrum, except for former Georgian ambassador to the United Nations, Irakli Alasania, and the New Rights Party, was either engaged in public negotiations with various Russian politicians or holding talks with Russian businessmen of Georgian descent about funding their political activities.

The Georgian opposition acted not because of their sympathy toward Russia and Putin. While in government, both Noghaideli and Burjanadze had impeccable reputations as ardent nationalists and their anti-Russian speeches often outshined Saakashvili’s rhetoric. Their speeches were not far from what they actually believed (most probably). These two politicians declared that their trips to the Kremlin served Georgia’s national interests because at least, they said, somebody should be talking to

Russia in the absence of any meaningful official contact between the two capitals. In terms of political expediency, however, they were clearly out for political support from the Russian leadership as well as financial resources that would enable them to fund their respective political campaigns. Other Georgian politicians, most notably former minister of defense Irakli Okruashvili (another ardent former Russophobe) and former presidential contender Levan Gachechiladze also looked to Moscow for funding.

However, is there something more to these politicians' moves than a mere search for Russian political support (and funding)? One can add three additional reasons for their "pro-Russian" behavior. First, there is a realization that Russia and the West are not necessarily mutually exclusive. Second, because of cultural affinity, Russia never entirely lost its cultural and even political appeal among the Georgian public. It makes sense for politicians to cater to this part of the population, which is both skeptical of Georgia's exclusively pro-American political course and marginalized by the government's economic and social policies. Third, the Georgian opposition became disillusioned about U.S. democratic assistance as a political tool for overthrowing the current Georgian regime.

On this third point, most Georgian political campaigns since late 2007 against Saakashvili have been modeled on the Rose Revolution of 2003. It was widely believed that it was U.S. democracy assistance that enabled Saakashvili to overthrow Shevardnadze back then. Now, citing Saakashvili's undemocratic practices, Georgian opposition leaders expected that the United States would pour financial resources onto them to undermine Saakashvili's increasingly autocratic rule. Ultimately, they have become disillusioned with the United States that this did not happen.

Therefore, compared with the mid-2000s, there is a greater plurality of views with respect to Georgia's foreign orientation, which is motivated by difficulties in domestic affairs, disillusionment with the West, and a growing sense of Russia's comeback in the post-Soviet space. The next section addresses the basis for Georgia's foreign policy consensus.

What is the Basis for Georgia's Foreign Policy Consensus?

The decisive factor that binds Georgia's foreign policy together is the government's iron grip on power, media, and, hence, public opinion. The official propaganda machine creates an image of a crumbling Russia and a foreseeable de-occupation of Georgia. Dissenting views are not widely available and treated by both the government and its loyal media as unacceptable for Georgian national interests. The government's perception of its international stance may be more sober than its propaganda but, given Georgian realities, there is practically no available alternative to the course that Saakashvili has chosen.

On the surface, Saakashvili is intransigent toward Russia. However, there are signs of a readiness for collaboration. The most important of these signs is the increasing volume of Russian-generated investments into the Georgian economy. Most of this money comes from offshore sources. However, these investments are not enough to melt the political ice. Georgia cannot offer Russia anything that Moscow would

seriously be interested in. Neither in economic, strategic, or political terms is Tbilisi able to acquire a strong bargaining position with regard to Russia. Probably the most obvious strategic issue on which the two states could cooperate is the stability of the North Caucasus. In a way, Abkhazia and South Ossetia are extensions of the North Caucasus problem. However, Moscow treats these issues as isolated problems that Russia can take care of on its own. In a way, Georgian policy displays a mirror image. Tbilisi looks elsewhere for foreign assistance for the security of its borders and ignores the potentially shared interests with Russia over the security questions of the North Caucasus.

All this considered, Georgia's foreign policy consensus rests on the apparent effectiveness of government policies, and primarily its economic performance. Meanwhile, the Georgian economy shows no signs of improvement and the country's economic infrastructure is crumbling. Inequality is steadily rising, breeding more and more discontent. Problems are particularly evident in the agricultural sector, which used to provide some basic social support for the economically impoverished population. This support is weaker now. The share of imports is steadily rising, as is inflation, and Georgia's exports show no sign of growth. Foreign investments are steadily diminishing, and Georgia's foreign debt has grown exponentially in the last few years. Post-war foreign assistance was just enough to sustain stability in Georgia but by no means enough to revitalize it. Hence, economic growth may no longer be enough to serve as a base for the government's maintenance of power.

Therefore, the only credible functioning base on which the government can rely on is the police, security forces, and loyal bureaucracy. All these are sustained with high salaries and privileges. There are little other power resources keeping the regime together. How long Saakashvili can sustain this is an essential question. And the foreign policy consensus may be disappearing along with the stability of the regime.

Conclusion

There is an opportunity cost in maintaining a foreign policy line that opposes Russia. This opportunity cost includes diminished foreign economic revenues, growing domestic instability, and strained relations with many countries that find it more and more profitable to have good relations with Russia. There are signs that the foreign policy consensus is crumbling, given opposition figures' recent harsh statements against the United States and their increased contacts with Russian politicians and businessmen.

There was a period in Georgia's recent history when Shevardnadze chose to bandwagon with Russia (1993-1995), despite Russia's indirect and unwelcome interference in the conflicts in Abkhazia and South Ossetia. This is not likely to happen while Saakashvili is in power. The major reasons for this are Saakashvili's ideological preferences and the Kremlin's intransigence toward him. Whether Saakashvili can remain at the helm long enough to outlive his opponents in the Kremlin is a different – and open – question.

The Quest for Stability in the Karabakh Conflict

CONVENTIONAL DETERRENCE AND POLITICAL CONTAINMENT

PONARS Eurasia Memo No. 188

Sergey Minasyan

Caucasus Institute, Yerevan

Introduction

The current situation around the Karabakh conflict leads to pessimism concerning the prospects for a speedy resolution based on mutual compromise. The latest meeting of Armenian and Azerbaijani presidents with the mediation of their Russian counterpart, held in Kazan on June 24, 2011, was a failure. The sides retain totally contrasting approaches to resolution of the conflict and are not ready for compromises of any kind. The maximum concessions that each side could conceivably make are far less than the minimal requirements of the opposing side. As well, the “basic principles” put forth by the mediating Minsk Group of the Organization for Security and Cooperation in Europe (OSCE) satisfy neither Armenia nor Azerbaijan. Moreover, the party whose fate is most under discussion, the unrecognized republic of Nagorno-Karabakh, remains outside the negotiation format, another obstacle to its success. The international community is not pleased with this lack of progress, but views the continuation of negotiations in itself as a positive development, justifying the long-term activity of the Minsk Group while maintaining a fragile peace on the frontline.

Under these circumstances, however, Azerbaijan is left with only one set of possibilities for changing the status quo: threatening to start a new war, increasing a regional arms race based on its oil and gas revenues, and maintaining a permanent state of tension on the frontline. While some believe that Azerbaijan’s military rhetoric does not pose a realistic threat to Armenia, others take Baku’s threats seriously. Although external actors frequently declare a resumption of hostilities to be inadmissible, their authority may be insufficient to ensure the prevention of a new outbreak of hostilities. In this situation, Armenia and Nagorno-Karabakh seek to apply their own methods for maintaining stability in the conflict zone.

Indeed, given the improbability of reaching a compromise solution even in the mid-term, the most important goal in the Karabakh conflict should be exactly this: preservation of stability. The context is reminiscent, at a micro-level, of the Cold War, in which stability served to prevent a war between two superpowers trapped in bipolar confrontation. This stability was made possible by the use of two complementary

restraining policies: military deterrence and political containment, both of which can be fully applied to the Karabakh conflict.

Deterrence and Containment

In international relations, *deterrence* implies restraining an opponent by threatening to cause irreparable damage. During the Cold War, deterrence concerned the (mutual) restraining potential of nuclear weapons, while in the case of the Karabakh conflict, it implies restraint through conventional weaponry.

Containment, on the other hand, was used during the Cold War to characterize political and economic measures aimed at thwarting an opponent's implementation of foreign policy, in particular the Soviet Union's propagation of communist ideology, political influence, and economic engagement in different regions of the world. In the case of the Karabakh conflict, the concept of containment involves a mix of political and diplomatic measures with the involvement of third countries and great powers, aimed at maintaining stability and preventing a resumption of hostilities in the conflict zone.

More War? Conventional Deterrence and Military Obstacles

Since the threat of renewing military operations is heard only in Baku, a policy of deterrence is used primarily by Armenians to prevent a resumption of hostilities in Karabakh. Basically, Armenia seeks to "increase the price of war" by targeting objects of energy production and transportation infrastructure in Azerbaijan. To do so requires weapons capable of delivering effective "anti-value" strikes against sensitive targets deep in hypothetical enemy territory. Taking into account the weakness of the air forces of both sides, these weapons include heavy artillery, tactical midrange and tactical operational long-range missiles, and large-caliber multiple launch rocket systems (MLRS). When assessing the local military balance, therefore, it becomes clear that despite its deeper arsenal of long-range missiles, Azerbaijan remains vulnerable to attacks on its energy and industrial facilities. Using its large-caliber MLRS WM-80* and tactical operational missile systems 9K72 Elbrus (SS-1C Scud-B in NATO classification),† Armenia's army can cause serious harm to energy, industrial, infrastructural, and communication facilities deep in Azerbaijani territory.

Furthermore, in spring 2011, it was reported that the Armenian army possessed the new 300-mm Smerch MLRS missile system.‡ For a long time, Azerbaijan's own possession of such systems§ was an argument for Azerbaijani resumption of hostilities. Baku hoped possession of such systems would enable it to conduct "remote" military operations, thereby allowing Azerbaijani forces to avoid having to storm the Karabakh

* Eight WM-80 launchers of 273-mm MLRS of Chinese make (with maximum range, depending on missile type, from 80 to 120 km) were acquired by Armenia at the end of the 1990s and at the beginning of the 2000s. Later the media reported that Armenia was procuring modernized rockets with extended shooting range.

† They were transferred to Armenia from the arms and ammunition dumps of the 176th Rocket brigade of the 7th Guards army in the course of the distribution of the Soviet military property in the mid-1990s. The range of these rockets is up to 300 km with probable circular deviation of 0.6 km at large distances.

‡ Harutyunyan, Sarkis, "[Armenian Military 'Interested' in Russian Rocket Systems](#)," RFE/RL—Armenia, June 6, 2011

§ In 2004-2005, Azerbaijan purchased from Ukraine 12 launchers for the 9A52 "Smerch" MLRS. The range of the "Smerch" MLRS is from 70 to 90 km (depending on missile type).

fortification line, which would incur heavy losses. But now with its own Smerch system, and the prospects of acquiring additional long-range missile systems, Armenia's deterrence has been strengthened.

As a result, Azerbaijan's leadership faces a serious choice. It could instigate a full-scale military confrontation, in which both sides use heavy artillery, including MLRS and long-range missiles. However, this will lead to heavy losses and destruction of all of Azerbaijan's energy and communication infrastructure, with no guarantee of a quick victory. Any such military conflict would also not last long, as the international community would simply not allow it.

The alternative for Azerbaijan is to forgo using MLRS and long-range missiles in the hope that Armenians would also refrain from their use. This, however, seems unlikely. Azerbaijan would then have to restrict itself to a frontal offensive, "Stalingrad-style," over reinforced fortification lines. The heavy losses such an offensive would entail make this an unpalatable option.*

It is very difficult for Azerbaijan to choose between these two alternatives. In either case, the price of war will be too high and outcomes too uncertain. It thus seems that Azerbaijan's leadership has for now chosen the only viable option: an arms race, hoping to exhaust Armenia and Nagorno-Karabakh.

Even this arms race, however, reinforces Armenia's deterrence capacity. Armenia is able to maintain parity with Azerbaijan, despite the latter's high level of military spending, through free and preferential arms transfers it receives from Russia, its military and political ally. The fact that Azerbaijan buys arms, even if from Russia, while Armenia receives them for free or at a heavily discounted price, gives Armenia the ability to keep up with Azerbaijan, maintaining the existing balance of power at ever higher thresholds, thereby reducing the likelihood of an outbreak of hostilities. This maintenance of parity is not a guarantee that military actions will not resume, but it is still a deterrent.

Political Containment and External Constraints

The main source of political containment in the Karabakh conflict is the uncompromising attitude of key international actors, which reject all consideration of a military settlement to the conflict.

The current format of negotiations, conducted with the mediation of the OSCE Minsk Group, is a rather atypical case of cooperation between states (Russia and the United States) that are otherwise in heated global and regional competition with each other. They have similar approaches to the process of peacefully settling the Karabakh conflict, and they share a consensus on the unacceptability of unleashing new rounds of hostilities. The country that initiates a new war will face a rapid and unified reaction from these outside powers, which could lead to serious consequences for the state and its leadership personally.

* For more detailed analyses of the Karabakh conflict's military balance see: Minasyan, Sergey, "Nagorno-Karabakh After Two Decades of Conflict: Is Prolongation of the Status Quo Inevitable?" Caucasus Institute Research Papers #2, Yerevan, August 2010

Another source of political containment is the possibility of direct involvement by Russia in the event of a renewal of conflict. Currently, Armenia is the only country in the South Caucasus that has security guarantees and can expect to receive direct military assistance from a third country (Russia), as well as via a broader security alliance (the Collective Security Treaty Organization, or CSTO). Although Turkey and Azerbaijan have an agreement on military assistance, signed in August 2010, the provisions are vague and do not contain a commitment of direct involvement by Turkey.

In August 2010, Medvedev paid a state visit to Armenia, where he signed a protocol amending a 1995 agreement on the operation of Russia's military base there. According to the protocol, the geographic sphere of responsibility of the 102nd military base was extended to cover Armenia's entire territory. A 25-year lease extension for the Russian base was also signed, granting Russia permission to maintain its base until at least 2044. In addition, Russia took upon itself the responsibility, in the spirit of the protocol, to supply Armenia's armed forces with modern arms and weapons.

Armenians are inclined to interpret this document as a guarantee of Russian military assistance in case of war with Azerbaijan. Formally, the obligations of Russia and the CSTO in matters of mutual defense cover only the internationally recognized borders of the Republic of Armenia, not the territory of Nagorno-Karabakh. It is highly likely, however, that in the event of war, hostilities will extend past Karabakh and into Armenia. In this case, a failure to provide effective and immediate military support to a member state may discredit the CSTO and could lead to irreparable consequences. In any case, in May 2011, General Andrei Tretyak, chief of the main operations directorate of Russia's General Staff, stated that Russia would fulfill its promises and come to Armenia's defense in case of war.*

In addition to this high level of Armenian-Russian military cooperation, the fact that Azerbaijan is not regarded as an unwavering pro-Western state deserving unconditional Western support also helps Armenia to leverage its close security connections with the United States and NATO to discourage Azerbaijani hostilities.

Conclusion

As with any classic military-strategic concepts, deterrence and containment are imperfect and certainly not mechanisms for actually settling ethno-political conflicts. Full-scale conflict resolution is possible only on the basis of compromise by all conflicting sides, not from their awareness of war threats. Currently, the only goal of military deterrence and political containment in the context of the Karabakh conflict should be the preservation of stability. Over time, this can help to create conditions for a future lasting peace.

Indeed, many analysts predict the current status quo will be conserved for a long time. Nonetheless, the kind of conflict resolution that seems impossible today may become a reality in the mid-term, provided that two important conditions are met: a

* Kucera, Joshua, "[Russian General: We Will Intervene to Protect Armenia](#)," EurasiaNet.org, June 6, 2011

non-resumption of hostilities and the preservation of the formal negotiation format with the active support of (and pressure by) influential external actors. These conditions can yet pave the way to compromise, but only once the parties are psychologically ready to accept a settlement and a more favorable dynamic in the development of the region arises.

Turkish Foreign Policy in the AKP's Third Term

PONARS Eurasia Policy Memo No. 189

Ayşe Zarakol
Washington and Lee University

On July 12, 2011, the Justice and Development Party (*Adalet ve Kalkınma Partisi* or AKP) claimed victory for a third time in Turkish parliamentary elections since 2002. The AKP received about 49.9 percent of the vote and 326 seats out of the 550 in parliament.* Tayyip Erdoğan now has the rare distinction of being a Turkish prime minister in his third consecutive term at the helm of a majority government.

Elated by such an historical victory, Erdoğan's first speech after the election was understandably enthusiastic, but it was also remarkable for what it seemed to signal about the AKP's foreign policy plans for its third term. Erdoğan greeted in his speech, in addition to the citizens of Turkey, the "sister people" of "Baghdad, Cairo, Sarajevo, Baku, Nicosia, and others," who he knew were "eagerly watching Turkey." Furthermore, Erdoğan declared his party's victory to be a victory of hope for all oppressed peoples, adding that "Sarajevo has won as much as Istanbul; Beirut as much as Izmir; West Bank and Gaza as much as Diyarbakır" and that "the Middle East, the Caucasus, and the Balkans had gained as much as Turkey." This surprising number of mentions of previous Ottoman territories in a national election victory speech is certainly noteworthy. What is also interesting is the number of times Europe and the West were mentioned: exactly zero.

Studying Erdoğan's previous victory speeches underlines the significance of this fact. In 2002, Erdoğan did not give such a public speech, but in his post-election remarks, he assured the country that the AKP was committed to pursuing Turkey's candidacy in the European Union and joining "modern civilization" – the goal Atatürk had set for Turkey and which, throughout the twentieth century, had always been interpreted as the West. In 2007, the EU was again the only foreign entity Erdoğan mentioned in his victory speech, with two explicit mentions of Turkey's EU accession process and the need for Turkey to develop its democratic standards in order to gain entry.

* The AKP later gained one more seat when the election commission voided the victory of independent candidate Hatip Dicle. Their majority, however, is still short three of the 330 seats AKP needs to change the constitution.

The 2011 speech also made much of elevating democratic standards, but gone was the EU justification. Erdoğan promised that the AKP would govern in the name of all 74 million citizens of the Republic of Turkey and use its third term to draft a new constitution that would recognize everyone's identity, values, and demands for democracy, freedom, peace, and justice. In doing so, he name checked virtually all Turkey's ethnic constituencies: Turks, Kurds, the Zaza, Arabs, Circassians, the Laza, Georgians, the Roma, Turkmens, the Alevi, Sunnis, and *azınlıklar*.^{*} That non-Turkish ethnic elements would be mentioned by the prime minister in a national speech was groundbreaking and unheard of since the early years of Atatürk's rule when certain Ottoman frames were still in circulation and neither Turkish nationalism nor Kemalism had calcified in its present form. The rest of Erdoğan's speech was also peppered with references to improving Turkish democracy and to his stated desire to make peace with his opponents, to work together to create a stronger, more pluralistic, and more democratic Turkey that plays an active and high-profile role in the region.

In terms of foreign policy aspirations, there is very little subtext to analyze, with Erdoğan making it very clear that Turkey will continue to follow the foreign policy course charted by Foreign Minister Ahmet Davutoğlu in the AKP's second term. That term was marked by an ambitious foreign policy that drifted away from Turkey's traditional partnerships with the West and toward the betterment of relations with regions previously neglected by Turkey, such as the Middle East, North Africa, and Eurasia. During his second term, Turkey became a vocal critic of Israel's actions in Gaza and an increasingly independent negotiator in the Iranian nuclear program issue. Its interest in closer relations with Eurasian, Asian, and MENA (Middle East and North Africa) countries were reflected in numerous reciprocal liftings of visa requirements and increased trade agreements. Turkey's total trade with Middle Eastern and Asian countries increased almost tenfold in volume, whereas the EU's share in Turkish trade declined by almost twenty-five percent. All this economic expansion was underwritten by Davutoğlu's "strategic depth" doctrine, which holds that the main principles of Turkish foreign policy are a balance of security and democracy in domestic politics; "zero problems with neighbors;" closer relations with the Middle East, the Balkans, and the Caucasus; complementary policies with the West; and a diplomatic approach that is active in international organizations and peace-building efforts. That Erdoğan intends to continue down this path, which has proven very successful for Turkey, is clear from his victory speech.

This is further verified by the fact that Davutoğlu easily retained his post in the new cabinet and has been following a very busy agenda relatively uninterrupted by the election frenzy. Between the election and the time of writing this memo (less than a month), Davutoğlu had already met with Iranian President Mahmoud Ahmadinejad, traveled to Montenegro for the Southeast European Cooperation Process (SEECP), visited northeastern Libya and Benghazi to extend Turkey's official recognition to the Libyan rebels, hosted U.S. Secretary of State Hillary Clinton and other foreign

^{*} This means the legally recognized minority communities of Greeks, Armenians, and Jews, whose numbers altogether amount to less than 1% of the current population.

dignitaries in Istanbul for a summit on Libya, and was planning to go on a Middle East tour that included Syria. He also threatened the European Commissioner for Enlargement that EU-Turkey relations would freeze if the EU did not push the Greek Cypriots to find a solution to the Cyprus issue, as if to relay once more the point that the old Turkey, which was always trying to appease the EU, was long gone.

Many observers before and since the election have underlined the seeming neo-Ottoman aspirations of Turkish foreign policy in recent years. The more simplistic of such analyses attribute to Turkey expansionist and militaristic motives, but at least for the moment such analyses only prove the biases of their authors. Judging by the track record discussed above, rather than military dominance, the AKP government seems to be pursuing economic and cultural influence, perhaps in the manner of Japanese foreign policy in East and Southeast Asia after its post-WWII economic boom.

It is undeniable that Turkey has much going for it at the moment to serve such a grand strategy. Turkey's economy is buoyed by impressive growth rates at a time when the rest of the world, especially Western economies, are suffering. Turkey posted a 13 percent growth rate in the first half of 2011, surpassing even China. Furthermore, at a time most Middle Eastern leaders are facing the ire of their people, Erdoğan is wildly popular both domestically and regionally. A recent survey found him to be the most popular leader in the Middle East, well ahead of the nearest contenders: Ahmadinejad and Hasan Nasrallah, Hezbollah's secretary-general. The push of Turkish soft power is not exclusive to the Middle East either; Turkish soap operas are increasingly consumed in the Balkans and Eastern Europe, further testimony to the growing cultural reach of Turkey.

All this does not mean, however, that nothing will change in Turkish foreign policy in the AKP's third term, or that all is smooth sailing for Turkey and Erdoğan's neo-Ottoman aspirations. Several red flags are already apparent.

Turkey's ability to successfully pursue regional influence is contingent upon two factors: continuation of economic stability and growth and the AKP's ability to deliver on its promise of democracy. Neither, however, is assured. On the economic front, many observers note that economic growth has resulted in dangerous levels of consumer borrowing and spending, which may cause the economy to overheat. It is also uncertain how much longer Turkey will be spared the economic malaise affecting much of Europe and the United States. In the not unlikely event that one or more Western economies default, Turkish markets may be more exposed than the AKP government cares to admit.

However, the possible slowing of its economic boom is the lesser challenge facing Turkey in the near future. The real problem lies in delivering on the promise of a real consolidated Turkish democracy. As much as Erdoğan likes to talk about a more democratic and pluralistic Turkey, in recent years the AKP has been acting increasingly like a status quo party uninterested in reforms that do not favor its own base. For instance, the AKP made no effort to change the national 10 percent threshold a party needs to surpass in order to gain seats in parliament, forcing the candidates of the Kurdish party, the Peace and Democracy Party (Barış ve Demokrasi Partisi or BDP), to

run as independents. The impression that the AKP has no interest in recognizing the BDP as a serious partner in solving Turkey's decades-long Kurdish problem was solidified when the election board voided the electoral victory of one of the Kurdish independents, Hatip Dicle, because of his conviction in 2010 of what was essentially a political speech crime. The AKP's claims that the recent election board is an independent body seem insincere in light of the AKP candidate's eagerness to claim Dicle's seat. In protest, the other independent BDP MPs refused to swear the parliamentary oath; at the moment of writing, they remain outside parliament, not good news for the fate of pluralism in future constitutional negotiations. The situation was not helped by the fact that in the second week of July, thirteen Turkish soldiers were killed by the PKK (Kurdistan Workers' Party), the Kurdish insurgency group, undercutting any hope of a calm national debate at the present time. Generally, at the moment, hope for a peaceful resolution of the Kurdish conflict is at its lowest point, as if the democratic gains of the last decade had never been made. The AKP and Erdoğan are much to blame for this outcome, as they amped-up the nationalist rhetoric in the run-up to parliamentary elections in an effort to appeal to voters of the ultra-nationalist party MHP (Milliyetçi Hareket Partisi) while simultaneously trying to undercut BDP votes in Kurdish regions through ugly insinuations about the BDP members' lack of religious conviction.

All this does not bode well for the supposed democratic bona fides of the AKP. The Kurdish problem has been around since before the creation of the Turkish republic, with each governing party eventually defaulting to the centralizing, statist, anti-pluralist, and hegemonic worldview first initiated by the Committee of Union and Progress all those years ago. That position always defines Kurds as a secondary element within the polity and assumes that any services or rights are for [Sunni] Turks to give to them. Framed in this manner, the expectation is always that Kurds should be grateful for whatever is given. It is ironic but not surprising that the AKP, which very much started out as the anti-center and anti-assimilation party, has come to embrace such a worldview after holding the reins of power in its own hand. That the AKP is enjoying the kind of power this type of state bestows on its governors is also evident from the fact that it has no problem enforcing the various anti-democratic curbs on speech and organization it once railed against.

The increasingly authoritarian turn of AKP, if sustained, will have serious implications for foreign policy. The more Turkey acts like the old Turkey of the military-bureaucratic elite (albeit with an Islamic flavor), the less likely it will be able to influence the countries of the region. The foreign policy of a more authoritarian AKP would look more like Russia of the last decade rather than Japan of the 1970s, but Turkey has neither the economic nor the military wherewithal to match Russia in such ambitions. More importantly, the regions Turkey would like to bring into its sphere of influence do not have an appetite for such a model – Turkey is increasingly a role model and a trade partner, especially for the Middle East, because it seems to hold out the promise of reconciling modernity and religion, democracy and development,

consumerism and tradition, the West and the East. Without that promise of democracy and pluralism, Turkey will be nothing more than Iran without oil.

To his credit, Erdoğan seems to recognize this to some degree, which is presumably why he made so many references to democracy in his speech. What the AKP and Erdoğan have to understand, however, is that they are no longer the underdogs, and neither necessarily is Turkey. Turkish foreign policy in the AKP's third term will be successful to the extent that the AKP takes seriously the responsibility that comes with power and does not let past resentments justify petty calculations. If Turkey starts throwing its weight around the region without solving its own domestic problems, the excesses of the last years of the Ottoman Empire will be quickly remembered. The AKP can no longer claim to speak for all oppressed peoples; it has to show, beginning with its own domestic policies, that it can speak for oppressed people even when they are not in the AKP's base. That makes finding a peaceful solution to the Kurdish conflict the number one issue for both domestic *and* foreign Turkish policy in the third term of the AKP.

PONARS ● NEW APPROACHES
EURASIA ● TO RESEARCH AND
● SECURITY IN EURASIA

THE GEORGE
WASHINGTON
UNIVERSITY

WASHINGTON DC