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S U M M A R Y

After the fall of Communism, Russia reverted to czarism. But more importantly, Russia embraced capitalism. Although not democratic, Russia is largely free. Property rights are more deeply anchored than they were five years ago, and the once-collectivist society is going private. Indeed, private consumption is the main driver of economic growth. Russia's future now depends heavily on how fast a middle class—a self-identified group with personal stakes in having a law-based government accountable to tax payers—can be created. The West needs to take the long view, stay engaged, and maximize contacts, especially with younger Russians. ■

Reading Russia Right

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More than twenty years after Russian leader Mikhail Gorbachev began his policies of perestroika and glasnost that led to the end of the Cold War, a chill has entered relations between Russia and the West. Even as President Vladimir Putin prepares to assume the presidency of the G-8, he is frequently criticized for taking Russia in the wrong direction. The very people who in 2000 called Putin a man with whom they could do business are having second thoughts. Those once fascinated by Putin now publicly rebuke him.

Putin is shooting back, accusing the West of trying to weaken and dismember Russia. As politicians in the United States and Europe compare him to Mugabe or Mussolini, Putin's aides invoke the Munich appeasers who tried to push Hitler eastward. In his September 4, 2005, address following the Beslan school tragedy, Putin himself blamed the West for trying to channel Muslim radicalism toward Russia. The Kremlin now brands the so-called color revolutions in Ukraine, Georgia, and Kyrgyzstan as a Western ploy to install pro-American regimes on Russia's periphery and then to engineer a regime change in Russia itself.

There is confusion in Western policies toward Russia, in large measure resulting from disillusionment but also rooted in profound mis-

understanding of what today's Russia is and where it is headed. Available analyses of Russia barely scratch the surface and are either too short sighted in their outlook or politically motivated. These are serious and potentially dangerous flaws. Effective Western policies toward Russia demand a close, cool, and dispassionate view of fundamental developments there.

Russian Politics: Free but Not Democratic

As they were exiting from communism in the 1990s, most nations initially reached back, almost instinctively, to their immediate pre-communist pasts. The Baltic states revived their constitutions of the 1930s, the Armenians and the Azeris revived their political parties of the late 1910s, and Eastern Europe, with the exception of East Germany, which promptly reunited with the Federal Republic, once again became *Mittleuropa*. This revival of the past was a source of concern for West Europeans and Americans, who feared the reemergence of historical enmities and tensions. These fears were realized in the former Yugoslavia, and they underpinned the dual enlargement of the North Atlantic Treaty Organization (NATO) and the European Union (EU).



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Russia also reached backward to czarism, although initially this was not obvious. Boris Yeltsin banned the Communist Party, dismantled the Soviet Union, was friendly to the West, tolerated open debate, and privatized the economy. He was given the benefit of the doubt in Washington and the European capitals, and his anti-communism was elevated to a surrogate of democracy.

But the picture Russia presented to the outside world in the 1990s was massively distorted. Russia was doubtless freer than ever before in all respects—both good and bad. Parliament was lively but essentially powerless. The electronic media were routinely critical of the authorities but were owned by a handful of people, known as oligarchs, and depended on their owners' tastes, interests, and fates. The oligarchs were allowed to privatize the best parts of the economy, and in collusion with the top bureaucracy, they took over vital parts of the state. Yeltsin's election victory in 1996 and his handover of power to Putin, like a king to his dauphin, tell us more about his regime of electoral monarchy than almost anything else. It would be a mistake to burnish Yeltsin's reputation in order to brand Putin as a renegade.

Putin's regime is openly *czarist*, a term more precise than "authoritarian," which evokes the image of a traditional train-running-on-time dictatorship. The defining element in present-day Russia is that the presidency, or rather the president, a modern czar, is the only functioning institution. A czar may be strong or weak, given to liberal or reactionary ideas, but he is the sole decision maker. Putin's Duma is much like that of Nicholas II, docile and acquiescent, while many of his governors are also like Nicholas' governor-generals. The capitalism now being practiced is dependent on the authorities and plays no independent role in politics. Indeed, politics in Russia today is court-driven and essentially Byzantine.

This does not, however, constitute a rollback of democracy in contrast to the Yeltsin era. Yeltsin may have enacted Russia's first democratic constitution, but in reality, as long as he

reigned, *he* was the real constitution. "Czar Boris" was not interested in institution building, only in keeping his position as the supreme arbiter. Thus, Putin is not *destroying* democratic institutions, which never existed in the first place, but is the top bureaucrat controlling a huge government bureaucracy, for which he sees no need and, frankly, no possibility for democratic institutions.

The czarist analogy is very bad news for optimists who saw Russia becoming another Poland or joining post-World War II Germany in thoroughly cleansing itself from its past. However, this analogy is more accurate than the often used neo-Soviet one. Of course, calling the current regime czarist does not mean that there is no difference between the Russia of 2005 and 1913, but it does mean that Russia is back on its historical path of development—roughly at the point where things started to go wrong—and has a chance of doing better this time.

A New Beginning

Russia does not have to relive its tragic history. The domestic situation, the global environment, and the historical memory of its people all militate for a better future. A close observer would note that Russia is like Western Europe in the sense that it will have to advance economically, socially, and politically, by itself and in stages. It is *not* like Central Europe, which could luckily fast-forward through some of these stages because of its NATO-EU membership.

This distinction means that we need to be more careful in using the language of democracy when talking about Russia. Democracy everywhere in the West has been a fairly late child of capitalism because it requires a self-conscious middle class to take root and flourish. This can only be produced by successful and sustained capitalist development. Russia is currently generating this kind of development, but the process will take time. Democracy can only consolidate in a country when the bulk of its society has standards well above minimal subsistence levels; otherwise an attempt to install democratic government will produce populism.

We also need to distinguish between democracy and freedom. Freedom comes first and, through the cultivation of responsibility, prepares the ground for a democratic polity. Russia, though undemocratic, is largely free. It is this freedom to worship, make money, and move around that pushes the country forward: Freedom favors the activists. Politics, however, is the one area where this freedom is currently missing.

At present, Russia's politics belongs to a narrow and self-absorbed elite. Its antiquated system of government by bureaucracy is both wasteful and dysfunctional. If the country is to move forward along the path of democracy, its leaders must agree about who owns what, who makes the rules, and how to change the rules. Establishing this baseline will not introduce democracy into the country, but it would help institutionalize freedoms and produce a genuine constitutional rule of law. In other words, the task at hand is to turn today's czarist Russia into a latter-day version of a European monarchy embracing constitutionalism—not yet a democracy, but a huge step forward. Only forces rallied around a liberal agenda can accomplish this feat. But does Russia have these forces and where are they?

The Kremlin officials and propagandists like to repeat the convenient nineteenth-century maxim that in Russia the only true European is the government. Yet, the smug conservatism of the rulers and loyal elites is essentially sterile. On one hand, those who exit the twentieth century by way of the nineteenth have little to offer to others. Political technology is not the same thing as a sound policy, and opportunism by definition lacks a sense of direction. On the other hand, the traditional liberalism of intelligentsia reformers has basically run its course. The well-respected and once-hopeful figures from the 1990s are no longer players (and, frankly, have not been so since Yeltsin's departure years ago). One of their major problems has been such a deep perceived disinterest in things national that the notions of liberalism and patriotism have come to be seen as mutually exclusive in contempo-

rary Russia. This situation, truly unique among post-communist and post-Soviet countries, was self-defeating for the first batch of Russia's liberal reformers.

The need now is for a kind of hard-headed liberalism that stands for freedom, reform, *and* the Russian nation-state. In principle, this brand of liberalism can emerge from the ranks of the new bourgeoisie and the rising urban middle classes. A 2005 INDEM report estimates that Russian businesspeople pay \$316 billion in bribes annually; they can hardly be expected to carry such a burden indefinitely, especially since bribes do not always guarantee results. At some point, businesspeople are likely to start organizing themselves, first at the local level, in favor of a more effective way of pressing

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their demands and ensuring accountability. By the same token, people who have moved up into newer houses or better apartments will gradually look beyond their door to take care of the social and political environment in which they live. Grass-roots self-organization of civil society, alongside a new role for business, could be the basis for major social and, ultimately, political change.

Such a new liberalism will not be run by the intelligentsia, and on occasion will appear coarse and anti-intellectual. It will be less concerned with social justice and human rights and more concerned with good governance. Over time, however, it could perform the singular feat of marrying liberal and national values, thus undercutting the conservatives' and reactionaries' monopoly on patriotism. In foreign policy terms, the new version of liberalism would tend to be Western rather than pro-Western. It would espouse the core values of the West without aligning Russia formally with Western political institutions.

Is this only a hypothesis or are these forces really emerging? With so much being written about Putin's Russia (essentially the Kremlin and the bureaucracy), the rest of the country is often overlooked. Ever since Gorbachev unleashed people's energies that had been chained by the Soviet communist system, the impact of the Kremlin on the nation has been constantly diminishing. In other words, the Kremlin is still unchallenged domestically, but it is increasingly less relevant. Even if one-man rule is likely to persist, perhaps only gradually mellowing into some kind of a constitutional monarchy (the prede-

arrest was exactly what the Russian business community was hoping Putin would do. In other words, if you do not play power politics, you will be safe. Universal application of justice would likely land the whole business class (and the entire government bureaucracy) in jail. Of course, the Kremlin's actions in response to the perceived challenge from Khodorkovsky have not only resulted in the destruction of the country's best-run company but also led to a profound loss of business confidence and a surge of corruption, unprecedented even for Russia. However, things have a tendency of moving on, as a hike in foreign direct investment in early 2005 suggests.

Not all the oligarchs are in jail or in exile. According to one estimate, just twenty-two people own roughly 40 percent of the Russian national economy—a minuscule number compared to the number of robber barons in the United States at the turn of the last century. Russia's official count of millionaires (in dollars), at a mere 88,000, is likely understated. Despite the scandalous concentration of wealth in the hands of the well-connected few, Russian capitalism is not only, or even primarily, about the oligarchy. Muscovites' average incomes are superior to those in many capitals of the new EU entrants. All Russia (144 million people) is not Moscow or St. Petersburg (10 and 5 million people, respectively), but each provincial capital in the country is a Moscow of sorts to its neighborhood. All are ringed by thousands of newly built, expensive *dachas* (summerhouses), all have traffic jams (only partly due to bad driving habits and lack of parking discipline), and all have stores open around the clock selling goods for which there is a market.

Moreover, this market is expanding. Freedom House's index ranks Russia very low on the democracy scale, but the "IKEA" index (named after the Swedish chain-store company) reveals a different dimension. Giant IKEA furniture and home accessories stores are fanning out from Moscow to nearly all major cities in the country. Russia is unlikely to go through a political revolution anytime soon, but it is in the midst of a revolution in retail trade. Although this develop-

Universal application of justice would land the business class and the entire government bureaucracy in jail.

cessor of a representative democracy), it will be the economy, rather than politics, that will drive the process.

Russia's Revolution of Money and the Emergence of a Middle Class

Russia has a free wheeling rather than a free market economy, but it is definitely capitalist. In 1987 Gorbachev promoted the law on cooperatives and election of Communist Party officials, and in 1993 Yeltsin defeated the communist and nationalist oppositions and adopted the new constitution. These events framed the most recent Russian revolution, which was above all a revolution of *money*. Its gains are now well secured: Private property and private businesses—practically nonexistent in the Soviet Union in 1985 when Gorbachev started what he thought was only a renovation of the system—have become irreversible realities in Russia. Its business climate is still difficult, but the country is basically on track economically, even if its course is rather irregular.

Western critics have been accusing Putin of selectively applying justice for political motives in the arrest of Russia's richest man, Mikhail Khodorkovsky. But ironically the

ment promises no triumph of democracy, it does give many a very real right of choice. Consumers have arrived in Russia, but citizens are not yet in place.

Millions of ordinary Russians exercise their right to choose in the expanding market. For example, planeloads of business travelers converge on London, Zurich, and Frankfurt daily; hundreds of thousands of Russians, thinking they have lost the Crimea as a vacation destination, are rediscovering the Mediterranean or, for those living in Siberia and the Far East, the Yellow Sea. Of the 6.5 million Russians who traveled abroad in 2004, 1.5 million went to Turkey, and around 1 million each to Egypt and China. All of these people are part of a Russia beyond Putin's Russia—one that will grow and develop even when Putin is no longer in power.

The fundamental cultural change is that Russia, once the paragon of collectivism, is going private. Increasingly, people take pride not in their country's missile forces, ballet companies, and mammoth dam construction projects, but in the homes they own, the cars they drive, and the schools to which they send their children. Even in sports, women's tennis singles are faring better than the ice hockey teams. In fact, Russian women tennis players hold four of the ten top positions in the World Tennis Association's August 2005 ratings. The fundamental change is the emergence of a middle class, composed of self-conscious individuals, who over time will form the bedrock of the Russian *demos*. Democracy's foundation in Russia will be taxpayers, not dissidents or street demonstrators.

True, Russia's current system of values is different from those of present-day United States or Western Europe (differences between these two notwithstanding), but the existing value gap is of a socioeconomic and historical, not ideological, nature, as in the Soviet days. In terms of per capita gross domestic product (GDP), Russia, over the course of the last two centuries, has trailed the leaders of the Western world by 40–60 years, according to Yegor Gaidar in his 2005 book, *Dolgoye Vremya (Long Time)*. Many

aspects of today's Russia could be better understood by comparing them with the realities of post–World War II Europe, such as politics in France or the economy in Italy.

Commercial values are advancing, while warrior values are retreating. Even the advent of the so-called *siloviki* (members of Putin's entourage who have police or, more often, a security service background), somewhat overvalued and much misunderstood, distorts rather than blocks that process. Ironically, because most of the *siloviki* are ex-members of the security services and not the military, for instance, their ethos is individualistic rather than collectivist. Few people in the Soviet system were less ideological and more pragmatic than the foreign arm of the KGB. These qualities and useful connections explain the commercial success of so many among them. The rise of the *siloviki* has

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resulted not in the reemergence of the national security state but in the corruption of those who have risen to the top. While they are busy carving up budget allocations for their own benefit, the plight of the armed forces continues to worsen, and the quality of the security services personnel (and their effectiveness) has eroded.

A New Foreign Policy: Russia's Business Is Russia

Today's Russia is post- rather than neo-imperialist. The range of its effective foreign policy activity has shrunk to the former Soviet space. Even there, Moscow has been on the retreat, grudgingly ceding one position after another. Recently, it has been engaged in rear-guard action in defense of a status quo that arguably does not suit it very well but is deemed preferable to the vagaries of an uncertain future.

Exiting from an empire is never quick or easy, and Russia is no exception, especially since its empire was contiguous and closely integrated with the metropolitan core. Within this context, the 2004 Ukraine debacle can be seen as a turning point.

Ukraine, Georgia, Moldova, and others are convincing Russian elites, still reeling from the fall from the great power status, that in the twenty-first century Russia's business must be Russia itself. In this, the "color revolutions" are doing Moscow a huge favor. Russia is not disengaging from its neighborhood, but its mode of engagement is changing. It is increasingly approaching the new countries as full-fledged states, rather than parts of the long-defunct whole, and is being guided by specific national interests. In the process, imperialistic illusions will be dropped (to the relief of the neighbors), together with the system of imperial preferences (to their dismay). Russian economic expansion will continue, but it will be

on the frozen conflicts in Moldova and Georgia, which are increasingly seen as opportunities to influence the political, economic, and security policies of the new states.

This coming change will be a final act of self-liberation from the imperial burden, with the result of raising Russia's competitiveness in its neighboring markets. This new role, however, requires a level of competence and commitment generally lacking among Russia's elites. Recent cases of Poland-bashing, the double failure of border treaties with Estonia and Latvia, and chronic tensions with Georgia point to the difficulty Moscow experiences in dealing with smaller neighbors beset (and occasionally obsessed) with historical grievances against it.

The Kremlin's ideal of Russia's international role is that of a modern great power: economically viable, technologically competent, socially and culturally attractive, and militarily strong. In a highly competitive global environment, Russia hopes to eventually become competitive. A great power in the twenty-first century should be able to function as a self-standing unit in a world where there are several major poles of attraction. According to Alexander III's oft-cited maxim, Russia's only true allies in the nineteenth century were its army and its navy; its allies today are oil and gas—as long as prices stay high. Because Russia is close to the major poles of international power—the United States, the EU, China, India, and Japan—as well as the amorphous and turbulent Muslim world, Moscow's foreign policy, its architects believe, must be multidirectional.

With the European Union (the near West), the objective is cooperation, not integration. Russia hopes to build a loose association with the EU, on a more or less equal basis, but this may be overly optimistic. The idea of joining the union is too far-fetched, with little support in Russia and virtually none in the EU. However, partial integration outside of formal institutions can succeed over the long term. Another important issue on the Russian government's EU agenda is easing the visa regime for western-bound Russian travelers.

Once the paragon of collectivism, Russia is going private. Tennis singles players, not ice hockey teams, are faring best.

driven by companies (some of them government-owned) pursuing concrete interests and so will not be territorial.

It is finally dawning on the Kremlin that political union beyond Belarus is impossible and that economic integration beyond Kazakhstan (and Belarus) is undesirable. Russia is building security arrangements with an eye on Central Asia, not Central Europe, and will need to take into account the mercurial nature of the region's politics. Even though Uzbekistan's recent security reorientation from Washington to Moscow and Beijing appears a victory to some in Russia, the Kremlin continues to lack both the resources and the will for a real "Great Game" revisited. The Kremlin is edging toward accepting cooperation with the EU

Russia's relations with its NATO neighbors are becoming demilitarized. A war between Russia and Germany is as unthinkable today as one between Germany and France. But there can be no full reconciliation between Russia and the rest of Europe before history is put to rest between Moscow, on the one hand, and the Baltic States and Poland, on the other.

Relations with the United States are characterized by a fair amount of disillusionment, mistrust, and even hostility. There is no prospect of Russia becoming a junior partner or a formal ally of the United States. Yet, Moscow tacitly recognizes U.S. primacy and does not seek confrontation with it. Russia sees the relationship above all in terms of what the United States can contribute to its modernization effort, with WTO membership topping the list. The Kremlin resents U.S. activities in the new states of the former Soviet Union, so it can be expected to hold on to Belarus and to help push out the United States where circumstances permit, but it realizes it cannot fully fill the vacuum there. Thus, Russia's U.S. policy is a combination of modernization assistance, limited partnership, and localized competition.

Russia's recent rapprochement with China seems logical in view of cooler relations and lower expectations with Europe and the United States. The two countries are neighbors and share a range of interests, above all economic ones. True, the 2005 joint military exercises and the joint stand against continued U.S. military presence in Central Asia sought to send a message to Washington, but the message delivered was that Moscow wanted to demonstrate its strategic independence and its desire to be taken more seriously. Despite newly arisen fears, Russia is not about to embrace China as its new ally and mentor. Even as the relationship between the two grows closer, it remains testy, with neither country seeing the other as its first priority.

Against this backdrop, Russia's security policy remains schizophrenic. Moscow continues to prepare for defense against an air-space attack (that is, a war against the United States), even though the likelihood of that scenario is

nil. Russian forces engage in friendly exercises with China's Peoples Liberation Army (PLA), even though in the long run, if push comes to shove, the General Staff in Moscow can only pin its hopes on nuclear deterrence to hold its own in the Far East. Both Russia and the United States are battling Islamists separately, but neither did anything to organize regional antiterrorist cooperation in Central Asia while their relationship warmed in the wake of 9/11. Now that the relationship has cooled, the United States and Russia are engaged in what appears to be a tug-of-war over military bases in the region.

Russia's new central battleground is in Chechnya and increasingly in the rest of the North Caucasus, where it fights Islamist ter-

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rorists, separatists, and bandits. One year after the terrorist attack at Beslan, Russia is still far from achieving a turning point in that struggle because of the lack of an effective strategy, adequate instruments, and competent leadership. Pervasive corruption stifles every effort in the socioeconomic sphere, clan politics hampers administrative improvements, and human rights abuses recruit new fighters for the cause. In the words of the Kremlin's Deputy Chief of Staff Vladislav Surkov, the "subterranean fire" of regional instability continues to rage unabated.

Chechnya explains much in Putin's and, more broadly, the Kremlin's attitude toward Western policies. The refusal of the U.S. and EU governments to treat Chechnya as part of the war on terror breeds constant resentment. Asylum given to separatist leaders whom Moscow accuses of terrorism leads to suspicion about the West's "hidden agenda." On this, its most important security issue, the Kremlin feels isolated from its nominal partners in the West. This situation is an open invitation to those peddling age-old ideas of

Western hostility toward Russia to concoct absurdities of Europeans and others turning Russians into “twenty-first-century international outcasts,” to quote Gleb Pavlovsky, the Kremlin’s chief spin doctor.

Western Interests

Western relations with Russia can no longer be described in terms of integration, as it is traditionally understood, that is, gradually drawing Russia into the Western institutional orbit. For that, there is neither particular demand on the part of Russia nor sufficient supply on the part of the United States or the EU. NATO and the EU, which were so suc-

cessfully used with regard to the countries of Central and Eastern Europe, will have to remain idle in the case of Russia. The famous “double integration elevator” cannot take Russia aboard because Western institutions simply do not have the capacity to do so.

but not European (if Europe is defined in terms of EU membership). This transfiguration is by no means unique. Japan was the first country to succeed in this national endeavor. In the twenty-first century, alongside the “Old West” of Europe, the United States, and Japan, a “New West” is emerging—and Russia could well be part of it in the long term.

Nothing is preordained, of course. If Russia fails, as it might, it is likely to become something like a “Euro-China,” a backward periphery-cum-raw-materials appendage to its two principal neighbors, with China as the likely beneficiary. At the same time, Russia’s Muslim neighborhoods, ranging from the North Caucasus and up the Volga, could be sucked into the Greater Middle East, which would be an unwelcome prospect.

Even now, Russia has evidently caught the “Dutch disease” and can fall into the trap of becoming a petro-state. Without a system of rule of law, its politics are inherently driven by crisis. If Russian elites and public are not careful, Russia can also succumb to the demons of ultranationalism, chauvinism, even fascism, which are all gaining strength. After all, 1913, the Romanov monarchy’s last peaceful year, was replete with massive contradictions that broke loose with the Bolshevik revolution of 1917.

However, a critical mass of relative well-being may have been established by now to keep the country afloat in stormy weather, so that even a plunge in oil prices, when it comes, would be more of a stimulus for economic and administrative reform than a death knell for stability. When the Russian economy received a major blow from the outside in the 1998 financial crisis, it bounced back in two years, profiting greatly from the drastic devaluation of the ruble.

The difference between Russia, on the one hand, and the countries of Central and Eastern Europe, and even western Commonwealth of Independent States (CIS), on the other, is that while Russia has embarked on the path of modernization, it does not particularly want to *belong* to a larger institutionalized grouping. Russia is thus unlikely to “join” the West by means of a formal accession to the Euro-Atlantic institutions and is instead integrating into the wider world by means of organizations such as the WTO and forums such as the G-8. It has also found acceptable formulas for doing business with NATO (within a special council) and the EU (in the “four spaces” matrix).

Culturally and geographically European, but not Western, Russia can paradoxically become Western (in terms of first principles of economic, political, and societal organization),

but not European (if Europe is defined in terms of EU membership). This transfiguration is by no means unique. Japan was the first country to succeed in this national endeavor. In the twenty-first century, alongside the “Old West” of Europe, the United States, and Japan, a “New West” is emerging—and Russia could well be part of it in the long term.

Russian elites, reeling from the fall from great power status, are learning that Russia’s business must be Russia itself.

nuclear arsenal, which has limited usability); and its population is declining rapidly. There is no question that Russia is less important, for good or bad, to the outside world than it has been for nearly 300 years. Yet, despite the fact that the Western ability to directly affect Russia's evolution is very limited, its stakes concerning Russia are not negligible.

Top among the West's immediate interests is energy security. Russia's oil and natural gas supplies are vital for Europe and are becoming important for Asia. If Russia manages to market liquefied natural gas, it has the potential to become a substantial source of energy for the United States as well. Russia's semiprivate energy companies are emerging as long-term partners of the West. Rather than treating them as latter-day versions of Soviet tank columns, the West would achieve more through integrating them into the international economic system.

New security threats—ranging from Islamist terrorism to proliferation of weapons of mass destruction to regional security concerns to health hazards in Eurasia—are more reasons for cooperation. Although they often see one another as competitors and disagree about strategies, Russia, the United States, and the EU share an interest in stability and security building in parts of the Greater Middle East, including Iran and Afghanistan, and in Central Asia and the South Caucasus. In the early twenty-first century, NATO is more concerned about Central Asia than Central Europe, which is precisely the focus of Russian security planning as well. Moreover, Russia is a player in the Korean nuclear standoff and shares a common neighborhood with the EU, where its cooperation is indispensable for resolving conflicts in places such as Moldova and the South Caucasus and making Europe's southeastern approaches safer.

Geopolitics is usually considered out of fashion, and in many ways it is. Although the current international system still revolves around the United States, this is likely to change in the long term. The rise of China

and India will doubtless challenge U.S. primacy and lead to a new distribution of power. As America's interest in Russia slackens, China's interest will increase. Even now, Beijing is becoming nearly as important to Moscow as Washington. This shift merits serious attention.

Policy Recommendations: The Way Forward

In addressing their interests, U.S. and EU governments need to be realistic. They should refuse to be carried away by their own rhetoric. Russia is not turning out like some of the former Soviet satellite nations, and there is no revolutionary shortcut to making it a full-fledged democracy. Thus, Western governments and Japan should take a long view. Fixation on 2008, the year of Russia's next presidential election, only makes sense if there is a chance of a radical pro-Western power

Russia sees its relationship with the U.S. in terms of what it can contribute to Russia's modernization.

shift in the Kremlin. This is highly unlikely, however, and Putin's successor probably will not please the Western chanceries any more than Putin did.

Governments also have a duty to explain to their electorates that Russia's inclusion in the G-8 was primarily about Russian leaders' socialization and global governance, not a reflection of its democracy or economic maturity. With Russia as a member of the forum, the G-8 has ceased to be an old Western club. In defense of a principle, of course, Russia can be expelled, but the consequences of that decision should not be ignored. As an alternative to exclusion, a gradual expansion of the group would make much more sense. With China, India, Brazil, and South Africa as members, a G-12 could turn into a useful forum for global management, an ideal venue for thrashing out matters

before legalizing agreed decisions through the UN process. To lead the world by consent of its senior players would certainly make higher demands on the United States as a functioning world leader.

In dealing with Russia realistically, the United States and the EU need to distinguish between what they can influence and what they cannot, which would help eliminate both unnecessary despair and deceptive illu-

Western business investments in Russia are a close second. They are not so much an “aid to the regime” as they are a means to help transform the country, little by little, through introduction of new technologies and a new managerial and business culture. The cultural aspect, it needs to be stressed, is immensely more important than the financial one.

That said, the channel between Western leaders and the Russian president, whatever his name, should be exploited for all its worth, but without undue expectations. Summit meetings are not the place for lectures and litanies. Instead, they are a unique vehicle for serious give-and-take and building understanding at the top. Any Kremlin ruler is a lonely person in his country, with his only peers being fellow chief executives of the world’s major powers, starting with the United States. This channel, however, works best when there is confidence on both sides.

In dealing with the various deficiencies it sees in Russia, the West needs to be more practical. The human rights situation in Russia, for example, would be far better helped by negotiating specific programs to

U.S. and EU governments’ refusal to treat Chechnya as part of the war on terror breeds constant resentment.

sions. The West needs to realize that its most powerful instruments with respect to Russia are not its king-making abilities at the very top, but human contacts of all kinds at all levels, especially among the younger generation. Creating more stipends for Russian students, both at home and abroad, is the best investment in Russia’s future.

Looking Ahead

The U.S. and EU governments should look to the future where Russia is concerned:

- **Be patient.** Take a long view, beyond the 2007–2008 election cycle, because building capitalism takes time.
- **Be concrete.** Address Russia’s various deficiencies by offering specific programs rather than harangues.
- **Be market-savvy.** Expand contacts with Russia’s new generation.
- **Be friendly.** Mean what you say and say what you mean; avoid large gaps between what you say in private and what you say before cameras at summits.
- **Be inclusive.** Expand the G-8 further by admitting India and China rather than expelling Russia.

improve conditions in Russian prisons and to raise the professionalism of judges and policemen than by a pro forma raising, for the umpteenth time, of some judicial *cause celebre*. Similarly, for Chechnya, general pleas for “stopping atrocities” need to be replaced by a bona fide willingness to engage and offer serious suggestions to improve the situation. This is not charity: Should the situation in the North Caucasus deteriorate, it will affect countries other than Russia. Criticism of all kinds has a far better chance of being taken seriously if the Russian authorities realize that it is given in good faith, with a reasonable understanding of their predicament and accompanied by workable ideas.

Above all, Europe and the United States need to be patient. Of course, what happens during the 2007–2008 election cycle is a matter of serious interest and should not be ignored. Western leaders need to impress on Russian decision makers the importance of abiding by the letter as well as the spirit of the Russian constitution when Putin’s time is up in 2008. This will be crucial for continued domestic and worldwide acceptance of the legitimacy of the Russian leadership. Should the Kremlin decide in favor of a third term for the incumbent, under whatever pretext, the domestic legitimacy of the entire political system will start to erode, paving the way to a major crisis down the road, with unknowable consequences.

However, the Western governments also need to set their sights on 2020, or better 2030, the time frame of the U.S. National Intelligence Council’s reports. A new Russian capitalism will come of age as the international system is adjusting to China’s rise. By that time, Russia is likely to be back in play as a significant international actor, weighing in considerably on the shape and sense of the world system as a whole. Russia’s low profile

with today’s policy makers in Washington should not obscure the country’s potential future role.

Finally, there are several things *not* to be attempted. Disengaging from Russia, treating it as a pariah (or rogue) state “while the authoritarian regime lasts,” expelling it from the G-8, or political and economic containment in Eurasia will not help democrats into power in Moscow and will only leave the Kremlin with a much narrower range of domestic and international choices.

Conversely, too close engagement and too intimate involvement in Russia’s domestic processes can carry their own sets of dangers as well. Trying to pick and groom future Kremlin leaders is a game of delusion.

Should the Kremlin favor a third term under whatever pretext, the domestic legitimacy of the entire political system will erode.

Russian politics, still intensely personal and largely nontransparent, should be left to the Russians themselves. The West needs to stop thinking about what is good for Russia and focus on what is good for itself. At some point down the road, there may be a surprisingly large overlap between the two. ■

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