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# U.S. - RUSSIAN RELATIONS: IS CONFLICT INEVITABLE?





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## Foreword

The purpose of the Hudson Study Group on U.S.-Russian Relations was to identify some of the core issues and make recommendations on ways to prevent further deterioration of relations between the two countries. The participants in this study group were Russian and American political writers and scholars with long experience in U.S.-Russian relations. The group met on March 26-27, 2007, in Washington, D.C.

This report is divided into three sections: a joint statement with recommendations for U.S. policy signed by four members of the group, four papers presented at the conference, and an edited transcript of the March 27 discussion of U.S.-Russian relations.

The group was chaired by Hudson Senior Fellow David Satter and made possible by a grant from the Smith Richardson Foundation.



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**F**ifteen years after the fall of communism, Russia is reverting to patterns of behavior characteristic of the Soviet Union. This is reflected in foreign policy, in domestic policy, and in the realm of ideas.

In foreign policy, Russia increasingly seeks to frustrate the goals of the West. On February 7, President Putin, in a speech to the Munich security conference, accused the U.S. of “overstepping its borders in all spheres,” and imposing itself on other states. He accused the U.S. of a “hyper-inflated use of force.” Insofar as the policies of the U.S. have been undertaken either to protect the U.S. and other countries against terrorism or to promote and strengthen democracy, it is hard to interpret Putin’s words other than as a call for the U.S. to forswear almost all influence in the world and to leave the fate of democracy to the world’s dictators.

In domestic policy, Russia has steadily destroyed political pluralism. The Duma was reduced to subservience, as were the courts. Oligarchic wealth was put at the service of the regime, the free press was all but eliminated (a few exceptions remain), and NGOs were placed under bureaucratic control. With independent centers of power in this way effectively neutralized, the fate of the country is in the hands of a small group of rulers divided by their hatred of each other and driven by their fear of losing control over the country’s wealth.

In addition to a retrograde foreign and domestic policy, the Russian regime has made efforts to develop a new, undemocratic ideology. Leaders of the Russian Orthodox Church, which has become a pillar of the regime, have denied the universal validity of human rights. The Russian foreign minister, Sergei Lavrov, has declared Russia’s neutrality in what he calls “the West’s supposedly inevitable conflict with Islamic civilization.” At the same time, Alexander Solzhenitsyn, now a strong supporter of the Putin regime, has equated human rights

with the “right” of a caveman to “snatch a piece of meat from his neighbor or hit him over the head.”

The danger of these developments is that they are capable of defining a durable system of anti-Western authoritarian rule. Recent developments show that there is a sharp divergence between Russia’s interests and the interests of the small group of people who run it. The result has made Russia a disruptive and unpredictable force in international relations and a danger to itself.

The best way to counteract authoritarianism in Russia and the tendency, once again, to live in a world of illusions is for the U.S. to demonstrate strict fidelity to its own values. By demonstrating that we have principles that we are ready to defend, we will positively influence Russian policy and offer needed support to the liberal minority in Russia that shares the values of the West.

- The U.S. should dispel any illusions that it is ready to reach agreements with Russia at the expense of funda-

in this rights. The

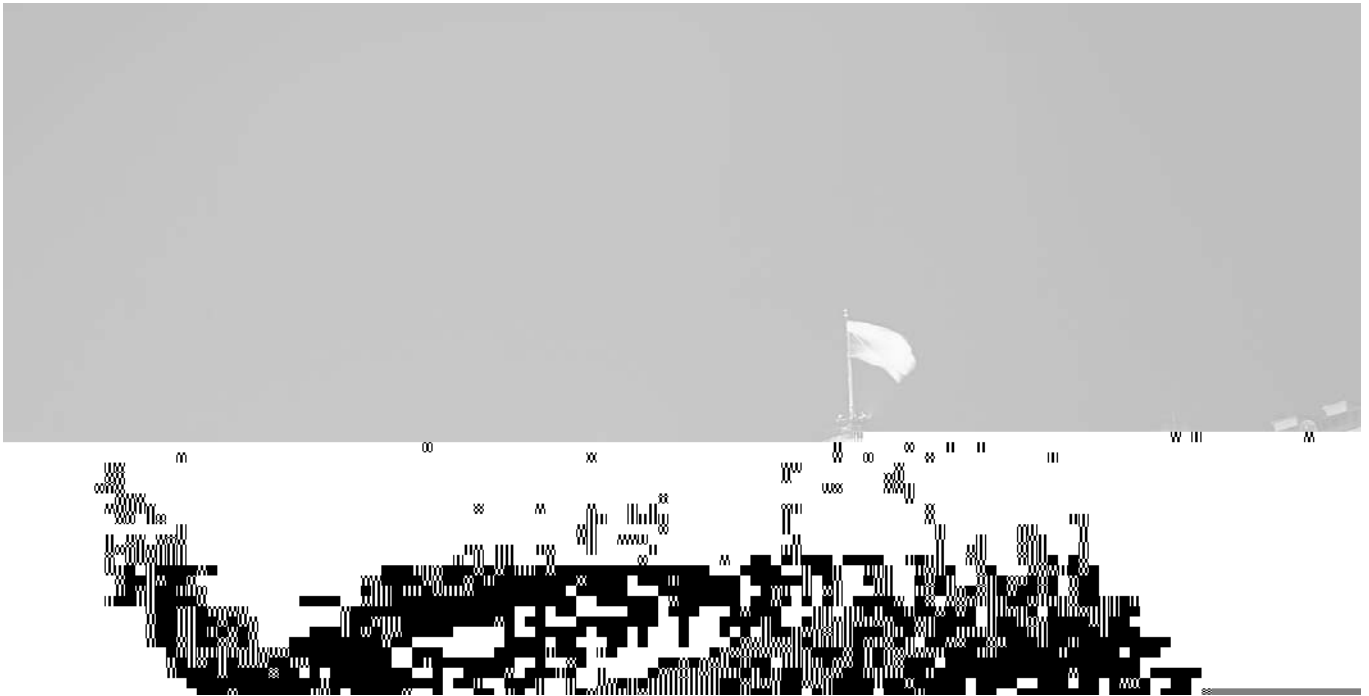


cooperation in the war on terror has been elusive, and Russia's policies have become increasingly anti-American. This may be because the real source of Russian policies is the Putin regime's need to create the impression of an external adversary in order to consolidate its own power. If this is true, U.S. acquiescence in the face of Russian human rights abuses is self-defeating. It does not lead to a change in Russian policies, and it makes it difficult if not impossible to address the underlying tendency.

- The U.S. and the European Union should develop a strategy to prevent Russia from using energy as a political weapon, including measures to protect against the consequences of any abrupt and politically motivated cutoff of supplies, coupled with the establishment of standards of transparency, competition, and reciprocity. There should also be a means to investigate attempts by the Russian authorities to pressure Western companies to give up their contractual rights as well as measures to support affected Western companies in the event of abuses.

- The U.S. should take Russian commitments seriously. Russian participation in Western clubs—principally, NATO, the G-8 and the Council of Europe—gives the U.S. the right to insist that Russia fulfill the obligations that it accepted by joining these organizations, beginning with the duty to adhere to democratic norms and respect the rule of law. In the event of flagrant violations, for example the brutal suppression of peaceful protests or the carrying out of assassinations on the territory of Western states, Russia should be expelled from these organizations.

- The U.S. should strengthen its contacts with Russian



## **I. The central issue—a change in Russian and American tactics**

**F**irst and foremost it is necessary to determine the

news for Russians, who have yet to understand the differences between their own interests and those of the oligarchs and corrupt officials. However, this comes as a complete, mean-spirited cultural shock to the West, which is used to a total absence of self-interested behavior on Russia's part.

On the other hand, U.S. strategies are changing. The reason for the change is not only over-extension due to preemptive use of hard power, above all military power, and the eschewal of the soft power of persuasion. And it is not solely the existence in the U.S. of the "Afghan-Iraqi syndrome." The U.S. problem is deeper, and can be measured using three main indices: the crisis of modern democracy, the current leadership crisis, and the destabilization of the global economy.

## *The crisis of modern democracy*

Democracy grants power to the most influential part of society that, due to globalization, can reside outside of a given society, especially in the case of poor societies. As a result, democracy can become a tool of these groups and interests in ways that directly contradict the interests of a given society.

Secondly, global networks are gradually becoming full-fledged objects of international politics, almost on par with the nations (including the U.S.) that gave rise to them. At the same time, global networks are not responsible to societies and governments and pursue mostly private, not societal interests. That said, they make grievous mistakes because, having rid themselves of the government, they cannot wholly take advantage of government "think tanks." Declarations of allegiance to traditional democracy merely serve as a front for it, hiding the present situation, and cannot change it.

Thirdly, modern war (as we saw in the case of the last Lebanese war) is waged against networks that are deeply integrated into a given society. In order to wage such a war, a government must engage in acts that are not subject to public scrutiny, ranging from secret talks to clandestine murders. This is an immoral, but necessary, technological requirement of such wars. A government that operates "on camera" is essentially incapable of waging such a war. Therefore, the tactics of modern warfare restrict democratic institutions. If a society and its gov-

ernment are inspired by a strong nationalistic idea, this curtailment of democratic institutions does not engender corruption. However, modern democratic standards everywhere (except in the U.S.) destroy national ideology.

## *The crisis of contemporary leadership*

The first "information explosion" was caused by the invention of the printing press. This drastically increased the number of people pondering abstract issues. The governments of that time, drawing their authority from the Catholic Church, proved unable to manage the situation from secret

visitors

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## ***The disturbance of the global economic balance***

The international news media illustrates developed countries' standards of living to people. Meanwhile, global competition deprives two-thirds of mankind of the capacity to develop normally. People who belong to that group understand that their children will never be able to achieve a standard of consumption regarded as normal in developed countries. That is the cause of increased global tension, in all its manifestations, including terrorism and immigration.

However, even developed countries have problems. Global poverty and (for information products) cultural differences limit the global market and consequently the commercialization of technological progress. Modern technologies are too complex and expensive for poor countries. Therefore, developed countries find it necessary to increase their defense budgets in order to stimulate technological progress. However, this is the very medicine that is guaranteed to be more awful than the illness.

New, simple, and inexpensive technologies will destroy global monopolies and give poor countries opportunities for development. However, this will not occur quickly. Rather, it will be the result of a systematic global crisis. Meanwhile, the tensions continue to rise.

\* \* \*

As it stands, what path can the U.S. choose? What will be the American response to these systemic challenges?

## **II. The American choice will also determine Russia's future**

**M**odern Russia cannot be the key issue in world politics for the U.S. Their "Russia policy" will be defined by the grand American strategy. Three main variants of such a strategy are presently available.

1. Controlling key resources of global development. (Currently these are oil, money, and intellect.) Direct control, as we see in Iraq, is impossible because the West is

not strong enough. However, "soft power" can work as it had over the past years. For Russia, the first and foremost implication of this strategy is the "internationalization" of natural resources in Siberia and the Far East, or, plainmosthm.2678 Tat their children will 0w[(gr0.262 or)1from

The U.S. can regard Russia from two different points of view and choose to interact with it accordingly. Russia can either be utilized as an object for realizing current U.S. goals or as a means of maintaining the global balance of power. These are different goals and paths.

Objectively, the first path leads to Russia's destruction and the shifting of global power towards U.S. adversaries, namely global Islam and especially China. China can take over Siberia and the Russian Far East after Russia weakens as a result of losing national control of raw material deposits in the interest of global Western business.

If, in following the first path, the U.S. attempts to forcibly export Western democratic values to Russia and impose their own ideals upon it, they can simply hand Siberia and the Far East to China, just as they have already given Shiite-populated southern Iraq to Iran.

After the Russian default of 1998, the U.S. chose the second path, that of maintaining the global balance of power, but it turned out to be too difficult. I am afraid that today the U.S. sees only the Russian bureaucracy and does not view Russia as an element of global balance and competition. If you see only current Russian leaders, then, of course, you cannot answer the question "why on earth should we stand this nonsense?" and choose the first path, the path of the nineties. Today, this path entails:

- The sustenance of Western-oriented liberals and Medvedev in Russian domestic politics to serve as Putin's suc-

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garchs in turn understand that if Putin chooses a representative of the corrupt liberals, an unenviable choice will lie ahead of them, a court-martial or Basmanov Court.

Medvedev is the candidate of the corrupt liberals. He is the best manager of all the candidates, except for Sobyanin and Narishkin. However, neither of these two candidates possesses sufficient political heft; moreover, Narishkin is apparently only being groomed to be prime minister. Unfortunately, despite his managerial skills, Medvedev still cannot run anything. The rest of the candidates are even worse.

After Ustinov's dismissal as attorney general, the powerful oligarchs do not have a single candidate to put forth as Putin's replacement. Therefore, they need to preserve Putin for a third term. They create local and global crises both inside and outside of Russia in order to keep Putin in the Kremlin.

Relations with the West are so poor that a Western protest against Putin's third term is meaningless.

Putin will make a decision at the last moment, in the best case in December 2007. Putin is a better president than Medvedev and others because although he can work only a little, and badly, he nonetheless can at least do something in order to maintain the global balance of power.

The pro- and anti-Western sentiments of the Russian population do not have political significance. This is the case because public opinion has only a slight effect on decision-making. The bureaucracy uses the public mood to achieve its own local goals and manipulates public opinion when it comes to serious issues.

Thus, Russia is not choosing between the East and the West, democracy and authoritarianism, economic competition or destabilization, but between chaos and order. After the liberal socio-economic policies and external Western control of the 1990s, Russians understand that a bad and corrupt order is better than good and democratic chaos.

## V. What is important for normal relations?

The West needs a stable Russia in order to maintain the global balance of power against China. In the event of Russia's disintegration, her resources will go to China, not the West.

The West cannot stop Russia's slide into a systemic crisis, and can only help get out of it once it has begun. This is a challenge for the future.

Currently, the West needs a "Cold War" only with Russia's new masters, not with the Russian people. Russians are protesting against the politics of the Russian bureaucracy, and their protest should not be re-directed at the bureaucracy's strategic partners in the West.

If the West understands and accepts this, it needs to learn to acknowledge Russians' rights to patriotism and to a normal level of freedom—not as a religious symbol, but as the only path to prosperity and justice.

Russian "democrats" and "liberals" have forgotten these demands and rights, and therefore the terms "democrat" and "liberal" are cursed in Russia. Official propaganda uses this to divert Russian citizens from asserting their interests and rights to fighting the West.

The West needs to explain to Russia that these rights have been destroyed not by rivalry with the West, but solely by the avarice of the new Russian leaders. It is true that in the future, the issue of global competition will arise. Currently, however, there is only one key problem—corruption (including, of course, corruption in the interests of the West) and a lack of bureaucratic integrity.

After Russia experiences a systemic crisis the West must be able to say to Russians; "You see? We are for democracy, but not for "democrats," for law, but not for lawyers, for prosperity, but not for prospering oligarchs." All of these are things that the West could not say after the 1990s.

Russia will be useful to the West if the West can side with Russia against China and global Islam in foreign policy and with the Russian people against the Russian bureaucracy in domestic policy.

If the West attempts to transform Russia according to its own conceptualization of the correct societal order, or simply to seize Russian raw materials, intellect, and money, it will destroy Russia and pay dearly for the relatively small gain. As a consequence of doing so, the West will experience large-scale, global systemic problems. ■

## I. Kremlin

**T**he nature of the conflict over Putin's successor has not changed in the slightest in the past two years. The succession problem of 2008 is quite different from the succession problem of 2000. In 2000 the successor had to be marketed to an electorate 100 million strong. We all remember what a huge fireworks display was required, involving Basaev's raid on Dagestan and the blowing up of apartment blocks in Moscow. In 2008 there will be no need to market the successor to anyone. The electorate has been satisfactorily dealt with and will now swallow anything. In any case, nobody is going to ask its opinion. All that is required is for Putin to reach agreement with the inner circle of his entourage, five or ten of the boys of the Petersburg Brigade. This is where the problems begin.

The conflict is already spilling out of Churchill's "riddle wrapped in a mystery inside an enigma," as the terrible truth becomes evident to Putin's cronies that he really does want to get out: "Long has the weary slave planned his escape." In this "brigade," however, a certain equilibrium has been established and "the Chief" cannot simply give orders or make arrangements there, let alone appoint

## II. Munich

The attitude of the Russian political class to Europe, and to the West in general, over the latest three to four centuries has always been contradictory, hypersensitive, and extremely emotional. The best Russian political text on the subject remains even today Alexander Blok's 1918 poem, "Scythians," with its famous lines about Russia: "She stares, she stares at you with hatred and with love" and "We will turn our Asiatic snout towards you."

Just as three hundred years ago, and two hundred, and twenty, today we know perfectly well that we cannot do without Western technology and investments, and that autarky and an Iron Curtain spell economic and geopolitical disaster for Russia. We understand that Russian culture is an integral part of European culture. And yet, the West seems to irritate us by the very fact of its existence. We see it as a psychological, informational, spiritual challenge. We are constantly trying to convince ourselves that the West is inherently hostile and malevolent towards Russia, because this flatters our vanity and helps to excuse our shortcomings and failures.

If you take any mainstream Russian publication and read the last hundred articles dealing with foreign policy matters, ninety-eight will be full of bitterness, complaints, irritation, poison, and hostility towards the West. This despite the fact that most of the authors of those articles like to spend as much time as possible in Western capitals and Western resorts, keep their money in Western banks, and send their children to study in Western schools and universities.

As in the famous poem, a passionate declaration of love for Europe turns, at the slightest doubt as to whether it is reciprocated, into a threatening, "And if you won't, there's nothing we can lose, and we can answer you with treachery!" What have "five thousand bayonets deployed in Bulgaria," three airplanes in Lithuania, Kosovo, or the Jew-baiter of Iran to do with anything? The whole lot of them are mere opportunities for the manic-depressive Russian elite to check and re-check its endless love-hate relationship with the West. That existential Russian question, "But do you respect me?" is in reality addressed, not to our latest drinking partner, but to the starry firmament in the West.

Last week that question was asked again at the Munich Conference on Security Policy in the latest spiri-

tual striptease show put on by the latest Russian Patient. It doesn't matter what his name is: Ivanov, Petrov, Sidorov, Yeltsin, Primakov, Putin... For some reason it is considered statesmanlike and patriotic to pout your lips and enumerate before various Western audiences the same old list of "grievances" about the unipolar world, the ABM treaty, the expansion of NATO, the creeping up of NATO, our encirclement by NATO.

Wake up, intellectual "heavyweights" of Russia. What world and what century are you living in?

Where now is that mammoth aggressive military machine of NATO you have so long been warning of? It truly has lumbered up to the sacred borders of the former Soviet Union, but not from the direction you expected. Indeed, my fear is that there it will meet its end, defending those borders from the advance of Islamic radicals. When to the ululating of those fighting against "a unipolar world" NATO finally departs from Afghanistan and from history, the front of the Islamic revolution will cut through the countries of Central Asia. If we look a little further to the East, there too significant events are afoot.

"In September 2006 the Chinese People's Liberation Army conducted a ten-day military training exercise on an unprecedented scale in the Shenyang and Beijing Military Regions, the two most powerful of the seven Chinese MRs. These border Russia. Shenyang confronts the Far East Military Region and Beijing confronts the Siberian Military Region. In the course of the exercise, units of the Shenyang MR performed a thousand-kilometer advance into the territory of the Beijing MR and engaged in a training battle with units of that Region.

The nature of the exercise tells us that it is in preparation for war with Russia and, moreover, that what is being planned is not defense but attack. Against Taiwan this scenario makes no sense. Deep invasive operations are being worked out on dry land, in a region of steppes and mountains. The lay of the land in the region where the exercises were held is similar to that of the Trans-Baikal region, and one thousand kilometers is precisely the distance from the Russo-Chinese border at the river Argun to Lake Baikal." (From "Greetings from China," *China Daily*, February 12, 2007.)

But who is bothered about all that in our little psychiatric hospital? It is far more fun to go on about the usual grievances: bayonets in Bulgaria, Russophobes in Courchevel, and calumniators of Russia in Scotland Yard. So, there we have it. In the not too distant future the cen-



turies-old, tortuous psychological relationship between this patient and the West may finally be much simplified. No longer will anybody need to attend psychoanalytical conferences in Munich or turn their special Asiatic snout towards anyone there. Russia's Asiatic streak will be clear for all to see.

### **III. Will the June 2008 G-8 Summit be the last one?**

**M**any commentators, myself included, have noted that Vladimir Putin pulled off a striking personal propaganda coup at last year's G-8 summit. But what about the present state of that institution, and the G-8's future?

The last time the G-8 was put to the test was when an extremely serious Middle East crisis blew up on the eve of the meeting of the "leaders of the world's foremost democracies." The analysts were debating whether this was the beginning of a fourth world war (the Third, Cold, War, having ended in November 1989), or whether it was merely a continuation of the war being waged, since September 2001 if not earlier, by radical Islam against the "Satanic" West. Be that as it may, the eight most powerful leaders on the planet, locked up together in the Konstantinovsky Palace for two days, had an opportunity, if not to snuff out the conflict, then at least to work out a responsible joint approach to what was occurring. We heard a great deal over those two days about guinea fowl, lobster mousse, energy security and bird flu, but nothing at all, apart from an exchange of propaganda pinpricks, about a crisis that was rapidly worsening before our eyes.

The G-8 (formerly the G-7 and G-6) has not always been like this. It arose in the 1970s after the oil crisis, also caused by events in the Middle East, as a kind of Politburo of the West, a club for the leaders of countries with a shared geopolitical vision of the world, shared values, and a shared historical destiny. The club became the antithesis of the Security Council, which was a propaganda platform for rivals and antagonists during the Cold War. It was a club where it was possible to work out, in a businesslike manner in an intimate circle, a common strategy for the West in world politics, primarily in economic sphere. Post-Soviet Russia was accepted into this club, despite its relatively modest economic weight, as a geopolitical ally that felt it belonged to the Greater West.

Economically, Russia today is far closer, at least in terms of her energy resources, to enjoying G-8 status than it was. The problem is that (as Russia's leaders proclaim ever more loudly and unambiguously) she no longer considers herself part of the West. Indeed, as in the good old days of the USSR, she sees the West as a rival and a threat. In his Victory Day speech this year, Vladimir Putin even compared the U.S. with the Third Reich.

The upshot is that the G-8 ceases to be a club of like-minded partners, while falling short of being a global economic council, since such giants as India and China are absent from it. This totally undermines the institution's ability to function effectively, and that gives rise to an atmosphere of awkwardness and unease that developed into more and more evident mutual irritation.

The solution is not far to seek. Two functions of the G-8, neither of which it is currently performing satisfactorily, need to be separated. The G-8 should expand to ten or twelve members (China, India, Brazil...) and become a full-fledged Board of Directors of the global economy. Russia, which has recently taken to calling

itself an energy superpower, would be wholly entitled to be a member of this board.

Putin's Russia is insistent at the same time that it is not a part of the West and is still fantasizing about Eurasianism and its own special path. Accordingly, the West needs as a matter of urgency to set up its own mini-Politburo. Whether that should be the old G-7 or a triangle of the U.S., the European community, and Japan is not for us to say.

What is indisputable is that today the West faces challenges and threats on an unprecedented scale and urgently needs to come up with a unified strategy to cope with them. I believe that Russia is, in fact, both geopolitically and in terms of her civilization, a part of the West, and that this is dramatically underlined by the fact that these challenges and threats are targeted also against her. That is not, however, how my country's leaders see it. They are persuaded that "behind the backs of Islamic terrorists stand more powerful and dangerous traditional enemies of Russia." The Kremlin propagandists go on twenty-four

hours a day on our state-controlled television about the threat to Russia, whipping up anti-Western hysteria.

Given this state of affairs, it is naive and foolish of the West to continue pretending we are all members of the same club and trying to work out a joint strategy with Putin. Today Putin is playing on the other side, and no longer makes any bones about it.

Putins come and Putins go but Russia remains, however, and in the long run the West needs an alliance with her, just as Russia needs an alliance with the West. One of the most important tasks of the Western Politburo, then, will be to find a way to deal with an openly non-Western Putinist Russia. While harboring no illusions, the West should try to prevent relations from deteriorating further, to seek out the points of contact that do remain, and to wait patiently. They should wait for the real interests of Russia's national security to be accorded priority over the complexes, myths, and commercial interests of the ruling cliques, as will inevitably happen. Let us hope it does not happen too late, both for the West and for Russia. ■

## Resistance to a Delusionary Mentality

DAVID SATTER

**T**he Russian regime has a different conception of the individual than the one that exists in the West. If in the West, the individual has inherent value and is the bearer of inalienable rights, in Russia, he is a means to an end and can easily be sacrificed in the pursuit of political goals. This difference is important to keep in mind when deciding how the West should react to events in Russia. The decline of democracy and the apparent involvement of the Russian leadership in serious crimes such as the murders of Anna Politkovskaya and Alexander Litvinenko are important in themselves. But they are all the more ominous when considered in light of the mentality they reflect, a mentality that, left unchallenged, will influence further actions, creating new dangers both for Russia's citizens and the West.

The attitude of the post-Soviet Russian regime toward the individual is reflected in three ways: the low value

placed on human life, a foreign policy that seeks "great power" status, and the denial by the regime's representatives of the universal validity of human rights. In each case, the result is a moral challenge to the West.

Recent Russian history is replete with examples of the extent to which the Russian authorities have treated the lives of their citizens as expendable. The reform process in Russia was undertaken without serious consideration of its effect on the population. The criminalization that accompanied it had a devastating psychological effect on a people that had lost a worldview and received no new set of values able to take its place. One consequence was a sharp rise in mortality. In 1992-94, the increase in the death rate in Russia was so dramatic that Western demographers, at first, did not believe the data. In the end, crimes of violence, accidents, and an epidemic of stress-related illnesses contributed to what Western and



Russia has also sought to limit the independence of Georgia. It backs separatist governments in Abkhazia and South Ossetia (while crushing separatism in Chechnya) and continues to occupy and reinforce Soviet-era bases despite repeated international commitments to withdraw.

Ukraine and Georgia have reacted to Russian interference by seeking to join NATO. In response, Russia has warned that admission of Ukraine and Georgia to NATO would trigger a crisis in U.S.-Russian relations, a further indication that Russia does not accept the sovereignty of Georgia and Ukraine.

Russia justifies the pressure it is exerting on Ukraine, Georgia, and other former Soviet republics with reference to its “geopolitical interests.” In fact, Russia remains blind to its real strategic interest that lies in an alliance with the West.

**D**espite the tension in U.S.-Russian relations, the Russia is a natural strategic ally of the West. Both Russia and the West are interested in halting the advance of radical Islam, stopping nuclear proliferation, and preventing the emergence of a Chinese superpower. Yet the Russian regime, in its drive to regain some of the status that was lost with the fall of the Soviet Union, neglects steps that are vital to its future security.

The country that presents perhaps the greatest long-term threat to Russia’s security is China, but Russia is China’s leading arms supplier. Since December 1992, the signing of the Sino-Russian agreement on military technical cooperation, China has purchased more weapons from Russia than from all other countries combined. It is now expressing interest in buying long-range Russian bombers like the Tu-22 MC “Backfire” used in joint Sino-Russian exercises that can carry conventional or nuclear-tipped cruise missiles. Russia has furnished Iran with sophisticated weapons and nuclear technology, has turned a blind eye to Korean missile launches that endangered its territory, and has delivered advanced anti-tank weapons to Syria knowing, at the very least, that they could (and probably that they would) be transferred to terrorists.

The readiness of Russia to ignore its real geopolitical interests in pursuit of the phantom of becoming a “great power” by dominating its “near abroad” is a tribute to the power of the Russian leadership’s ideological view of reality. It also is a sign of the extent to which a regime

that denies the value of the individual understands that it is not part of the West.

Finally, the false values of the regime are reflected in its various half-baked philosophical pronouncements, in particular, the effort to deny the universality of human rights. On April 6, 2006, the Tenth World Russian People’s Assembly, a social forum organized by the Russian Orthodox Church, adopted a statement that explicitly rejected the priority of human rights. The statement said that other values are as important as human rights and that human rights should, in any case, not be allowed to threaten the existence of the nation. Where there is a conflict between human rights and the values of the nation, the statement said, the state and society should “harmoniously” combine them.

In a speech to the meeting, Russian foreign minister, Sergei Lavrov said he supported the position of the Assembly on the question of human rights. He said that Russia was emerging as an autonomous factor in world politics, and he criticized those who were trying to put pressure on Russia to define itself on the side of Western civilization in “its supposedly inevitable conflict with Islamic civilization.” He thereby suggested that the West,



## I. The art of moving in the gray zone

Russia presents the perfect case of a failed transition from totalitarianism to democracy, yet at the same time Russia is an example of an amazingly successful attempt to build a strange “political animal”—the superpower petro-state—operating in the orbit of the West, and even being part of certain Western structures, while at the same time remaining an entity alien to the West. In short, we are dealing with an unusual civilizational phenomenon.

Russia has undermined quite a few scholarly beliefs and regime classifications; forcing analysts to think not in terms of a transition to democracy but in terms of a “democratic collapse” and “an imitation of democracy.” Those who evaluated Russia through the prism of electoral democracy, assuming that an “immature” democracy would sooner or later turn into a full-fledged democracy, have been compelled to redefine Russia as an autocracy. Still others view Russia as a country that falls into the political gray zone between democracy and dictatorship; a recognition that the empirical reality in this country was messier than expected.

Russia has proved that liberalization does not always lead to a democratic transition: it can end with a return to traditionalism. Russia has also undermined the basic assumption of the transition paradigm—the determinative importance of elections. Russian experience has proved that capitalism and economic growth are not necessarily prerequisites of the democratic developments as many Russian liberals and pragmatists still believe. The Russian post-communist evolution, however, has also demonstrated that aside from liberal democracy, there are few alternative institutional models that elicit any enthusiasm. The political regime that emerged in Russia confirms that democracy is the only legitimate rule even in the perception of non-democratic elites who have felt unprecedented pressure to adopt, or at least mimic, the democratic form.

Not only Russian developments but the experiences of other post-Soviet states show that “imitative democracy”—that is, the existence of formally democratic institutions that conceal autocratic, bureaucratic, or oligarchic practices—is, apparently, a major competitor to liberal democracy. The resurgence of neo-patrimonial practice

under liberal and democratic disguise discredits democratic ideas and institutions to such a degree that it may give new appeal to the idea of authoritarian or totalitarian power in non-ideological disguise or in the nationalist and/or superpower format. Moreover, in the Russian case, we are dealing not with a case of the collapse of democracy, as many think, but with the deliberate use of a Potemkin-village style imitation of democratic and liberal institutions to conceal the traditional power structure. The imitation is remarkably successful, and can (and is) replicated in the post-Soviet space.

The imitation of one dimension of Western life—liberal democracy—inevitably brought the imitation of other aspects, resulting in new cultural codes and a new social fabric. Ironically, by indiscriminately endorsing Yeltsin’s policies and his hyper-presidency in the 1990s, the West bears at least partial responsibility for Russian developments. In any case, during the first Yeltsin presidency when Russia needed Western economic support and assistance in building a market economy, the Western powers had enough leverage to caution the Russian political elite about the consequences of liquidating independent institutions and relying on personalized power.

The Russian experience demonstrates how much the formula of “capitalism first, democracy later,” admired by many analysts and politicians, resulted not only in authoritarian rule but in the emergence of an ineffective and corrupt capitalism, causing massive disillusionment among Russians in liberal democracy, and in Western values. This was not the only assumption shattered. Russian post-communist evolution has proved that the overlap of economic growth and political freedom is not an axiom. Russia, like other petro-states, has not benefited from the enormous oil wealth and has not evolved into a democratic polity. In fact, just the opposite has occurred: in Russia, robust economic growth fueled by the oil prices during Putin’s presidency has been followed by a crackdown on democracy and the degradation of a middle class that is looking for an “iron hand” but not freedoms. China’s experience, with its booming economy and stagnating politics, reconfirms that there is no direct causality between development and democracy.

The Russian political regime that has been consolidated due to the efforts of two Russian leaders—Boris Yeltsin and Vladimir Putin—closely resembles bureaucratic authoritarianism in Latin America in the 1960s–70s. The regime includes personified power, bureaucrat-

zation of society, political exclusion of the population, a leading role for technocrats in the setting of the economic agenda, and an active role for the special services (in the Latin American case it was the military that played an active role). The majority of these regimes failed to build developed societies, and there is no evidence to lead one to believe that Russia will do otherwise. The attempts of Russian bureaucratic authoritarianism to perpetuate itself by returning to a superpower mentality and using energy clout can hardly make it more sustainable.

Russia's bureaucratic authoritarianism has to be legitimized by elections, and this fact itself creates a Catch-22: the regime cannot use harsh authoritarian measures because it would discredit its democratic legitimacy; but it cannot follow democratic rules either. This leaves the system inherently torn by incompatible principles that

However, like everything else in Russia, the economy has a false bottom. The causes of the economy's success give no grounds for optimism, mainly because it is associated with high oil prices and has partly been achieved by sectors protected from foreign competition. A collapse of the oil price could plunge the Russian economy into recession, and people remember what a fall in the oil price means. Yegor Gaidar has repeatedly reminded us that the sixfold decrease in the oil price in 1986 led to the collapse of the USSR, and the twofold fall in 1998 caused a financial crisis that almost finished off the barely breathing Russian economy. Many speak about an inevitable devaluation of the ruble, which could take the form of a crisis. Besides, wages and incomes in Russia have been growing systematically faster than productivity. As a result, the share of consumption in GDP has increased at the expense of investment (gross investment amounts no more than 20 percent of GDP).

There are other causes for concern. The government cannot get inflation down to below 10 percent; the banking system is not fulfilling its role as a mediator; financial flows in the raw materials sector are not being transmitted to other sectors. The banks siphon money off into the shadows, and they service rentiers living off their dividends, and sometimes even criminal gangs. The government has no idea what to do about the negative impact of the flood of petrodollars, evident primarily in a strengthening of the ruble that stimulates imports and hits Russian industry. Russia has managed to pay off its national debt, but the corporate debt of Russian companies has risen from \$30 billion in 1998 to \$216 billion in 2005. Russia's foreign trade accounts for 45 percent of GDP (in China this indicator is closer to 70 percent), which means that Russia's economy is heavily dependent on imports and



participating in it, financing it, and serving on the boards of companies that participated in the redistribution.

Russian economic reforms have stalled, and the reasons are not difficult to guess: who will risk starting painful reforms when the country is awash with oil money that, like a soothing drug, assuages all anxieties? Besides, who will embark on a destabilizing modernization on the eve of a new election cycle, when the government needs to create the impression of success and stability? Does the Russian ruling team understand that the country is approaching the limits of the “fuel economy” model? Surely, it is fully aware of the fact that it is taking part in a masquerade. But either the elite has no courage to admit it openly, or it hopes that it has enough time to invent some gimmick to reenergize declining growth. Or there is one more explanation, cynical this time: the representatives of the Russian elite don’t care what will happen next because the system lacks a mechanism of accountability, and they have thought already about their personal exit solutions in case trouble starts for real. .

### III. The new incarnation of the old dream

It is a truism already to say that the economic model that has taken shape in Russia resembles a petro-state. The fuel and energy sector accounts for 54 percent of Russian exports, and more than 70 percent of investment. The characteristic features of the petro-state are becoming more and more pronounced in Russia: the fusion of business and power; the emergence of a rentier class that lives on revenues from the sale of natural resources; endemic corruption; the dominion of large monopolies; the vulnerability of the economy to external shocks; the threat of the “Dutch disease;” and a large wealth gap between rich and poor.

Until recently Russia’s over-reliance on natural resources exports was considered by the Russian elite as a weakness, but now the authorities attempt to convert this weakness into a strength by setting themselves the goal of turning the country into an energy superpower. This fact alone testifies to the failure of the government’s attempts to create a diversified economy. It also gives rise to a number of difficult questions. How can Russia aspire to become the world’s energy provider when 75 percent of

Russian proven oil and gas reserves are already in production; and when the country’s oil reserves are expected to run dry in twenty-five years? The logic of the petro-state inevitably forces us to pose another question: why doesn’t Saudi Arabia, which pumps more oil than Russia, aspire to the energy superpower role? The Russian elite is not pondering these questions, which only proves that it is not ready to think about the future and what it may have in store. The Russian petro-state, however, differs from similar systems: the more Russia becomes a natural resources appendage of the West, the more the Russian elite tries to overcome its inferiority complex by promoting Russia’s ambitions as a global actor. A nuclear petro-state is a new phenomenon, and its creators can hardly predict its logic.

Those Russian business people who understand why the economy is running out of steam try to seek salvation in Russia’s regions or attempt to offload their assets within the country. By contrast, once the fallout from the Yukos affair had settled, Western businesses came charging back into Russia. Most of this investment came from multinational oil companies, which cannot be frightened away by unstable tax laws, corruption, or the need to receive the Kremlin’s political blessing to do business in Russia. One has to admit that the Kremlin views Western companies as minority investors, and furthermore not investors in the strategically important sectors of the economy. And make no mistake: if the interests of the ruling class require stripping a Western investor of his assets in Russia, the investor will lose—as we saw in the case of Royal Dutch Shell and Exxon Mobil on Sakhalin. If domestic political forces require turning a Western investor into an enemy, no high-level friendships can prevent this from happening.

### IV. What is the potential of the Russian hybrid?

There is hardly any doubt that the Russian system will survive the 2007–2008 election cycle, complete the redistribution of resources, and keep society under control. The current system is extremely durable. The Kremlin has no cause for concern about its position as long as two factors remain in place: high oil prices and the lack of

a political alternative to the ruling team. The regime can continue working to maintain the status quo, taking advantage not of society's hopefulness, as was the case early in Putin's first term, but its hopelessness, fear of unpredictability, and desire to preserve the status quo at any price.

A number of factors facilitate a stagnant type of stability in Russia. The price of oil continues to provide the

nonpayment of wages to government employees in the regions, student unrest, and another infrastructure breakdown similar to the blackout in Moscow in 2005. Such an accumulation of events could spur even the most patient society to radical action.

How certain can we be of continued stability when just 42 percent of respondents to a recent poll said that Russia was on the right path, while 38 percent held the opposite view? When half of all Russians describe the situation in the country as tense (another 9 percent say it is explosive), and just 28 percent describe it as calm? When, of the 81 percent of Russians who expressed confidence in Putin's job performance, 56 percent believe that his government does a lousy job?

## V. Foreign policy as the servant of domestic imperatives

Unexpectedly for many, Russia is not only regaining confidence on the international scene but also positioning itself as the opponent of the West. Putin's Munich speech in February 2007, which has puzzled and shocked the Western world with its assertiveness, and the "Cold Spring" of 2007 with the Kremlin's saber-rattling and threats to retarget the nuclear missiles at the European states, only reconfirm the sour state of the Russian relationship with the West and especially with the U.S.

What happened? How could a relationship so promising several years ago, which was described as a "strategic partnership," have so deteriorated? There are different answers to this question. Some pundits believe that the increased rockiness in the relationship between Russia and the West and primarily with the U.S. is a result of the new Russia's confidence stemming from high oil prices and the Kremlin's attempt to overcome the humiliation of the 1990s. That is only partially true. Russia's self-confidence is also the result of some external factors: the confusion surrounding European integration; U.S. difficulties in Iraq; and world resentment of U.S. hegemony and satisfaction over its decline. However, the most powerful factor explaining Russia's new assertiveness in its relations with the West is the logic of the Russian system. The Russian state cannot consoli-

date itself without a global presence. Many, including the West, are

works to eliminate Western influence in the former Soviet republics and consolidates Russian society around anti-Western sentiments.

Ukraine's Orange Revolution has proved to be a watershed in the evolution of Russia's post-Soviet identity and foreign policy by provoking the Kremlin's desire to recover lost ground. The Russian elite now seeks to persuade the West to endorse a Faustian bargain, in which the West would recognize the former Soviet space as Russia's area of influence and would acknowledge its role as the energy superpower. Regarding the latter role, Vladimir Putin at the beginning of 2006 offered the West an energy security trade-off between "security of demand" and "security of supply." There are two parts to the bargain: first, Russia would give foreign investors access to its major deposits in exchange for allowing Russian companies access to foreign pipelines and retail networks. Second, the West would legitimize the fusion of state power and business in Russia by letting state companies like Gazprom act as transnational majors. The G-8 in July 2006 failed to endorse the energy security bargain, which pushed the Russian president to make two more attempts to strike an energy deal first, with Europe and then only with Germany. Paris and Berlin again declined to support the idea of "energy reciprocity." But the Kremlin still believes that it could implement it through bilateral relations with Germany, Italy and France, and there are grounds to believe that this plan is plausible.

How far is Russia ready to go to pursue its assertive agenda? Is the Russian elite ready for confrontation with the West? Definitely not. A significant part of the Russian elite is not ready for serious conflict with the West. But at

the same time it is ready to continue to use anti-Western rhetoric to consolidate society. In fact, it is trying to have it both ways: integration with the West for themselves, but not for the rest of society. There is a logic to this seemingly schizophrenic behavior. The Russian elite can maintain their privileged status only in a society that is hostile to the West. The question, however, could be raised: will the Russian elite be able to control the consequences of this dual-track policy?

And will the West by the same token, be able to control the consequences of the distancing between Russia and the West?

I would also mention the failure on the part of the West to foresee Russia's trajectory and to conceptualize Russia's challenge. When hope for Russia's democratization proved unfounded, no one—in the West or in Russia—seriously thought to confront the underlying problems. The West's response has been puzzlement, inertia, and imitation of a partnership.

There is, however, a positive element in all this: the mood within the Russian society. Seventy-three percent of Russians think that the country should cultivate a mutually beneficial relationship with the West, while just

## **I. Internal Situation**

### ***Nature of the Russian people***

**Richard Pipes** said that there is a “tremendous urge in Russia for the strong hand of autocracy.” He said that Russia is very poorly socialized and politicized. Russians

that democracy leads to anarchy and crime. That's their experience. In the 1990s they had anarchy and crime, and they don't want that; they don't want "lawlessness."

**David Satter** said that, in the case of Russia, there was a population that was ready for democracy but the way in which the change was carried out discredited the idea.

**Pipes** said that the Russians are "wonderful in personal relations, but hopeless in social relations. That means that you can't really establish a viable society and political system because they don't see each other as being in the same state, as being in the same functional society. When you ask Russians where their loyalty is, they respond, 'to my little country, my [unclear], and to my friends and my family,' not to Russia as a whole."

## *Gazprom and the economy*

**Delyagin** said that two years ago there was a consensus that all strategic aspects of the economy should belong to Gazprom, including metallurgy, a portion of automotive production, diamonds, etc. Since that time that idea has been rejected for two reasons. First, the gas and oil industry are governed in a completely different manner. Gazprom is run by the former liberals, Rosneft by the former oligarchs. The same clans exist in other industries. It's impossible to unite them. The political losses and tensions would be too great.

Second, leaving some companies in private hands is advantageous. When an enterprise is controlled unofficially, formally, it's a private business. That is much more lucrative and convenient because if Yuganskneftegaz was given to Rosneft and then its financial standing declined, there is a basis for criticism. But if there is a formally private business that you have robbed, it's not your problem. That's a problem for the nominal business owner. Rosneft is a government-controlled company, and it's difficult for it to expand abroad. Lukoil was engaged in international expansion projects in the mid-1990s—and not only in Azerbaijan, but as far away as North Africa. They are used to having a wide berth and to thinking strategically. Nationalization of such companies means their destruction. In addition to that, nationalization is very difficult because the takeover attempt will arouse resistance. By the end of the 1990s, half of Lukoil's prof-

its came from outside of Russia. Even then it was a transnational company that was theoretically, relatively independent. This shows that the regime's power over big business isn't absolute.

## *Putin's future*

**Delyagin** said that if Putin were to become the head of a big corporation after he leaves office, it would not protect him from anything. "If he [Putin] were to head Gazprom, tomorrow a major could come and arrest him in his office, that's theoretically possible and he [Putin] understands that. Therefore, to think about the future, Putin will need a post that offers total protection and influence, like the post of the chairman of the Constitutional Court.

"That's the best position for Putin because you can't do anything to him, he's the symbol of the law. The chairman of the Constitutional Court cannot send people to make arrests so his power is limited. But he, unlike the Attorney General, enjoys total immunity. As far as the Chairman of Gazprom is concerned, if, tomorrow a shareholder from the Chechen Republic sues him, he can go to jail."

**Evgeny Kiselyev** said that Putin's future was the key issue

**Satter** asked what were the dangers in this lame duck period.

**Delyagin** responded that “The problem is that our warring clans, while staging provocations against each other, may commit serious crimes. This may destabilize society because the provocations may get out of control and obtain a life of their own.”

## *Internal situation and foreign policy*

**Shevtsova** said that Russia’s foreign policy is a reflection of Russia’s hybrid domestic system. “Russia’s foreign policy is to be with the West, simultaneously part of the West, against the West, to be the enemy of the West, and to be inside the Western orbit and outside the Western orbit. This of course is a very schizophrenic oscillation. But it is a reflection of the Russian domestic situation in which Russia is imitating democracy and simultaneously imitating an authoritarian regime having no forces or strength to be in both paradigms.”

Currently, Shevtsova said, Russia’s foreign policy is the servant of domestic imperatives. This is not a new phenomenon in the world, but Russia’s foreign policy is a means to legitimize the hyper-centralization of the state by creating a hostile environment within Russia and outside of Russia. This is the traditional method.

**Satter:** So the internal policy dictates the foreign policy?

**Shevtsova:** “Yes, but we have had in Russian history at least one period when foreign policy became the instrument for a liberal democratic breakthrough—under Gorbachev. The end of the Cold War became the impetus for domestic policy change. It was a very short moment. So is there any possibility for Russian foreign policy to become again the instrument, to make a breakthrough domestically? This is a big question mark. Again, the jury is out, but at least there are some people who are interested in this and maybe we can find politicians who would like to shift this paradigm, to change the role of the foreign policy, using some pretext provided by relations with the West.”

**Pipes:** “We know from Gorbachev’s memoirs why he al-

tered the foreign policy from an aggressive one to one of accommodation. He discovered when he became general secretary that Russia was spending 40 percent of its budget on defense and they could not afford to carry on at this rate. But you know, in the last elections when he ran uncontested, he got less than 1 percent of the popular vote.

The fact is, I would like to share with you your hope for Russian democracy, but the democratic parties have

are asocial, apolitical, etc. This was the first article memorized by Putin. ‘Here is what Richard Pipes, the best of the best, is saying. Well, the West endorses us because Russians are not ready, they are not mature.’

“I have a different view of the Russian population. It seems to me that the fact that people voted for Putin, that people are not taking to the streets, only proves my point of view. People are down-to-earth, pragmatists; they are not voting for idiots, they are voting for Putin because this is the lesser evil.”

### *The danger of disparities in wealth*

**Kiselyev** said that Americans engaged in the study of Russia should be aware that another crisis is inevitable in Russia. “I am a Persian translator and Iranian historian by training,” he said. “I lived in Iran in 1977–78, the beginning of the Islamic revolution. I could not believe the Iran I saw when I came back twenty-five years later. The difference was akin to visiting Hiroshima before the nuclear explosion and after. In the late 1970s I saw a Western-style democracy emerging in Iran. Of course, it had authoritarian leanings, but Tehran was a totally European city.

“This is what is currently happening in Moscow. Fifteen years ago in Moscow you couldn’t get adequate service or find a nice restaurant. Now, that is all there, on every street corner. The streets are filled with the latest, super-expensive American and European cars, and this consumerism and level of consumption are overwhelming. And then, 83 percent of people are poor, and 13 percent live below the poverty level. In Iran, at a certain moment, people like these came out on the streets and, armed with religious and nationalistic slogans, swept away everything, including an authoritarian regime and powerful intelligence services in a few months. The whole system collapsed like a house of cards. This colossal gap between the standards of living enjoyed by the wealthier class and the ever-poorer part of Russian society represents, I think, the gravest political and social danger for Russia in the foreseeable future.”

## II. Foreign Policy

### *Russia’s place in the world*

**Pipes** said that post-communist Russia has not yet worked out what its real interests in foreign policy are. Much of what Russia does is inspired by psychological motives: namely, the desire to show that Russia is a great power—that they can do what they want, that they don’t have to listen to the West, particularly the United States.

“I don’t see a line where foreign policy is dictated by understandable interests,” he said. “I cannot understand why Putin would receive the leader of Hamas. I don’t think they [Russia] support terrorism; obviously, they don’t. But they want to show that the United States



respected and do not care about democracy. Since the late 1990s, people both in and outside of Gazprom have realized that the existing oil and gas pipeline networks could be used much better than anything else they had, includ-

make sure that when you abide by your side of the deal, the other side will abide by theirs. I do not see the West actually saying: these are the conditions, these are the norms, and they need to be respected.”

**Shevtsova:** “You are making an interesting conclusion, because in fact what you are saying, Zeyno, is that the ball is in the Western side of the field.”

**Baran:** “Completely, 100 percent. For example, after all that we know about what is happening in Turkmenistan and Ukraine, why is Europe getting gas from RosUkr-Energo (RUE)? By getting gas from RUE, Europe is legitimizing a massive money laundering criminal operation. RUE is absolutely not necessary. Why not get gas directly from Gazprom? All that I am actually telling the Europeans and Americans is that we should insist on transparency, competitive markets, and reciprocity. If the West just were to do the things that are on paper as European and American norms, there would not be a problem.”

**Shevtsova:** “I agree. In dealings with Russia, the West should at least follow the principle ‘practice what you preach.’ The West has become a huge laundry machine, and the majority of the Western businesses operating in Russia and quite a few of Western political leaders and representatives of the community have been participating in the laundry machine.”

**Satter:** “A part of this, I wanted to ask Zeyno, do you know anything about the murder of the chief engineer of the TNK-BP concern in Siberia? There were some suggestions that this was a way of putting pressure on BP, and it would be typical. This is the way in which Russian criminal groups do put pressure. They kill a visible representative of the group that is being pressured.”

**Baran:** “I am not sure of this particular case, but I know of other cases where this has happened, but TNK-BP is clearly under a lot of pressure to go in a particular direction.”

“To me the question of what happens after Putin is sort of irrelevant because the way the whole Gazprom/Rosneft/Transneft system is structured, the person running things is going to be basically whoever is in charge of that vertically-integrated oil and gas network system.”

**Shevtsova:** “The Russian government is using its energy

resources, and that is a sign of the evolution of Russian foreign policy. It means that Russia is trying to re-assert its position in the world. This is not the previous military paradigm. This is the attempt to use traditional soft power for hard power purposes.

Secondly, the West has created a lot of possibilities for Russia to become the energy bull/

“A second thing—Russia needs Turkmen or Uzbek gas. If Gazprom is able to take that gas, it does not have to invest properly in the development of the Russian gas sector. It will never have to improve the way it operates. That is why it is essential that Russia or Gazprom does not get continued control of that Central Asian gas because those countries have the right to send their gas to Europe directly. This would actually help Gazprom and Russia in that they will be much more inviting for proper Western investment. They will have to stick to the rules of the game. There is a lot that is not explored in Russia because other countries can be pressured. By controlling the export of oil and gas from Central Asia, Russia ends up controlling those countries’ foreign and external policies at the same time.”

### III. Possibilities for U.S. Influence

#### *Russian interests in the West*

**Kiselyev:** “Zeyno made a very interesting point. I don’t think that the American government or any European government has a coordinated approach towards these issues. In the meantime, Russia is trying to influence key European members and build a special relationship with them on energy issues. For example, Russia is offering special treatment to Hungary, seducing their socialist government with the idea of becoming a new hub for gas distribution in Europe. They are trying to stir up differences between Germany and Poland around the North Stream issue, and they are offering bonuses to countries in the Balkans like Bulgaria and Romania and tempting them into offering their territory for the construction of a new pipeline that again will create a split in the future between European member states. But government officials and big private businessmen are more vulnerable to pressures from Western governments than they appear to be on the surface.

“Take the Energy Charter and the surprising unwillingness of the Russians to ratify it. Yukos shareholders started an arbitration procedure in Paris. Very few people knew that there was an arbitration procedure going on, but the Russian government hired the very high-profile American legal firm, Cleary Gottlieb, to represent them in this case. The Yukos shareholders’ claims are based on

a key clause of the Energy Charter. If Russia accepts the Energy Charter, the claims of the Yukos shareholders become legally binding. This is probably the real reason that Russia is not willing to ratify the Energy Charter. Can the international arbitration court proceed and start to investigate the matter? I would not be surprised if the international arbitration court decides that, ‘No, we cannot decide on this case, it is not within our jurisdiction,’ and then look immediately for the Russian government’s stance on ratification of the Energy Charter to soften.

“I know, for example, that some of the wealthiest Russian businessmen are spending hundreds of millions of dollars on the improvement of their international acceptance. For example, Oleg Deripaska, the king of the aluminum industry in Russia, was spending millions of dollars to solve the problems that they had with the American government. He was denied an American visa for a number of years, but he is traveling finally. He went to great lengths to solve the problems that he was experiencing.

“I can give you another example. According to my information, the Kremlin has hired another respected and established law firm here in the U.S, and the firm is doing research for the future. They are doing a contingency plan for the Kremlin and studying the issue: could, in the future, Russian citizens be sued in American and other Western courts for crimes committed in connection with privatization and re-privatization schemes in Russia? To put it into plain language, they’re trying to investigate whether they can have problems after 2008 or 2012. For example, can they be arrested and put on trial, for the participation in the Yuganskneftegaz affair?”

**Satter:** “Let me ask something about this whole question of putting people on trial. If it is a matter of human rights abuse, there are countries that can put Russian officials on trial, but how would it work in the case of dishonest transactions within Russia?”

**Kiselyev:** “That is why they are approaching American lawyers and asking, would that work or not?”

**Satter:** “Only if they have an American aggrieved party...”

**Kiselyev:** “Well, for example, Yukos had a lot of American shareholders, including pension funds... If you take Yukos, Mikhail Khodorkovsky and his partners were shareholders of a Gibraltar-based company that had the

biggest stake in Yukos. So technically, it is a foreign company, and they can go to other courts...”

**Shevtsova:** “The Kremlin entourage that is ruling Russia at the moment does care about their image. This means that they are not ready for confrontation with the West, they are not ready for the marginalizing of Russia and their rule. This is a positive fact, they do care.

“When the United States wanted to exert pressure on the Belorussian regime, they froze the accounts of at least a dozen Belorussian political leaders, including Lukashenko, and they denied visas for representatives of the political regime. But when the West began the process against Adamov, the former minister of atomic energy, all these charges and all these procedures and all these court appearances went nowhere. This says that at least some of the Western powers have double standards involving Russia. They don’t want to remind the Russian elite about the necessity to behave according to civilized rules.

should offer Russia—it is not a new idea—a joint ABM project. If this project is directed against potential terrorists and we are allies, then let's package a joint project. The second issue: now it is evident, the situation in Afghanistan is very dangerous and the cooperation of NATO and Russia is a strategic necessity. Again, the obstacle is the Russians' psychological problem. They don't feel comfortable with this Blair invention, the NATO-Russia Council. It is perceived in Moscow as a small additional chair around a big table. And they have been suggesting again and again, and Washington ignores this as just an absurdity, making bilateral links between two important security organizations: NATO on one side, and OSCE on the other side. This organization contains, by the way, some countries that are critical for our operations in Afghanistan—Uzbekistan and Tajikistan. Psycho

**Piontkovsky:** “They are destroying themselves. Yes, these maneuvers with China, this is suicidal.”

**Pipes:** “But I think that they will find it very difficult to pretend that in any pact with the United States, that they are equal. I think therefore, I would guess, they would prefer to cut off their own noses to prove that they are independent, they are respected and even feared. I am afraid that this maybe is not a good prospect, but I think it may be a realistic one.”

**Piontkovsky:** “Well, in this case let’s say that Russia is lost completely. I began saying that it is a slight but realistic possibility.”

**Pipes:** “Why would it be lost? A country of 140 million people...”

**Piontkovsky:** “Lost as a partner...”

**Pipes:** “I don’t think they will ever be a partner. Short of a complete transformation of Russian politics...”

**Piontkovsky:** “It was a partner, and a very useful partner in 2001...”

**Pipes:** “But this policy has been abandoned...”

**Piontkovsky:** “Well, it was abandoned because it was not cultivated by the United States because they decided that it’s taken for granted...”

## *Ways to influence the Russian population*

**Delyagin:** “I know roughly how America will conduct herself. America will say as follows; ‘There’s only one set of values, these are our values, and you are obliged to obey because such are our values.’ That will be said in such a manner, regardless of what we say here now.”

**Pipes:** “No one says that you need to obey.”

**Delyagin:** “If only your values exist, then we need to adopt them. That’s the same as obeying.”

**Pipes:** “You need to adopt them, but that’s not the same as obeying.”

**Delyagin:** “That means that we will decide what is good and bad because we are the bearers of the values and you are not. And we’ve been through that in the mid-1990s. The most extreme version of that occurred when faxes came from the IMF outlining, in English, the economic policies of the Russian government. And then, as a sign of respect to the Russian government, these same faxes used to come with a computerized Russian translation. I’m just saying that this will be very good for our guys. Because the answer to such a position, even if it’s expressed delicately or not brought to its logical conclusion, will be very simple. ‘Look at them. They have designed everything that is at fault today. They arranged everything that turned out badly for us. The Soviet Union fell apart because of hated American imperialism. The financial crash of 1998 occurred as the result of external control, and we experienced the systemic crisis because Americans treated Russians badly.’ And this will be a situation when the discontent of the Russian population with their bureaucracy will be turned in its traditional direction, i.e. to the Russian bureau. adopt values, partne1.7(0ts t.”)Jmwill be t a8the Russr bureau. adop

**Delyagin:** “That’s important for Americans, but it won’t be noticed in Russia. It’s necessary to punish the Russian bureaucracy for violating Russian, not American, norms. For example, in Russia the czar could have given any order. Any order. But someone who doesn’t execute a given order is breaking both God’s and man’s laws.

“The main point is that you do not always need to fight against things that are viewed as sinful by the West but not always in Russia. For example, whereas authoritarianism is a sin from the West’s point of view, it’s not such a big sin from the point of view of Russian society. On the other hand, large-scale corruption veiled in patriotism is a sin both by Western and Russian standards because deceit is a sin for Russia as well. And we must express our dismay not over issues that infuriate Western observers but which Russia finds virtuous, but those things that Russia views as a sin, as well. That’s corruption.”

**Shevtsova:** “Mikhail is right. Once again, the West and only the West can raise the issue of forming a global anti-corruption commission based on the principles of the anti-terrorist commission. The anti-terrorist commission between Russia and America didn’t lead to anything, but at least, discussion of common questions of concern to both countries, for example, dangers to financial markets, can be useful.”

## *Evolution of the situation*

**Shevtsova** said that Clinton decided to accept Russia as a G-8 member, making the G-7 into the G-8 in response to Russia’s agreement to withdraw its forces from the Baltic republics and other things that America and the West expected from Russia that Russia complied with. The symbolic rise in Russia’s status was granted in retur

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situation. Russian authorities will not cooperate with us in areas that are very important for us.’”

**Kiselyev:** “Then, how did Reagan achieve so much in the 1980s with his harsh policies at a time when Russia was much more powerful? It turned out that the Republicans’ harshness towards the Soviet Union in the early 1980s bore fruit quite quickly. Of course, the world economy also intervened...”

**Shevtsova:** “Oftentimes, the manner of influence guarantees its success. For example, Cheney’s speech in Vilnius not only damaged U.S.-Russian relations, but also the position of the liberal minority within Russia. I’m referring to when Cheney spoke his mind and then went and hugged [Nursultan] Nazarbayev—this is the problem of double standards.”

**Kiselyev:** “What was wrong with the fact that he went to visit Nazarbayev?”

**Delyagin:** “That discredited him.”

**Kiselyev:** “I don’t think so.”

**Shevtsova:** “I’ll explain. Sometimes, the way in which Russia is reminded of its commitments to the Council of Europe, the OSCE, and other European organizations that it is a member of, makes a very big difference. For example, Cheney didn’t help the spread of democracy in Russia. On the contrary, his comments caused a wave of anti-Western sentiment. However, when Americans, and specifically Americans, found a behind-the-scenes way of reminding Russia that enacting a harsher version of the NGO law will considerably worsen relations between the two countries—that worked. However, had they chosen to remind the Putin administration of this publicly, that would not have worked.”

**Pipes:** “It worked, because there were results.”

**Shevtsova:** “My position is that Cheney has a right to say these things and to embrace Nazarbayev for one reason. That is because Russia has committed herself to many human rights values that Kazakhstan didn’t commit itself to, so Russia has to follow these commitments. That’s the difference between Russia and China. Russia has got

commitments. That’s why the West has got to be much more critical of Russia. That’s why I don’t blame Cheney for having double standards—because Kazakhstan isn’t a member of all those organizations, the G-8, and so on. But overall, in the current political climate in Russia, Cheney’s speech didn’t facilitate the mutual trust, understanding, etc... And Cheney’s speech has made our tiny liberal ghetto, our position, much worse.”

**Satter:** “But, in the case of Cheney, was there something about the way he expressed himself that was counter-productive? I understand of course that going to Kazakhstan afterwards created a bad impression, but what about the speech itself?”

**Kiselyev:** “The venue was probably wrong.”

**Shevtsova:** “The venue, the timing before the Kazakhstan visit and you know, at that moment, the political climate when Putin had started to look for enemies, for a hostile environment, and they were looking for any sign that Russia is being encircled by the Americans.”

**Satter:** “I have just one question. I’m interested in how our Russian participants will react to this. During the Brezhnev era, the government could always give the impression that the communist ideology was tied to higher values. As pragmatic people in the United States we usually concern ourselves with concrete questions, such as how many NGOs were closed or how many newspapers were deprived of the freedom of the press. However, we rarely tie this to the question of values. It has always seemed to me that in conversations with Russians who have a tendency to think more globally, it would be better if American leaders would focus less on ‘you broke these rules’ or ‘you did that incorrectly’ or ‘closed that and arrested that person’ and instead attempted to show the value of free expression for human dignity, that human life is worth something. Perhaps the problem lies in that?”

**Delyagin:** “America was great when it spoke from a position of ideas and principles. However, when a satiated person speaks about human rights, he talks about rights that are important to him. To talk to Russia about freedom of speech while forgetting the right to life is to put oneself not into the correct position, but into the hypocritical position. Understandably, from the point of view of a



representative of a rich and prosperous country, that is normal. Because in America it may be that a poor person

**Satter:** “I must say, this murder of Litvinenko. I didn’t think they would go that far. There are echoes of the Markov assassination. (Agreement from the other panelists.) And brazenly, he was a British subject.”

**Pipes:** “He was a British subject? I didn’t know that.”

**Satter:** “Yes, he had just become a British subject.”

**Pipes:** “It shows that the KGB are getting arrogant.”

**Satter:** “And to what extent are they under control? Who is actually behind all this? Mikhail was saying that these decisions, in terms of the people who have been killed, may not be taken not at the highest level, but...”

**Pipes:** “I doubt that.”

**Kiselyev:** “Let me interrupt, OK? Let’s step away from the Litvinenko story. It is extremely special. In the Litvinenko story I would be especially cautious when hurrying to draw any conclusions. And I invite you to do the same. No matter how sweet doing so might be. I would not be surprised if this whole affair turns in a completely unexpected direction. I don’t want to say anything further, but I would not be surprised if this affair turns in an entirely unforeseen direction. With Politkovskaya, everything is more or less understandable.”

**Satter:** “Complicity in the murders will be hard to prove, but we can judge the extent to which the authorities refuse to cooperate with the investigation. If the Russian authorities interfere with attempts to find out something about the circumstances of the Litvinenko murder that already tells us much of what we need to know...People cite the presumption of innocence as a reason not to accuse the Russian leadership of these crimes. But the presumption of innocence is a way to protect the individual from the overwhelming power of the state. It doesn’t protect a government that is accused of crimes against its own citizens.”

## General considerations

**Satter:** “In *Democracy in America*, Tocqueville said that he sought one aspect of American life on which all others depended. This, he said, was equality of condition. All of

us who experience Russia also seek the really central/essential theme of the culture and history. Of course, the answers are different. But for me it was always the imbalance between the individual and the state and, as a result, the lack of an individual sense of ethical transcendence. In Russia, the moral awareness of the individual is inevitably compromised because of the weight of state power and his inability to defend his own rights and dignity.

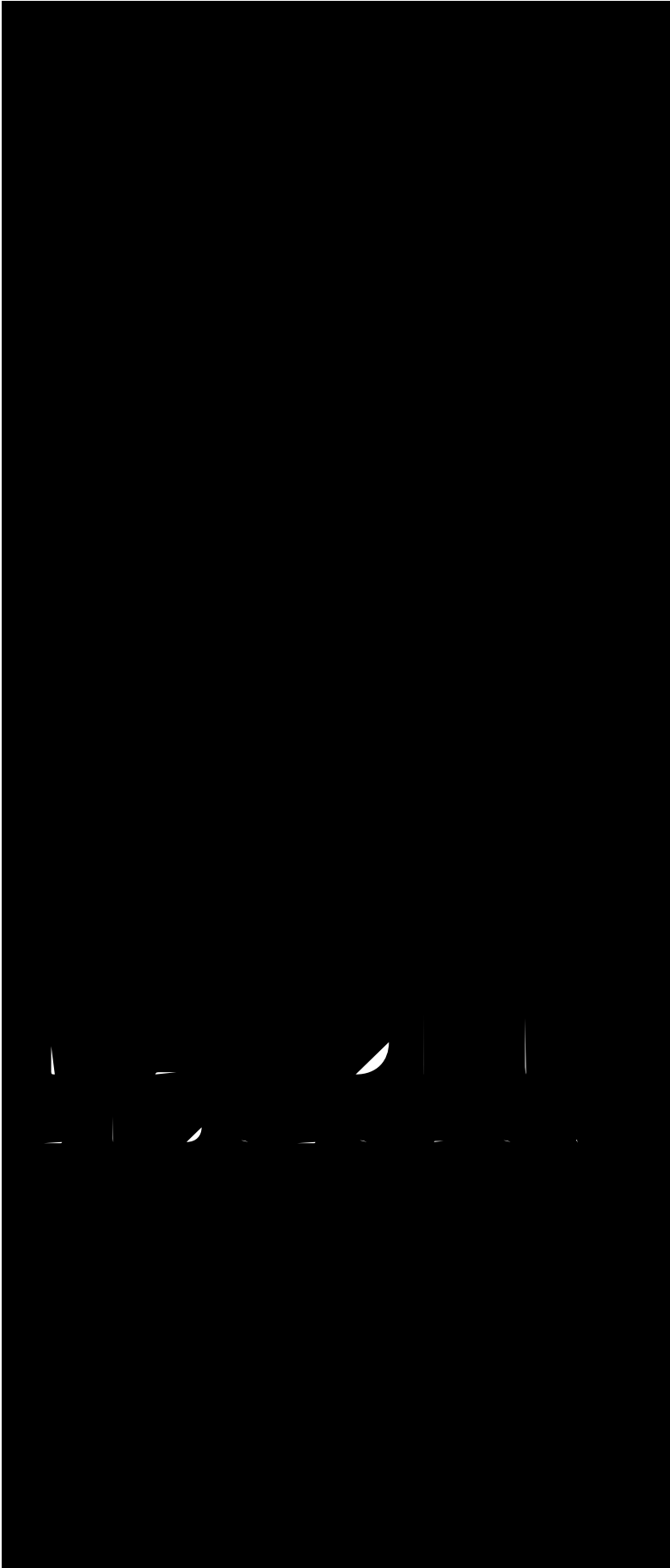
“Under these circumstances, it seems to me that the way to resist Russian transgressions and to help Russian society is to act according to universal principles, to remain loyal to them and consistent in their application. This is across the whole gamut of U.S.-Soviet relations and in relation to Russian internal developments. It is amazing how often we lose track of this very simple fact and how it really needs to be emphasized. We have to confront them with the reality that there are people who don’t accept that Russia has been able to improve on universally accepted moral values. So, without hostility and without condescension, we need to make clear to them that there will be no concessions to a false version of history and deluded view of reality.”

**Shevtsova:** “There is a problem of timing: we are at the end of the political cycle for both administrations. But we have to work for the new political cycle and identify some people in the new American administration and the Russian political class who will start thinking about the change of the paradigm.

“There are two very substantial obstacles to this: the first is the legal system in Russia. The second obstacle is the logic of American preponderance and superpower. The problem with Russia is that Russia cannot adjust or adapt to the formula of living in a unipolar world. However, the conundrum and paradox is that the unipolar world—and Russian elites understand this—is much better than a multipolar world.

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