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The former Cold War enemies are still more preoccupied with a tug-of-war between themselves than with combating the new threats. How many more times will we repeat the same mistakes in choosing our priorities?

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Within the next five to ten years, Russia and Ukraine will have to decide whether their common border will be a conventional boundary connecting their peoples, or whether it will become a new frontier of a Europe divided. Ukraine and Russia will have to make a choice on their own — and then live with its consequences.

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The idea of national competitiveness looks very attractive on the surface, but it makes no economic sense. The struggle for competitiveness can deal an irreparable blow to Russia’s economic development.

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The depth of political changes Vladimir Putin’s latest reform will bring to Russian society and Russia’s state system is comparable to that brought about by Boris Yeltsin’s disbandment of the Congress of People’s Deputies (former parliament) and the adoption of a new Constitution in 1993. Thus far, those two events have been the fundamental political landmarks in Russia’s modern (post-Soviet) history.
“Mobilization Plus Modernization”  
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If the march of events is favorable, Russia will have at least a two-party system by the next presidential term — identical to what has happened at certain stages in the history of many Western countries. There is every indication that it will be far less elegant and shapely than in those countries. Nevertheless, this future system will be better than a brutal dictatorship.

Russia’s Disintegration: Factors and Prospects  
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The modernization of the heterogeneous population scattered around the critically large landmass means that there exists a high probability for Russia’s breakup. The collapse of the country’s uniform ideology has pre-determined its civilizational (cultural and religious) heterogeneity.

**European Vision of Russia**

Russia and Germany: The Core Tenet of Cooperation  
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European experience has shown that stability depends on sound democratic institutions which ensure that decisions taken by policymakers have public backing. This, in turn, demands ongoing political feedback within a confident parliament and an active civil society.

Why Schröder Loves Russia  
*Alexander Rahr*  
The German business world is pushing Schröder into Putin’s arms. This is not surprising, since Germany has always had a special business approach to Russia, unlike other Western countries.

In the Transatlantic Gap  
*Flemming Splidsboel Hansen*  
On a number of key points — power, the national interest and state sovereignty — Russia has more in common with the U.S.A. than with the EU member states. Most central perhaps is the understanding of the concept of “power.” There is a possibility that Russia can actually benefit from the gap between the U.S.A. and Western Europe.

**The Caucasian Knot**

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Russia’s top political milieu is growing restive over the amassed Western penetration into Transcaucasia. The pragmatic West realizes only too well that whoever brings peace and affluence to the post-Soviet territories will have (overtly or covertly) the dominating positions there.

Georgia Propelling Its Disintegration  
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There are no legal or international barriers to recognizing the independence of the self-proclaimed republics of Abkhazia and South Ossetia in consideration of the practices that the Western countries demonstrated toward the republics of the former Soviet Union and Yugoslavia. Following the breakup of the Soviet Union, the notion of territorial integrity lost its import.
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Russia is Georgia’s natural ally. To make Georgia understand this, Russia must change its attitude toward its southerly neighbor. First and foremost, we must take our feet off the tabletop and stop putting on arrogant airs.

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At the start of the 21st century, the countries that once made up the Soviet Union have approached a momentous point in their history. The newly independent states bordering on the mighty development centers, such as Russia, the EU or China, will have to set their priorities and decide for themselves what structures they would like to integrate into.

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The Nagorno-Karabakh conflict between Armenians and Azerbaijanis, which broke out in 1988, was the first armed clash on the territory of the Soviet Union. The word ‘Karabakh’ became a common noun used to describe any armed conflict on the territory of the former Soviet Union.

Just Do IT

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Cyberspace offers great promise for the preservation of identity and national culture. Through computer-mediated communication, nations – especially challenged nations like the Russians in the ‘Near Abroad’ – have the ability to maintain and reinforce their identity in new and compelling ways.

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The Russian Internet community has consolidated, expanded and acquired the necessary links and levers to bring pressure on the authorities. This makes everybody hopeful that any potential attempts by the government at “making the Internet clearer” would be opposed by a force powerful enough to shape public opinion.

Domestic Brains Heading Offshore  
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Presently, it seems that Russian software producers are already prepared for the export of not only customized products but computer packages oriented toward end-users. Corporate customers are unanimous about Russia’s opportunities within IT market.

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Following the recent hostage drama in Beslan, where hundreds of schoolchildren were brutally killed by terrorists, we must ask the question: “What kind of country has Russia become?” It cannot be denied that the September 2004 tragedy (preceded by a series of other terrorist acts) has changed Russian politics. President Vladimir Putin, like his U.S. counterpart George W. Bush three years earlier, in a televised address to the nation declared a war — a war on international terrorism which has chosen the Russian Federation as a target for its attacks and which seeks, as the president argues, a breakup of the country and its disappearance from the international stage.

To counter this threat, the president proposed measures providing for a change of the state model. As a guarantee against the country’s disintegration, the president and his administrative team intend to build a rigid vertical of power. According to this plan, all state officials, from top to bottom, would be appointed by Moscow and will be responsible to it. In reality, this move signals a return to the traditional governance system that existed in czarist Russia, as well as in the Soviet Union. Analysts, both in Russia and abroad, remain divided in their comments on the proposed changes.

Some warn against the possible restoration of authoritarianism in Russia; they accuse President Putin of taking advantage of the Beslan tragedy in order to bolster his personal power. Others argue that the outrages committed by terrorists prove that a Western-style democracy cannot guarantee safety for the Russian people. They insist that only an effective and united authority can achieve this goal.

Despite the justifications, the moves made by the Kremlin in the last few months have provoked a harsh criticism from the West — which, in turn, has provoked a nervous reaction from Russia. The same old Soviet song is once again being sung by some officials, experts and ordinary people: “The country has been encircled by enemies who are unable or do not want to understand us. Moreover, they rejoice at our misfortunes and may well direct the terrorists.” The difference of perceptions concerning the develop-
ments in the world between Moscow and the Western capitals is depressing. 

Russian veteran diplomat Anatoly Adamishin calls on the former Cold War enemies to forget their senseless conflicts. The civilized world is not yet fully aware of the real scale of the danger posed by international terrorism, he writes. Many of the present controversies and problems pale and seem insignificant against this global threat.

In this issue, specialists have contributed articles that are intended to help understand the motives behind the present changes in Russia’s political system. Analyst Vitaly Tretyakov explains why the American and European methods for combating terrorism and forms of state system cannot be applied in Russia. Political observers Tatyana Gurova and Andrei Tsunsky admit that the new political system will not be like a Western democracy, while they attempt, at the same time, to allay fears that Russia is in for a dictatorship. Finally, philosopher and sociologist Igor Yakovenko investigates whether there are real prerequisites for the breakup of Russia.

Our German contributors, Chancellor Gerhard Schröder and political scientist Alexander Rahr, do not doubt that Russia, for all of its differences, will remain a key part of the European space.

The developments of the last few months have again brought into the limelight the numerous threats posed by the situation in the Caucasus. Professor Vladimir Degoyev warns about the danger of a geopolitical standoff in that explosive region. Political scientist Andranik Migranyan and journalist Leonid Radzikovsky offer different visions of Georgia, and of Russia’s policy vis-a-vis that country. One more Russian veteran diplomat, Vladimir Kazimirov, explores the oldest seat of instability in the ex-Soviet Union – Nagorno-Karabakh. The authors of the Armenia 2020 project present their views about the different paths that Armenia may take in the future. Finally, a special section of this issue is dedicated to a “new Russia” — which is sweepingly expanding its presence on the World Wide Web. “Russia and the Internet” is the subject of articles contributed by Andrei Korotkov, Pavel Zhitnyuk and Robert Saunders.

Our next issue will continue the discussion concerning the war on terrorism. We are also planning to focus on the migration problem, a topic being actively discussed now in Russia, as well as provide more expert comments on the political reforms being launched by the Russian leadership.
The civilized world is losing the war against terrorism despite its seemingly overwhelming superiority. Presently, what countries are lacking most of all is the awareness of the danger and political will. Yet, the international community is far from united in the face of this new threat. It still has a somewhat carefree attitude toward it.
The main fact about international terrorism is a sad one: the civilized world is losing its war against terrorism despite its seemingly overwhelming superiority. This conclusion is shared by most policymakers and analysts. It is backed by the huge number of victims, which have been accumulating like an avalanche. The cold-blooded murder of children in the Russian town of Beslan has imparted a new, more ominous dimension to terrorism. Yet, the international community is far from united in the face of this new threat. I would even say it still has a somewhat carefree attitude toward it. “Terrorist acts are inevitable as they are an age-old weapon used by the weak in their struggle against the strong,” some politicians reassure themselves. “Terrorism cannot be defeated, like it is impossible to eradicate evil.” However, this postulate, which rather belongs to the domain of psychology, can hardly apply to what is now described — for the sake of brevity rather than accuracy — as international terrorism. No doubt, it is a special phenomenon which has become an integral part of the present stage in the development of civilization, described — again, for the sake of brevity — as globalization.

First lesson: the common struggle against international terrorism is impeded by the vagueness of the enemy: it often has no face. Moreover, there is an influential view that declaring war on international terrorism, as the United States has done, was a mistake. The proponents of this view argue that there is no globalized terror because it has no national or territorial basis.

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There are the so-called regional terrorisms which have almost no links between themselves, they say. Behind these organizations are different political forces pursuing different goals, such as separatism; transnational organized crime, usually in the form of drug trafficking; and religious extremism. Each force has its own reasons to resort to terror. What link is there between, for example, the Irish Republican Army, the Corsican separatists and Japan’s Aum Shinrikyo sect? They have no common headquarters that would coordinate their terrorist activities. Or take al Qaeda, which seeks to take the credit even for bombings it has had no relation to. It is political motivation that each time predetermines ways that are suited for neutralizing terror. But war, as a universal means, always leads to an invasion of one country by another and, consequently, to a fierce rebuff of the invaders and collaborationists. The times of colonialism and neo-colonialism are over. The rationale of such reasoning is difficult to dispute. But it is also obvious that the aforementioned categories of terrorism intertwine in real life, forming various kinds of combinations, with one type of terrorism dominating over another. This is what is taking place in Kosovo, for example. It is possible that the leaning toward separatism there will create a very negative precedent.

Or take Afghanistan. There, the antiterrorist coalition has carried out an operation against Taliban extremists, which is believed to have been quite successful. At the same time, however, no decisive blow was delivered against the drug barons. The coalition lacked an orderly approach, and the drug business was not suppressed. Now, together with its revival, the Taliban is reviving, too. Incidentally, a very large part of the 300 tons of heroin produced in Afghanistan each year is trafficked to other countries via Russia. It is true that terror is a method. But when, in the contemporary world, it is widely used to suppress intellect and distort human consciousness en masse, it is already something more than a tool. It is an ideology, now proliferating around the world.

In light of these facts, is there a danger of overlooking a merger of separate terrorist groups into an army, even if this is done by non-traditional methods? And how much time remains before such an army is controlled, if not from one, than several centers? This army could simply be inspired by such an idea,
which is now beginning to prevail more and more over local considerations. Where there is a common idea, sooner or later there will appear a common strategy, and this strategy is taking an increasingly distinct shape. Radical Islamism has been coming into the foreground ever more confidently. Its recent strikes at Russia and at the unity of its multiethnic population were delivered with strategic accuracy.

The theory of regional terrorism has yet another shortcoming. In practice, it prevents people from uniting into a single front against the unseen yet very dangerous enemy. Deflecting the threat away from oneself and causing it to turn against someone else looks more attractive than struggling against this threat jointly: “If this does not concern me directly, I can sit it out and save myself.” Hence the advances made to “half-terrorists” and the tolerant attitude toward various kinds of foundations and associations that provide money and shelter to criminals. Double standards — old as the world — flourish in such practices and only serve to abet terrorists. There have even been cases when terrorists’ demands were fulfilled. If the choice is made in favor of a policy of appeasement (a kind of a 1938 Munich Pact of the 21st century) then the chances for losing the war against terrorism will increase. There is a large proportion of Europeans who are simply not prepared to take part in it, considering it as someone else’s war.

This dilemma can be resolved by taking steps along two avenues. First, the United Nations should speed up its analytical efforts to find a generally acceptable definition for international terrorism. The India-proposed draft of a Comprehensive Convention on International Terrorism can help achieve accord on this issue.

On the other hand, time is pressing, and it is not necessary to wait until all countries come to agreement on the definition of terrorism — a highly politicized problem closely linked with nationalism. A wide range of measures have already been worked out for international interaction in combating terrorism, and these measures must be used without delay.

**Second lesson:** the former Cold War enemies are still more preoccupied with a tug-of-war between themselves than with combating the new threats. Each new terrorist act causes them to make certain steps toward each other, both bilaterally and multilaterally (within the frame-
works of the UN, the G-8, NATO, and the EU). A short time later, however, their zeal for cooperation subsides and they return to their accustomed mutual mistrust. Both parties provide justifications for their actions, of course, but how many more times will they repeat the same mistakes in choosing their priorities? Hopefully, after the Beslan tragedy the enthusiasm for cooperation will not decrease between the parties.

During the Cold War era, it was unscrupulous methods that promoted the spread of the Islamic jihad. In those times, as a French journalist put it, the United States struck a deal with the devil known as Moslem extremism. This was done at the detriment of its relations with more moderate circles, with the only intention to do damage to the Soviet Union. Unfortunately, many of those who advised Ronald Reagan at that time have not quit big-time politics, but have joined the ranks of the neo-conservatives in the U.S. Similarly, some critical words could be said against Russia, too. The old differences between Russia and the West have been coupled with differences inside the Euro-Atlantic community. Washington gives top priority to the war against Islamic terrorist groups and countries supporting them or giving them shelter. Europeans argue that terrorism can be stopped with ‘soft force,’ by combining political and policing methods and using military force only as a last resort. Russia, which is waging its own war in Chechnya, initially gravitated toward the European approach. This was graphically manifest in its appraisal of the U.S. actions in Iraq. Now, however, Russia has toughened its position. Two years ago, I wrote in _Russia in Global Affairs_: “Former enemies in the Cold War must become seriously aware of the fact that their very survival depends on their ability to address new dangers.” These words, perhaps, are even more important today, especially if we add the words “and allies” to the word “enemies.” Stopping the discord within the civilized community has become an imperative.

The best way to unite the approaches of different countries is for them to engage in practical work in the coordination of their antiterrorist efforts. Russia, the U.S., the EU and its individual members, Japan, India, China and Israel must display the political will which would allow them to proceed to a basically new level of cooperation. In practice, they may take the following measures:

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establish closer and more trusting relations between their secret services;
- agree on mutual supplies of modern equipment and armaments (Russia, with its huge territory and extensive transport systems, including pipelines, desperately needs a renovation of its antiterrorist defenses.);
- expose and shut down channels of funding to terrorist organizations;
- carry out joint operations to hunt down and detain terrorists;
- take military measures, including the joint training of troops.

Moreover, the allies may wish to consider building joint bases and forming joint Special Forces. The U.S. and Russia should set an example of such alliance-like cooperation; they have advanced along this path farther than many other countries. The two countries have set up a special high-level antiterrorist working group which has already held more than a dozen fruitful meetings. Russian-U.S. achievements also include some successful field operations. But this is not enough. The two countries’ efforts are impeded by their mutual inability to concentrate on what is most important.

The U.S. and Russia need to stop complaining about how difficult one partner is for the other, as well as publicly lecturing each other — not because Russia and the U.S. do not need this, but because these complaints and didacticism are producing an unwanted effect. The parties seem to forget that there has emerged the most dangerous common enemy since World War II. In those times, the members of the anti-Hitler coalition were in much disagreement with each other (suffice it to recall the heated debates about the need to open the second front), suspected each other of attempts to enter into separate negotiations with the Nazis, and adhered to diametrically opposite ideological values which formally ruled out any coexistence of socialism and capitalism on the Earth. However, the main result of World War II — the defeat of Nazi Germany — was achieved owing to the joint actions of many countries, above all the Soviet Union and the U.S.

Terrorism has already become a horrible monster, while the international community has yet to find an antidote against the monstrous “discovery” of living bombs. The terrorists’ inventiveness, severe discipline, mafia-style methods of influencing the population, and relatively inexpensive operations — all serve to increase the destructive effectiveness of their activities. And it is horrible...
to even imagine what would happen to the world should terrorists achieve their long-cherished goal of acquiring weapons of mass destruction. The very thought must certainly cause top-ranking statesmen to cast aside questions of minor importance in order to ensure the reliable protection of nuclear, chemical, biological and other weapons from criminals. In this context, Russia needs real help from its Western partners, above all the U.S. Thus far, this help (about U.S. $780 million a year) does not nearly correspond to the scale of the task of destroying weapons and preventing their seizure.

Third lesson: the international community should amend its antiterrorist legislation by coordinating national laws as much as possible in order to create a homogeneous legal framework. At present, national antiterrorist laws are quite different from each other, especially as regards the principles of extradition. The legal environment where punishment for any terrorist act would be inevitable has not yet emerged. Furthermore, the international community has yet to define situations where the use of outside force to stop genocide and human rights violations in a given country would be justified. One of the main questions is what should the legal basis and the mechanism be for implementing such measures? Moreover, the very principle of sovereignty must be rethought, because its former absolute character has become archaic. The new agenda must also include the possibility of establishing international trusteeship over states whose governments are unable to fulfill their functions.

Lesson four: since the current struggle is for people’s minds, especially the minds of the younger generation, it is vital that the international community strengthen the climate for the total rejection of terrorism. This absolute evil cannot be justified by any political, religious or other reasons; there cannot be “good” or “bad” terrorism. There must be no room for neutrality or appeasement in the struggle against terrorism, and the international public at large must be roused against terror. A decisive role in these efforts must belong to civil societies in various countries.

Lesson five: it is of paramount importance to distinguish religious fanaticism, which sometimes acquires inhuman forms, from religion per se. This refers, above all, to Islam. Mistaken are the analysts
who have begun to hark back to Europe’s past experience of Fascism, only dressed in Islamic clothing. Italian Fascism and German Nazism developed within the frameworks of their national borders, while Islamic extremism is just a small part of the fairly civilized Moslem world. Also mistaken are those who argue that Islam does not accept modern economic development and is a stranger to democracy. Indonesia, Turkey and Malaysia provide good indications that reforms in the Islamic world are possible. This is a common civilizational task. The view that we are witnessing a clash of civilizations must be dispelled. This requires modernizing the vast Moslem world and redressing injustices, such as the Israeli-U.S. persecution of Palestinians, which is viewed as a crusade against the Islamic world. There will be little hope for deliverance from the plague of terrorism unless peace is established in the Middle East. Islam should not be demonized; instead, people must learn to separate the wheat from the extremist chaff. Also, al Qaeda must not be made a spokesman for all oppressed Moslems. Radicalism is baneful in any religion and, unfortunately, there have been many occasions when Judaic and Christian fundamentalists, too, behaved as if they alone knew the ultimate truth and must affirm it whatever the cost — even by the sword.

**Lesson six**: military actions alone, however inevitable under certain circumstances, cannot solve the problem. The developments in Iraq or Chechnya have shown that such actions only aggravate it. Politics cannot completely entrust its mission to war. The approaches of both the U.S. and Russia need a major revision. Meanwhile, the difficult problems of inequality, backwardness, instability, the decline of many countries, drug trafficking, and many other plagues of the contemporary world are now knocking at the door of humanity. When will the international community find time to begin draining away this nutrient medium of terrorism?

**Lesson seven**: organizational frameworks are required for coordinating states’ efforts to uncover and eradicate international terrorist networks. The world, which has left the state of relative stability of the Cold War times (sometimes described as negative stability), is now passing through a zone of turbulence; it is unstable and uncontrollable, which
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courages a struggle for control over it.
These developments again bring the United Nations into the limelight as the only universal forum, as the keeper of international law, and as the organization (in the person of its Security Council) authorized to solve the issues of war and peace. It should be admitted, though, that the UN is not coping with this task. In the fundamental issue of preventive war against Iraq, the Americans simply ignored the Security Council, thus inflicting damage on themselves and the international organization. Yet, the UN, too, bears part of the blame, because it should not live according to a Charter that was drawn up 60 years ago. The vacuum in international rules, filled by unilateral actions, must be removed in a legal way — by jointly working out new norms of conduct.
Major UN member states seem to have come to understand that this organization must be reformed. Yet, efforts in this field are experiencing no progress. Along with providing a new impetus to the UN’s restructuring, the international community should set up a special world organization intended to help countries cope with the new challenges and threats. Although there already is the Counter-Terrorism Committee of the UN Security Council, it is largely engaged in monitoring the fulfillment of UN resolutions, of which there are already quite a few. The new special organization must enable countries to promptly react to a wide range of challenges — from the prevention of terrorist acts to the liquidation of their consequences.
The problems that the international community is facing in combating this invisible and merciless enemy are colossal. Yet, technically they are surmountable. Presently, what countries are lacking most of all is the awareness of the danger and political will. It is time that we begin to learn by our own — occasionally tragic — mistakes.
Judging by numerous publications in the Russian press, the contemporary political system of Ukraine is terra incognita in Russia: information about it is either inaccurate or deliberately distorted. Throughout Russian society, and even among the experts, there are widespread myths about the irreconcilable differences between nationalist-minded West Ukraine and Russian-dominated East Ukraine. The myths also describe the absolute power of oligarchs, and the split of the Ukrainian political elite into the pro- and anti-Russian factions. It is widely believed in Moscow that if the anti-Russian group comes to power in Ukraine, the relations between the two countries may sharply deteriorate. However, today’s Ukraine is a far cry from this perception. Over the years since Leonid Kuchma came to power, there has emerged a new culture of political compromise which is unique for the post-Soviet space. This culture is projected on both the domestic and foreign policies of Ukraine. The polycentrism of the decision-making process has ensured stability and controllability of the state and involvement of broad sections of the elite in the political process. Furthermore, it has created conditions for Ukraine’s interaction with all of its external partners. The next president of Ukraine will undoubtedly attempt to rebuild this mechanism and adapt it to the changing reality. These efforts will be prompted by both internal and external factors — changes in the alignment of political forces in Ukraine and the reduction of possibilities for conducting the so-called multivector policy on the international stage. The enlargement of the

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European Union has placed Ukraine in a dilemma: Should it integrate itself into Europe, while simultaneously cooperating with Russia, or vice versa. Ukraine’s choice will determine many things. However, the basic elements of the existing system will not disappear for quite some time. And if Russia wants to pursue a mutually advantageous Ukrainian policy, rather than return to a contentious situation similar to the one of the 1990s, it must understand these factors and take them into account.

**Checks and counterbalances**

The stability of Ukraine rests on the inability of any political or economic force to assume dominant positions in the country. The diverse centers of force balance each other, causing the system to become somewhat inert. At the same time, this balance safeguards the country from sharp changes that could bring about the collapse of Ukrainian statehood, as well as its breakup. It is possible to single out several dimensions in Ukraine’s political life, each having its own parameters of compromise.

**Eastern and Western Ukraine.** The western and eastern regions of the country possess different orientations in their internal and foreign policies. However, the regional elites have achieved a mutual understanding: Eastern Ukraine exercises control over the economy, while Western Ukraine plays a significant role in defining the conceptual foundations of statehood, as well as conducting policies in the spheres of education, culture, and foreign affairs. Kiev has rather become a tool for projecting this *modus operandi* on the entire country, rather than just an independent actor with regards to both “halves” of Ukraine. At the same time, within each region there is a relative, rather than absolute, domination of preferences in domestic and foreign policy (see the Table). This factor plays a significant role in achieving the compromise between the regions.

Ukraine has avoided serious ethnic conflicts, and it is now possible to speak about, although rather cautiously, the formation of a Ukrainian political nation. This is largely due to the fact that self-identification of the Russian-speaking part of the Ukrainian population has changed. The 2001 population census showed that the percentage of ethnic Russians living in Ukraine decreased from 22.1 to 17.3 (from 11.3 to 8.3 million people) since 1989. The last few years have been marked by the suspension of a policy for the rapid Ukrainization of
public life. On the other hand, a new generation, which was largely educated at Ukrainian-language schools, now participates in active political life. These two factors have reduced the fears of language discrimination in East Ukraine. The ratification by the Verkhovna Rada (parliament) in May 2003 of the European Charter for Regional or Minority Languages, which has given the Russian language the status of a minority language, passed almost unnoticed in the country. **Ideologies and parties.** Since the onset of Ukrainian independence, not a single ideology — leftist, national-democratic or liberal — has enjoyed support from a majority of the voters. None of the previously dominant political parties has any hope that it could rule Ukraine by itself. As a result, the left and the national-democrats gradually lost popular support. In the autumn of 2004, the ratings of the leaders of the Communist and Socialist parties stood at about six percent each — a very small figure for a country with acute social problems. Following a series of splits, the nationalist Rukh movement, which was a very influential political force in the early 1990s, has lost all chances to independently enter the parliament. Thus, it has been forced to join the “Our Ukraine” coalition, headed by ex-prime minister Victor Yushchenko. Ideological parties have been replaced by various kinds of associations set up for specific leaders. Some of these associations uphold political platforms, but most of them pursue the specific economic interests of one or another financial and industrial group. Different organizations played the role of an ‘official’ party of power at different

### Foreign-policy priorities of the citizens of Ukraine as a whole and of its individual regions (as of February 2003, %)

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<tr>
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<th>West</th>
<th>Center</th>
<th>South</th>
<th>East</th>
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<td>0.3</td>
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*Source: the Razumkov Center for Economic and Political Studies of Ukraine.*

*Note: Cooperation with countries of the Commonwealth of Independent States is viewed as an alternative to ties with Russia. These indices cannot be summarized.*
times, but efforts to bring their leaders together have never been successful.
The “For United Ukraine!” coalition, which represented the authorities at the 2002 parliamentary elections, broke up into eight factions just a few months later, since different ruling groups clearly understood the differences between their interests. At the same time, the factions have been used as an instrument for coordinating these interests, and this factor paradoxically strengthens the multi-party system in the country. The role of parties and quasi-party entities will grow starting in 2006 when Ukraine introduces the proportional representation system in elections to Verkhovna Rada and local legislatures. The move will deny political and economic groups the possibility to have representation in parliament via deputies elected from single-mandate constituencies. The low, three-percent threshold for being elected into the parliament, guarantees the preservation of a large number of factions in the Verkhovna Rada.

Oligarchs and society. The contemporary political scene in Ukraine is usually associated with all-powerful oligarchs. This perception is largely true. In Russia, the best-known are the Donetsk, Dnipropetrovsk and Kyiv clans of Ukraine. The first two groups are not internally united. Other groups that have a strong influence on Ukrainian politics are seated in Kharkiv, Zaporizhia and other areas.

After the 2002 parliamentary elections, the political role of the oligarchs received a formal embodiment. The Donetsk clan, in the person of Victor Yanukovich, won the post of prime minister; the Dnipropetrovsk clan (Sergei Tigipko) – the post of Central Bank CEO; and the Kyiv clan (Victor Medvedchuk) – the post of presidential chief of staff. The Yanukovich Cabinet is formed on the quota principle and represents, in one way or another, a majority of the groups. Oligarchic structures have obtained posts at all levels of power – central, gubernatorial and municipal – which keeps them interested in preserving the present governance system. The mechanism of coordinating the interests of the Ukrainian oligarchs has two important features. First, the role of an arbiter in settling conflicts between them has been played by President Leonid Kuchma. Without him, these conflicts may become aggravated and the system may be destabilized. Second, large groups in Ukraine do not seek to destroy the
small groups, but coexist with them. This approach allows the opposition to preserve its financial base. On the other hand, it enables the ruling oligarchs to enter into situational coalitions with the opposition — and not only in business — and to have certain guarantees in case they themselves decide to join the opposition. For all their individual and aggregate power, the Ukrainian oligarchs are not at all omnipotent — either with regard to the state or society. The latter circumstance is particularly important. The oligarchs have the power to manipulate public sentiments (by means of media outlets they control or using their financial and administrative resources), yet they have been unable to ensure the legitimization of a transfer of key political functions to themselves. Their major setback was the failure of an attempt, made in the winter of 2003–2004, to abolish direct presidential elections and delegate the right to elect a president to parliament. Ukrainian society strongly protested against such a move.

Authorities and the opposition. Ukraine has a culture of a powerful and occasionally effective opposition, although it has never been a cohesive unit. In different compositions and at different times, the opposition managed to achieve its main goal — to prevent the concentration of power in the hands of the president and the Cabinet. There is no antagonism between a majority of pro-government politicians and those in the opposition, because the latter always includes a large number of ex- (and possibly future) functionaries. Therefore, there has been no war of annihilation, except for the prosecution of ex-prime minister Pavel Lazarenko and opposition leader Yulia Timoshenko. The return of ex-president Leonid Kravchuk to active politics in the late 1990s marked, perhaps, a turning point. Kravchuk, believed to be an eternal rival of Kuchma, later took a prominent place in the ruling camp.

In the parliament elected in 2002 the opposition was offered chief posts at the key committees on budget and finance, on European integration, and several other important functions. Later, the pro-presidential majority made no attempts to wrest these committees from the opposition’s control, even when the majority could have easily done that. As a result, the fear of going into opposition is now characteristic of an absolute minority of Ukrainian groups and directly depends on the extent to which the economic might of a
group is linked with the big business or with control over budgetary flows and corruption schemes. 

**Executive power and parliament.**

The Verkhovna Rada plays a major role in balancing the political system of the country and observing constitutional norms. The need to act through parliament in most cases and to form a majority (in this case, it is not very important that this is often done by bribery or by pressure on the deputies) protects the Ukrainian political process from radical moves by the executive branch. The speaker, as well as the vice speakers of the Verkhovna Rada are very influential political figures in the country. Paradoxically, for all the differences between the political forces represented in the Ukrainian parliament, it is characterized by corporate unity. Despite the pro-presidential majority in the Verkhovna Rada, the Public Prosecutor’s Office has failed to convince parliament to strip Yulia Timoshenko of deputy’s immunity, although President Kuchma’s personal interest in her criminal prosecution was an open secret.

In September 2004, 425 of 450 deputies voted for the formation of a special commission to probe into the attempted poisoning of opposition presidential candidate Victor Yushchenko. The deputies’ corporate behavior can partly be explained by Kuchma’s openly hostile attitude to Verkhovna Rada. But on the whole, this phenomenon can hardly be attributed simply to a desire to pose as an anti-presidential Fronde.

**Growth of Russian influence and its limits**

Kuchma’s second presidential term was marked by the solution of the most acute problems that had accumulated in Ukrainian-Russian relations since the 1990s. These included Ukraine’s debt for Russian gas supplies and payment for current supplies. The parties took the edge off their diverging perception of the humanitarian agenda and solved some of the problems caused by the introduction of an effective border-control regime. The ratification of the agreement on a Single Economic Space lowered the volume of Ukraine’s opposition to Russia’s integration projects in the CIS. The leaders of the two countries stepped up their contacts. The relations between the two countries were relieved of former political conflicts, and even nationalist and/or pro-Western political forces inside Ukraine no longer see any sense in playing the card of opposi-
Russia’s influence on Ukraine’s politics and economy has increased. According to a poll conducted by experts at the Kyiv’s Center of Peace, Conversion and Foreign Policy in the autumn of 2003, Russia had the greatest influence on Ukraine among all foreign actors (89.4 percent of those polled; the respondents were allowed to give three different answers. The United States received 73.6 percent; the European Union, 36.8 percent; the International Monetary Fund, 31.5 percent; NATO, 28.9 percent; and the United Nations and the Organization for Security and Cooperation in Europe, 2.6 percent each). According to Ukrainian figures, Russian capital — although Russian companies can be considered conduits of Russian influence only with large reservations — has received control over 83 percent of assets in the Ukrainian oil-refining industry, 66.7 percent in non-ferrous metallurgy (90 percent in aluminum production), 36 percent in energy distribution, 33 percent in machine-building and banking, 20 percent in ferrous metallurgy, and about 20 percent in the gas industry.

The increased Russian presence and influence in Ukraine is due to several reasons. First, it was clear already in 1999 that the European Union’s extension to the Ukrainian borders would not encourage Western companies to invest in the Ukrainian economy. This was due to corruption in Ukraine and because the business environment in Central Europe was much more favorable. Russia, on the contrary, was ready to play according to the familiar post-Soviet rules. Kyiv saw that Russia provided the only chance for saving many of its industries. In 2003-2004, the European Union’s decision not to grant Ukraine prospective EU membership placed a more general contextual foundation under this factor.

Second, Ukraine has failed to implement alternative projects in the CIS (specifically within the framework of GUUAM, an organization uniting Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova), to create an operative axes with its Central European neighbors, and to secure for itself the transit of energy resources from the Caspian region.

Third, the Ukrainian economic elites and the governments of Victor Yushchenko, Anatoly Kinakh and Victor Yanukovich, which represented their interests, were ready to assume a more pragmatic posture, thus, Russians were allowed into industries where the Ukrainians could not establish profitable control. Finally, political factors took
effect as well, namely the aggravation of relations between Kyiv and the West following the ‘cassette scandal,’ and the growth of suspicions in the West that Ukraine was engaged in an illegal arms trade. The effect of the first three factors will continue in the foreseeable future, as will the present pragmatic model of the two countries’ interaction. This is also because the Ukrainian industrialists have received easier access to Russian markets and that from 2005 their production costs will decrease after Russia stops levying VAT on energy resources exported to Ukraine. All these moves would hardly have been possible without a general compromise between the two countries. At the same time, any attempts by Russia to revise the pragmatic model of cooperation would run into opposition from Ukraine. Russia has already been repeatedly debarred from the acquisition of new property in key industries (Ukraine’s decision to deny Russia’s Severstal steel company permission to participate in a tender for the Krivorozhstal steel plant in Krivoy Rog, the establishment of a National Energy Company of Ukraine to block the penetration of Russia’s Unified Energy Systems into the country, the complete change of the concept of a gas transport consortium, orienting it to the construction of new pipelines rather than the management of the existing ones, and so on). Games intended to obtain political concessions would evoke even more resistance. Moscow’s attempt to conduct a *fait accompli* policy with regard to the disputed Tuzla Island in the Kerch Strait in the autumn of 2003 resulted in the appearance of the Ukrainian coastguard in the strait. It also resurrected the issue of Russian territorial claims to the top of Ukraine’s security policy agenda. Presently, the self-perception of the Ukrainian elites again tends to become more independent of the Russian factor. Ukrainian oligarchs are very rich — the wealth of Rinat Akhmetov, the leader of the Donetsk group, is estimated by the Polish magazine *Wprost* at U.S. $3.5 billion, and that of Kuchma’s son-in-law Victor Pinchuk at U.S. $2.5 billion, and these are not the only billionaires in Ukraine. It is important to note that the Ukrainian oligarchs have not earned their money by trading Russian gas. As regards the political leadership, the sending of Ukrainian troops to Iraq, together with Kuchma’s decision not to participate in the 2004 presidential elections, has allowed Kyiv to
restore normal working relations with the West. The issue of Russia’s role in Ukraine’s domestic policy occupies a special place in their bilateral relations. The popularity of the Russian president among the Ukrainian population (largely because of his image of a fighter against oligarchs) has enabled Russia to regain the status of a major actor, which it lost in 1999 when Kuchma, seeking re-election, used a scenario where he would qualify for a run-off election together with a Communist candidate and would not play on East Ukraine’s opposition to West Ukraine. Today, both experts and politicians admit that without Moscow’s support — and the personal support of the Russian president — it would be very difficult to win elections in Ukraine. Furthermore, good relations with the Kremlin are an important resource in the hands of a candidate. However, the real political process offers examples of opposite scenarios, as well. The 2002 parliamentary elections by party lists were won by “Our Ukraine,” although Russia had unambiguously supported the pro-presidential “For United Ukraine!” bloc, the Communists and the United Social Democratic Party, whose platforms were considered the more acceptable to Russia then. Besides, Russia’s support is difficult to estimate quantitatively — in percent and in votes. However, perhaps this support is not that essential. For example, the audience of Russian electronic media, and the confidence that is placed in them, are not rated high — 15 and 9 percent, respectively, for Channel One of Russian television; 11 and 7 percent for NTV; for the other television channels, the number drops to 5 percent and lower.

### Gravitation toward Europe and prospects for NATO membership

Interestingly, Ukraine is experiencing a growing reliance on the European Union, as well. The idea of Ukraine’s accession to the EU is very popular among the Ukrainian population. According to numerous public opinion polls, up to 60 percent of those polled favor Ukraine’s EU membership, with only 20 percent against. This perception is based rather on an irrational desire to be part of “rich Europe” as opposed to understanding what is actually involved in the painful integration process. On the other hand, millions of Ukrainians have in the last decade gained useful experience while working in the West, or they have seen the results of economic reforms in Poland, and are now
making a deliberate choice. Ukraine’s economic elites argue that the European market is much more promising than Russia’s. The EU, even before its enlargement, became Ukraine’s major export partner. During the period 2000-2003, EU-Ukrainian trade increased by 16-18 percent a year and this gave Ukraine a favorable trade balance. The enlarged EU will, apparently, gradually replace Russia as Ukraine’s main trading partner. Joining the EU has been repeatedly proclaimed by the Ukrainian president as Ukraine’s major objective. However, Europe’s persistent unwillingness to view Ukraine as a prospective EU member causes Kyiv to think of alternative variants for its integration with the West. NATO membership is popular among a minority of Ukrainians (30-32 percent favor joining NATO, while 45-47 percent are against). Moreover, the attitude to the Atlantic Alliance changed for the worse in Ukraine following the operation in Kosovo and later in Iraq. At the same time, the Ukrainian leadership feels free enough from public opinion on this issue. The negative perception of NATO is not transformed into political support of forces that include opposition to NATO in their political platforms. The Ukrainian elites have a very positive perception of NATO. First, Ukraine needs external guarantees for its territorial integrity. Second, unlike the EU, NATO proclaims an open-door policy. Third, since cooperation with NATO is largely determined by geopolitical considerations, it is believed that joining NATO would not require a complete political transformation in the country. Fourth, Ukraine’s large-scale practical cooperation with NATO has turned a large part of the military establishment, and most of the Ukrainian military officers, into advocates of NATO membership. There may remain certain doubts among defense industry CEOs; however, since this industry has survived due to exports rather than sales on the domestic market, and since the accession of Central Europe to NATO has not had a negative effect on defense enterprises there, these doubts have not grown into an outright rejection. At the same time, Kyiv understands that integration into NATO would bring fewer benefits than integration into the EU. Besides, Russia’s negative reaction to Ukraine’s joining NATO is easily predictable. Hence the inconsistency of Kyiv’s political statements, which was obvious even before the elections. Yet, Ukraine’s practical policy has in the last few years been unequivocally aimed at
Among the most important events of recent years was the May 2002 decision of Ukraine’s National Security and Defense Council for joining NATO in the future, the March 2004 Memorandum on Mutual Understanding which granted NATO the right of quick access to the territory of Ukraine, and the June 2004 summit session of the Ukraine-NATO Commission. Also, Ukraine insists on its participation in NATO’s Membership Action Plan. Individual “sensational” moves, such as the withdrawal in August 2004 of provisions on accession to the EU and NATO from Ukraine’s military doctrine in the future, even if these moves could be taken out of the pre-election context, do not exceed the frameworks of diplomatic games. Kyiv has sent a signal to Brussels about its possible drift toward Russia, just as it did five to seven years ago when Ukrainian-Russian relations were strained; it threatened Moscow with a possible drift to the West. Whether or not Ukraine gives up its emphasis on Euro-Atlantic integration will be known only after the elections. So far, this option seems unlikely.

Conclusion

Today’s Ukraine is a complex phenomenon. It does not deserve an oversimplified perception and, the more so, primitive methods of influence, like those that were used, unfortunately, by external actors in the 2004 elections. Ukraine can be effectively influenced only if one respects its realities. Regardless of who wins the elections, Russia should pursue a well-balanced policy toward Ukraine and avoid falling into euphoria or pinning labels. It must always remember that Ukraine is not just a strategically important country but also a friendly nation, and that now, unlike in the early 1990s, the Ukrainian people and leadership can depart from this position only if Russia itself provokes them to do that.

Still, the two countries will have to give an answer to the main, and therefore most painful, question. Within the next five to ten years, at most, Russia and Ukraine will have to decide whether their common border will be a conventional boundary connecting their peoples, or whether it will become a new frontier of a Europe divided. Ukraine and Russia will have to make a choice on their own — and then live with its consequences.
By the end of President Vladimir Putin’s first term in office a new paradigm of economic development had taken shape in Russia. The main goal of this economic policy is ‘national competitiveness,’ and the state and business have been encouraged to focus their efforts on attaining this goal. In the past, the main focus was placed on liberalization and reducing the state’s role in the economy for the sake of an abstract idea of increasing economic efficiency. Today, the goal set for the nation looks definite and very clear to the public.

‘Competitiveness’ obviously means a strong Russia that must reinforce its political position in the world by gaining economic weight. Although the idea of national competitiveness looks very attractive on the surface, it makes no economic sense. Nevertheless, in Russia, this idea has found equal support from both liberal economists and proponents for a state playing a more active economic role. The national competitiveness concept was first voiced by liberals from the Ministry for Economic Development and Trade in order to validate a course toward further liberalization. It was then actively pursued by ‘statist’ economists. Today, this concept is being used to substantiate greater state involvement in economic development, as well as to provide a new lease of life to ‘industrial policy.’

The evolution of this concept is not accidental. Dirigisme is an inalienable component of the struggle for national competitiveness. Eventually, the idea voiced to revive the policy of economic liberalism can easily become its grave digger.

According to modern economic theory, both liberalism and dirigisme can promote economic development: everything depends on particular conditions and methods for pursuing a relevant policy. Yet, a choice that

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supports either one of these economic policies does not need to be justified by competition with other countries. The notion of ‘national competitiveness’ is a typical political slogan which lacks any economic theoretical substantiation. This concept (in its Western version) was first criticized by the American economist Paul Krugman (his essays on the issue were published in the book *Pop Internationalism*, The MIT Press, 1996). Too much focus on national competitiveness could easily sidetrack attention from vital economic reform, above all, those aimed at reducing state interference in the economy.

**In the words of economic theory**

Increasing a country’s competitive edge on the commodity markets is usually linked with a growth in exports and cuts in imports. However, it is often the case where this formula fails to testify to the health of a country’s economy. According to the national account identity (used to calculate the GDP), suggesting that exports less imports = savings less investment, it is possible to increase net exports (exports less imports) by widening the gap between the savings of Russian citizens, firms or the state itself and investment in the Russian economy or, in other words, by increasing investment in foreign assets. The national account identity is the accounting double-entry method for computing the GDP. It is obtained by equating GDP that is estimated on the basis of expenditures (sum total of private consumption, private investment, government expenditure and net exports) with GDP that is estimated on the basis of income (sum total of disposable private incomes, i.e. added value produced in the country less taxes, and public revenues, i.e. taxes). In reality, growth in foreign asset investment has been promoted by capital flight (judging by the export surplus, the Russian economy in the 1990s was among the world’s leaders in terms of its competitiveness), repayment of the sovereign debt, or the acquisition of overseas assets by the state. In countries where there are serious restrictions on the movement of private capital (e.g. China), the state acquires overseas assets through the use of its Central Bank reserves. But in the modern world, where the mobility of capital is very high, this policy is rarely successful: government assets moved overseas are rapidly offset by a new inflow of private assets. These are attracted by high interest rates which the Central Bank of any country must maintain.
in order to ‘sterilize’ the money supply which has been affected by an accumulation of reserves. A more efficient method is to create stabilization funds in order to accumulate tax revenues which can then be invested in overseas assets.

As for Russia, increasing its competitive capacity on the commodity markets is possible due to an accelerated outflow of private capital or growth in funds that have been accumulated in the stabilization fund. However, both these measures lead to a worsening of the population’s living standards, since they require keeping real exchange rates at a lower level and do not imply growth of investment in the economy.

Meanwhile, growth in the population’s prosperity (not only in the long run, but also in the short term) and growth in investment are the main goals proclaimed by the competitiveness policy. The contradiction is obvious.

The contradiction in the competitiveness concept forces its advocates to promote exports while keeping out imports; this occurs not so much on the national level, as in particular sectors. Such sectors are often described as “high added value” sectors. The biggest added value sectors are the capital-intensive industries, but in Russia the unchallenged leaders in this respect are the spheres of oil and gas production and transportation. Even in such sectors as car manufacturing (more specifically, car assembly), the light and food industries, as well as tourism, added value is substantially smaller. Thus, speaking about high added value sectors in the context of increasing competitive capacity is incorrect.

The nation’s competitiveness concept has remained popular since it was constructed analogously with the notion of ‘company competitiveness.’ But whereas a company losing its ability to compete can improve its products and/or corporate governance system, or close up shop, a country cannot pull out of business. Instead, a country must regulate its real exchange rate so that the national account identity equation can be satisfied and the produced goods thus become competitive again. Naturally, as a result of such changes, the country’s residents grow poorer and are able to buy less imported goods. However, goods produced inside the country remain competitive.

When considering competitiveness mechanisms, it is necessary to take into account the principle of competitive advantages. This states that if a country has an absolute advan-
tage in terms of labor productivity, under conditions of free trade it will only produce goods for which it has a competitive advantage. Therefore, if labor productivity and production efficiency rates grow in all sectors of the Russian economy, part of it will still be unable to compete. Thus, Russia will have to make up for the loss by importing relevant products from abroad. In this case, Russian enterprises will compete for available labor against each other, rather than against the Chinese or U.S. companies.

A little white lie?
Competition between countries, along with the need to ensure national security, has often served as a solid argument in favor of unpopular reforms. Reforms by Peter the Great and Alexander II — and, in a certain sense, the Stalinist repressions — were carried out precisely with the purpose of increasing the country’s competitive capacity. Even Nikita Khrushchev’s economic policy was pursued under the slogan of “catch up with and overtake the United States.” It seems as if the Soviet Union would not have needed to build or produce anything, had there been no America. So maybe it is worth using the competitiveness slogan for political purposes?

The answer is yes and no. The term can be useful when it is necessary to explain why social policy tends to toughen. The need to increase the competitive edge of a nation was cited by Bill Clinton in defense of his move to reduce the U.S. budget deficit. But quite often the competitiveness idea has been exploited to sidetrack public attention from the really vital and stubborn problems, and it seems that Russia has chosen this path. Over the last few months, the state’s all-out attack on private business has been the most important trend — suffice it to recall the YUKOS case, numerous official statements concerning the “social responsibility” of business, the purchase of Guta Bank by the Bank for Foreign Trade under dubious circumstances and on bizarre terms, and so forth. Those steps fit in quite well with the slogan — having advanced to the national level of the idea — of increasing the country’s competitive capacity and economic diversification. Eventually, by gaining control over the natural resources sector, the state will be in the position to easily use the revenues it generates to increase other sectors’ competitive capacities; the growing market share of the state-owned banks will facilitate this process. However,
Should Russia Play Economic Catch-Up Games?

these moves cannot be justified, even when the argument is centered on the pursuit of a more sensible industrial policy that is aimed at promoting economic growth. Industrial policy can bring about relative advantages in a very limited number of sectors, while large-scale diversification of the economy can only reduce the efficiency of the export sectors and, therefore, reduce living standards across the country. Russia’s liberal economists try to take advantage of the nation’s competitiveness policy in order to justify the need for further institutional reform. It is obvious, though, that in this particular case competition itself is not the decisive incentive. The current high level of bureaucratization in the economy poses serious problems to the effective use of resources and long-term economic growth. Russia needs economic growth to markedly improve the living standards of the population, rather than attempting to achieve the living standards of the Chinese. But previous attempts to defeat bureaucracy, while not appealing to problems of global competition, have failed. It cannot be denied that despite certain positive changes, reforms aimed at reducing the state’s role in the economy have flopped. Is it possible that calls for increasing the competitive capacity will yield success in the reforms at the present time? Theoretically, this is possible, but in practice it seems very unlikely: there are at least as many solutions for attaining the desired level of competitiveness by expanding the state’s intervention in the economy, as there are solutions aimed at the de-bureaucratization of the economy.

The need for institutional reform in the framework of the national competitiveness policy is sometimes explained by the need to compete with other developing countries for foreign investment. In theory, if one leaves aside the problem of volatility of capital flows, this goal is identical to the objective of increasing economic growth rates — after all, why else should investment be needed? But there should be little reason for confidence that this argument will be a weighty factor when we are speaking about the reform of the xenophobic Russian bureaucracy, especially given that inflow of foreign capital may be interpreted as the “selling off the motherland,” which is tantamount to losing competition with other countries. Furthermore, talk of bureaucratic barriers obstructing the development of business tends to be disappearing from the speeches of the public offi-
cials, as increasingly more attention is being paid to the collaboration of business and state. Recollections of the Soviet times are still strong and talk about state investment has been perceived with skepticism in the expert community. At the same time, dirigisme and the idea of business and the state cooperating on joint projects have grown increasingly popular. As a result, we are just one step away from another idea, where the state reserves the right to make demands on the business community. In the West, the idea for increasing national competitiveness (and it was here where such calls were first voiced) has been substantiated by the ‘strategic trade’ policy and the concept of ‘emerging sectors development.’ These theories are built around the argument that the competitive advantages of a country change with its evolution and the state can regulate this process.

However, such theories fail to consider the living standards issue, for example, or the situation where the state’s refusal to purposefully change the structure of competitive advantages would be the most reasonable step for the nation.

As for the emerging sectors development concept, its implementation faces numerous problems and leads to the state’s weighty interference in economic activities. In theory, only sectors where an economy of scale exists at the sector level, not at the level of an individual enterprise, fall under the definition of ‘emerging’ sectors. As a result, even if the ability of imported products to compete is limited, competition continues to remain very intense in those sectors. In practice, however, this is rarely the case, and trade restrictions as an industrial policy instrument are usually closely linked with energetic antimonopoly policies or the state’s direct intervention in business activities. Given that those sectors have to compete for labor, the successful implementation of the emerging sectors theory is only possible with respect to a limited number of sectors.

True, this policy may result (even if not always) in the overall growth of the living standards of the population, and domestic companies which are targets of this policy can gain a competitive edge on the world markets. But strictly speaking, any increase in the country’s overall competitive capacity is out of the question in this case.

Import tariffs or subsidies can serve as strategic policy instruments. In the past, they were not used successfully in Russia and their further
use may be limited because they are unpopular, especially in view of the country’s planned WTO accession. The idea of a partnership between the state and business carries overtones of the state’s direct diktat over entrepreneurial activities, or the legalization of lobbying powers that is accompanied by the growing opacity of business. However, the strategic trade policy does not imply either of the two. Therefore, a turn to the latter slogan, more neutral in political terms, may allow for substantially limiting bureaucracy’s potential powers.

The competitiveness rhetoric returns Russia to a traditional fight with its own shadow, and talk about global competition diverts resources for dealing with really pressing domestic problems. To break the vicious circle of playing a never-ending game of economic catch-up, we need to reform our bureaucratic structure which is seeking to reap unearned income. However, this reform is being impeded by the struggle for competitiveness. Increasing competitive capacity in Russia, like in other countries, is used to increase the level of protectionism in particular sectors. But unlike other countries, Russia has increasingly used the situation to justify the state’s growing intervention in economic activities, while building a system of relationships that permits the state to boss around the business community.

I would like to call on the Russian liberal economists and moderate advocates of the so-called new industrial policy to drop the program of the nation’s competitiveness for their goals. All things considered, the best way to see one’s ideas translated into life is to call things by their true names, rather than resort to Aesopian language. Playing with trendy, yet faulty — from the point of view of economic theory — concepts undermines the reputation of economic scientists. But this is just half of the problem; worse, the struggle for competitiveness can deal an irreparable blow to Russia’s economic development.
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The reforms proposed by Putin can be seen as Russia’s shift from a Western development scenario to a Chinese one: less democracy and more market, with the main emphasis on preventing the country’s disintegration and collapse.

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Russia’s Disintegration: Factors and Prospects
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Unlike many other recent innovations, the radical political reform concerning parliamentary and governor elections, proposed by Vladimir Putin, has not left any politically conscious person in Russia and abroad indifferent.

The depth of political changes this reform will bring — if implemented — to Russian society and Russia’s state system is comparable to that brought about by Boris Yeltsin’s disbandment of the Congress of People’s Deputies (former parliament) and the adoption of a new Constitution in 1993. Thus far, those two events have been the fundamental political landmarks in Russia’s modern (post-Soviet) history.

Both critics and advocates of this reform agree that the country’s life will radically change after the president’s proposals are realized. But whether this will be a change for the better or for the worse remains the crux of the debate.

**CREDO**

Put in brief, my view of the political reform proposed by Vladimir Putin is as follows.

1. It is definitely a step back from the ideal model of democracy.
2. It is clearly a forced step that has been motivated by the fear of losing something more than democracy in Russia — namely, losing Russia itself.
3. The efficiency of this step is neither predetermined nor guaranteed. First and foremost, it is essential that Russia remains a viable nation-state, and next that democracy in the country is maintained.

4. The inefficiency of a purely democratic scenario (if there exists pure democracy at all) for meeting the challenges faced by Russia today has been convincingly proven in practice.

Now I’ll go into more detail, although also rather sketchily, since the issue is too multifaceted.

First and foremost, we should set aside Western experience. Why?

One can often hear a seemingly very convincing argument that the United States has also lived through disastrous acts of terror on September 11, 2001, but it has not repealed governors’ elections, while preventing repetition of similar or even smaller acts of terror.

However, this comparison is absolutely incorrect. Let me specify the main gross mistakes.

The United States and Russia are incommensurable in their history — both in their political history and particularly in their democratic legacies.

The United States’ geographical (and therefore geopolitical) position is absolutely unique and much more favorable than that of Russia. The American landmass, although comparable in size with that of Russia, sits between two oceans and borders only two countries — one of them, Canada, is loyal to the U.S., while the other, Mexico, is dramatically weaker and not very ambitious. Furthermore, the U.S. lays thousands of kilometers away from all historical theaters of military operations.

Taken as a whole, these factors make the United States a natural fortress which hardly requires extra defense. Still, the Americans have been steadily reinforcing and improving their defenses. Moreover, they have moved the defense line thousands of kilometers away from their immediate frontiers. In military and geostrategic terms only the location of the Moon could be more favorable than that of the United States. The U.S. cannot be
defeated militarily, and this is 80 percent due to its location on the globe, rather than to its merits.

The situation is totally different with Russia (even though it has never suffered a military defeat): now the matter at hand is guerilla or network warfare, something which Russia is objectively more vulnerable to than the U.S. International terrorism could only deal a blow to the United States from the outside, while it has already secured positions in the North Caucasus of Russia; it has secured a bridgehead there, although it is not one that it totally controls. One can only hazard a guess as to what sort of transformations the democratic political system in the U.S. would undergo if international terrorism, even if in disperse forms, had gained a foothold in Florida or Texas.

In Europe, that is, the territory outside Russia, there is no country similar in terms of geographic, historical, or other parameters. This makes any comparison to Russia impossible. The European Union has just taken shape as a proto-state and analogous to Russia. Presently, it is impossible to predict accurately what ordeals await it and its democratic institutions in the future.

To sum up, the U.S., as a democracy, has a much longer record than Russia, while the European Union, as a continental super-state, is much younger than Russia. Therefore, it is impossible to compare reactions in those countries to the threat of terrorism by drawing direct analogies.

If it is necessary to draw a comparison with another country, I will.

The reforms proposed by Putin can be seen as Russia’s shift from a Western development scenario (or rather one proposed by the West, as the West itself has traveled a somewhat different path from the one that it has offered to Russia, while it has been developing many times slower) to a Chinese one: less democracy and more market, with the main emphasis on preventing the country’s disintegration and collapse.

I always find it funny to hear ironic comments on the idea of Russia’s having its own path from those who, as a rule, go to work in posh cars with flashing lights on the roof. This is uncharacter-
istic of the majority of their fellow citizens, not to mention their colleagues in the West.

It would only be possible to establish democracy in Russia overnight if someone manages to strip all of the country’s officials (except the president and Cabinet members) of their business cars with flashing lights. And this is precisely what the infantile Russian democracy has failed to do. Russia’s first president Boris Yeltsin came to power with the one and only slogan of combating privileges enjoyed by the upper crust of the Soviet nomenklatura. However, during his rule the number of the ruling class’s privileges only increased. The only privilege he actually dropped was the availability of cheap gourmet food ‘rations.’

WHAT I AGREE WITH PUTIN ABOUT
Before Vladimir Putin was elected for his first term of office as president and immediately after, I noted many times that for Putin as a politician the greatest value and the categorical imperative was retaining Russia as such, while democracy was a second-ranked priority. Naturally, it is certainly important to have democracy in Russia. However, establishing and strengthening it, while moving closer to Brussels’ or Washington’s standards, becomes senseless if it is impossible to keep Russia together as a nation.

Who will build what (democracy or despotism) on former Russian territory should Russia, or the Russian people, disappear? This question — perhaps in purely theoretical terms — also worries Putin. But in practice, as the head of state, as the nation’s leader elected by the people (even if at the ruling clan’s suggestion), he should primarily be concerned about safeguarding Russia — perhaps even at the expense of other things.

Whether or not the Eastern and Western leaders understand it, the issue of preserving Russia — Russia as such, not just its integrity — has been the most acute and topical one during the past 15 years (only occasionally was the issue somewhat less pressing during that period). After the breakup of the Soviet Union in 1991, Russia emerged with totally unnatural, unprotected and militarily vulnerable borders.
Who set Chechnya on fire and how (out of stupidity or, on the contrary, with intent and cunning) is a different topic, but any unbiased individual, and especially a Russian, clearly understands that Chechnya has become a bridgehead for the further splintering and devastation of the nation. It does not matter whether there are terrorists, Islamists, Pan-Turkists or even some Russians behind that; Russian society and the Russian authorities found themselves in the position where they had to resist, even if they had few chances to win.

How the Russian authorities have proceeded along these lines — wisely or foolishly, democratically or artlessly, stealing from their own people or unselfishly — is important, but it is not crucial on the global and historic scale. True, the Russians have destroyed Grozny (which, by the way, was built by the Russians), but it was also the same people who set Moscow on fire before it was left to Napoleon. And it would have been burnt again had they been forced to leave it to Hitler. The Russians do not possess Cartesian minds; they cannot surrender their capital without a battle, leaving it untouched to the enemy (like Paris was, for example) and then describe themselves as winners. They either have to lose or win. This is not because the Russians are better than other nations, but because Russian history has made them this way.

Perhaps, Russian history has an end, as well. It may even be more correct to say that it definitely will have an ending. But not now! This is the categorical imperative of the Russian state, the Russian nation and the Russian authorities, co-existing in an atmosphere that is far from peace and calm.

Briefly speaking, Vladimir Putin is absolutely right when he says that today a total war of annihilation has been declared on Russia. (The heinous terrorist act in Beslan is the most apocalyptic, but far from the only confirmation.) The deep national security crisis, aggravated by a profound political crisis — which is the very core of the Beslan holocaust — necessarily demands that Putin, regardless if he is a strong or weak president, should immediately take emergency measures to deal with both.
VALIDITY OF CRITICISM
The criticism of the Putin-proposed reform is absolutely justified, even if the Kremlin has been officially reluctant to accept it. The political essence of this reform is the revocation of governors’ elections, while replacing the mixed election system with a proportionate system (by party lists).

Indeed, the repeal of governors’ elections will have the following consequences:

– moving outside the constitutional framework — in spirit, if not in letter;
– the country’s transformation from a federation into a unitary state;
– limiting democratic election procedures, while moving from direct democracy (at the regional level) to plebiscite democracy, that is, the least democratic form of democracy.

In this sense, the reform is a step back in democratic development if this development is viewed not from a historical perspective, but from a chapter in a political-science textbook. But I agree with Putin that first and foremost he must safeguard the country and the nation. Thereafter it will be possible to retain democracy in Russia.

However, questions arise concerning the expediency and adequacy of Putin’s proposals to objectives faced by the country and the nation, namely:

1. Will the proposed measures permit Russia to maintain its viability — an imperative task for any president?
2. Is it possible, while keeping the country and the nation viable, to retain democracy at the same time?
3. Is it possible, while addressing the first two problems, to avoid further eroding the already scandalously low living standards of the bulk of the population? Otherwise, why should we need a country where poverty becomes the norm? Why do we need democracy if more than half of the population does not care — fair enough — about the architectural finesse of European freedoms and human rights, has little to eat and receives no protection against rampant crime, not to mention terrorism?
The national security crisis in Russia, which the public and the authorities have come to identify only after the Beslan tragedy, has been aggravated by an acute and long-evolving political crisis which officials prefer to describe as a ‘governability crisis.’

Those two crises tend to redouble each other – the more terrorist attacks the less governability, the less governability the more opportunities there are for terrorist activities.

The question is: Is the political reform proposed by the president optimal for moving Russia out of both crises, without destroying key democratic institutions?

RUSSIAN DEMOCRACY
The type of democracy Russia has is unfortunate, it is pseudo-democracy, and not democracy in the classical or modern meaning of the word.

Why has Russia failed to build a more or less normal democracy?

Most of the contemporary developed democracies are organized as representative democracies (the population votes, and presidents and parliamentarians elected by the people rule on their behalf) or elitist democracies. That is, those elected popularly are described as people’s representatives only owing to the formal source which has vested power in them, but not to their composition or origin. In other words, they are actually representatives of the elites.

Political processes in Russia (and the West) are run by representatives of elites. They are the key actors in Russian politics. Yet many Russian political analysts see the cause of the misfortunes of our democracy as directly connected to the poor qualities of the Russian elites.

I have already written before about who in particular had become the key actors in Russian politics in the 1990s. They were the federal and regional authorities, oligarchs (the largest business groups), the Russian Communist Party (CPRF) and organized crime. The rank-and-file were given access to political processes exclusively during election time and only according to the terms
of the propaganda campaign that was waged by the Russian mass media (primarily television) and owned by the authorities (federal or regional) or oligarchs.

The main goals the key actors in Russian politics sought to attain in the 1990s included: a) keeping or seizing power; b) seizing and keeping property; c) debarring from power the most powerful political party which enjoyed the support of a relative majority of the population — the Communist Party. Ninety percent of the time and effort was assigned to finding a solution to these problems, while a mere 10 percent was devoted to national problems.

The political system was organized in line with those interests — it was democratic to the point which permitted the authorities to stay in power and acquire assets, and undemocratic to prevent the Communists from coming to power or rivals from getting control of assets. The pluralism of specific actors that competed for power and property imparted a democratic appearance to this system. Party-like entities that floated on the surface of the political processes were soon financially enslaved by oligarchs or the authorities.

**DUMA ELECTIONS**

A shift from a mixed election system (combining one-mandate constituencies and party lists), which was chosen with the primary goal of guaranteeing that the CPRF not receive an absolute majority in the State Duma, to elections exclusively organized by party lists is not a step away from democracy — in theory, as well as in practice. An absolute majority of deputies elected in one-mandate constituencies during the elections to the four Dumas had been nominated by parties, authorities or oligarchs. At this point, they joined relevant party factions immediately after their Duma seats had been secured.

True, deputies elected in one-mandate constituencies showed somewhat more care to appeals by particular voters. But, in fact, that was not necessary, since there has never been any real mechanism for recalling parliament members. A shift to elections exclu-
sively by party lists will not change the situation, but it may encourage the creation of new national parties which would bond together the country from bottom to top without official braces. This is a more than noble goal.

But a question remains: Is the emergence of new national parties possible in Russia in general? Is this not a utopian goal?

GOVERNORS AS A PROBLEM

The heads of the Russian Federation’s entities (governors) have posed no less a problem for the federal authorities than oligarchs and organized crime.

True, rescinding direct governors’ elections is a departure from the classical and modern models of democracy. Yet, it is equally true that virtually none of the democratically elected regional governors, presidents or heads of administrations has ruled in their territories democratically. Moreover, in many regions they have actually established despotic or authoritarian regimes — compared with them, the federal authorities may appear as the ideal of democracy. Regional leaders and their teams have become the main decelerators of democratic processes, as well as of the rejuvenation of elites in Russia.

Virtually none of the governors allowed the development of democracy at the municipal level, let alone at the local government level. But all of them took part, directly or indirectly, personally or via their relatives and acquaintances, in the division of property in their regions. At the same time, they prevented their rivals, and to a greater degree, the population, from those assets. Nearly all regional heads formed regional legislatures they could control and suppressed local media outlets. For a long period they actually controlled all regional law enforcement agencies and special services, including those of the Interior Ministry and the Federal Security Service, and, naturally, the judiciary.

New figures coming to power in the Russian regions — unless they were imposed on them by the federal center using its administrative resources — were direct creatures of federal or regional oligarchic groups or even criminal organizations. In some regions, where there was a relative balance between rivals of that kind, the
democratic election mechanism occasionally brought to the regional posts totally inadequate figures.

Bribing the electorate and using administrative resources (including coercive tactics) has become the rule, rather than the exception, during the regional election campaigns.

Virtually none of the heads of the regions has been willing to leave his post. Furthermore, they simply cannot do such a thing because, first of all, many of them just have had no time (or have been unable) to repay with assets their liabilities to groups that financed their election and, second, leaving the post would almost automatically bring about numerous criminal lawsuits over property redistribution.

Under such conditions, staying in power at any cost has become the meaning of life for many regional leaders. And should they lose their chance to retain their post, they simply promote people from their own clans or relatives to be their successors.

If the Kremlin denied them support, many of them would resort to blackmail with potential ethnic and interethnic outbreaks
in their regions. And quite often the Kremlin was forced to surrender to their demands since the regional leaders really had the resources to set off something terrible.

Generally speaking, the democratically elected heads of the Russian Federation’s regions have not been conduits of democracy; they nipped in the bud any manifestation of opposition, privatized the bulk of regional assets and rerouted financial flows from the federal center in favor of their clients (and often bosses).

It cannot be denied, however, that at certain moments the regional leaders defused regional or ethnic separatism (even if in exchange for property or non-disclosure of their wrongdoings), which helped prevent Russia’s disintegration in the early 1990s and during the first military campaign in Chechnya.

The regional leaders have been one of the biggest political problems in modern Russia. This explains why Putin has decided to resort to the most radical measures and strip them of their legitimacy based on direct suffrage. A publicly unpronounced motive (although St. Petersburg Governor Valentina Matviyenko leaked a word) is: We know well enough how this expression of the will is fixed up.

The problem is also directly related to the campaign against terrorism, especially in the North Caucasus. Furthermore, it is closely related to organized crime which has gained too strong a foothold at a regional power level. Finally, there remains the perennial problem of corruption.

So, the top priorities of the Kremlin have been to suppress despotism, unaccountability of the regional power before the electorate, as well as the activities of the regional business clans targeted against the federal center.

However, the following factors remain unclear. What will guarantee that the new appointees will be more democratic than the elected governors? What forces (besides Moscow) will the new regional governors rely on in their regions if no one provides them with new regional elites, while the old ones will continue to be guided by their former bosses’ instructions? Has a mechanism for the formation of the new regional elites been elaborated? At whom
will popular protests be directed in case of major breakdowns or economic problems in the regions — at Moscow alone? Finally, if it is true that making regional leaders less legitimate can block spontaneous manifestations of separatism under normal conditions, how can this work in a force majeure situation, for example, if the country’s president elected by popular vote suddenly leaves his post? The country’s prime minister taking over the president’s duties under the Constitution will not be equally legitimate in the eyes of the regional parliaments. What if the regional legislations expel Moscow’s protégés and elect other regional leaders in such a case?

**FEDERATION OR A UNITARY STATE?**

Many tend to believe that a unitary state would be more preferable for Russia under the current conditions, including its so-called ethnic regions. But is this point of view popular in the ethnic regions, and are there many people who would dare publicly state their support for a unitary state? It will be very hard to make Russia look like a federation if its regional leaders are actually appointed by Moscow. Can it be that the heads of territories and regions appointed in line with the new system will be less legitimate than the presidents of some constituent republics of Russia, if the population in those republics refuses to pass over to the new system? This would make the federation dangerously unsymmetrical.

As I have mentioned above, the system proposed by Vladimir Putin is rather similar to a plebiscite democracy, which happens to be the most undemocratic form of democracy. This presents a problem, because the West (where few will venture deep into detail, excluding, perhaps, a several dozen impartial analysts) and many analysts in Russia view this move as a departure from the ‘genuine democracy’ of the previous stage.

Simply speaking, a plebiscite democracy means that a particular society vests its interests in a charismatic (this is a must) head of state who has been elected directly by a nationwide vote. This move will provide very broad powers that go beyond the framework of democratic conventionalities, simply because the society
has become overburdened with unresolved problems and bureaucratic arbitrariness which, as the population realizes, cannot be stopped by any democratic procedures because bureaucracy (or oligarchs, or criminals) uses those procedures against the people.

The realization of the whole positive program of such a charismatic leader requires a very long period of time — in our case, this will go far beyond 2008. Besides, the public will want visible and frequently displayed proofs that such rule brings positive results.

Finally, returning from plebiscite democracy to ‘normal’ democracy is always very difficult to do and rarely occurs without excesses.

**JURIDICAL PROBLEMS**

It is obvious that the Russian Constitution is imperfect and rough around the edges in many respects. It was tailored for the political needs of 1993 and is already largely at odds with political realities in the country. Yet, it does exist, despite all those flaws, and no political force or figure has actually raised the issue of amending it. But the issue may be put on the agenda now. Besides, constituent republics of the Russian Federation have Constitutions of their own.

**There is a plan, but it has not been made public in full.** A brief analysis of the many acute questions arising from the political reform plan outlined by Vladimir Putin shows the following:

— the president saddles himself with too great responsibility. This may be motivated certainly not by ambition, but by the gravity of the challenges facing the country;

— few people consider those challenges as seriously as the president;

— only part of the political reform plan has been made public, and no sufficient measures have been outlined that would offset abandoned democratic procedures, at least such an obvious point as the repeal of the direct election of regional leaders. Furthermore, it has not been explained as to where a new elite could emerge so quickly so as to be guided by the president’s new directives throughout the country, rather than during the vote in the State Duma alone.

**Compensatory measures.** These should be rather numerous, and I am convinced that the president should make public a full list.
From a larger list of recommendations, it seems that the following measures should be considered:

- giving back to the State Duma part of the functions it was stripped of, most importantly in the political sphere;
- shifting to the direct election of Federation Council members in the regions;
- the de-bureaucratization of elections to regional legislatures, and ending the persecution of non-extremist opposition forces and politicians in the regions;
- doing everything possible to promote the development of local self-government;
- moving the judiciary system out of actual administrative control by regional leaders;
- institutionalizing the Putin-proposed Public Chamber whose functions have yet to be defined; its status should not downgrade the status of the State Duma and the Federation Council and, naturally, it should not be a body offering seats to members of all possible councils, ready to approve anything;
- halting the depoliticization of federal TV channels, which has reached a dangerous point.

**ANSWERS TO QUESTIONS**

For the main questions set in this article I would provide the following brief and clear answers.

1. Will the measures proposed by the president ensure the country’s stability in the face of the threat posed by international terrorism and a profound political crisis? – Yes, if they are supplemented with a range of other measures and properly elaborated while taking into account all of doubts and ambiguities.

2. Is it possible to maintain democracy in the country, while, at the same time, preserving the country and nation? – Yes, with the reservation that democracy has to be built anew and from a grassroots level.

3. Is it possible, while addressing the first two problems, to avoid aggravating the already scandalously low living standards of the population? – Yes, and it is not only possible, it is a must
because poverty, viewed as a direct result of the reforms of the
1990s, has turned most of the population against reform and the
reformers — and against democracy.

4. Is it possible to choose a different, more democratic path than
the one proposed by President Putin for attaining the same results?
— The answer is: I don’t know, since there are many doubts in this
respect and many things are not clear. There is clarity about one
thing only: we can no longer follow the path chosen in the 1990s,
nor is it possible to slightly modify that path. As for the rest, nation-
al public discussions involving the expert community are required.

5. Will the chosen scenario yield the desired results — in real-
ity, not in theory? — This is the most challenging question, and
one for which I have no definite answer. However, it is safe to say
that Putin is risking a lot personally if the outcome turns out to
be negative, not to mention the country as a whole.

CLOSING REMARKS
A new Caucasian policy must be very precise and effective this
time around. Incidentally, this development has long been
blocked, particularly by the North Caucasian regional elites. The
time limit for Russia’s lack of initiative in the region has been used
up. Vladimir Putin himself admitted as much, using somewhat dif-
ferent words, during his September 13 address.

I have not focused here on Russia’s new course of foreign rela-
tions under the current conditions in the country. I stick to my
old view that a whole range of domestic problems cannot be
resolved without the re-integration of a substantial share of the
post-Soviet space on the basis of a new model. This re-integration
must be resolute and radical.

And finally, Vladimir Putin did not say something very impor-
tant in his September 13 address — something that he is going to
say or do in the near future. I personally believe that this gap
should be filled. It will then become possible to give an accurate
answer to the question in the subtitle of this article, which cer-
tainly worries very many people: Does Russia have democracy or
is it already an authoritarian state?
How Do Russians View the Political Reform?

In a poll organized by the Levada Public Opinion Monitoring Center in September, 2004, it was proven that half of the Russian population are not opposed to their president, Vladimir Putin, concentrating power into his hands: 51 percent of the respondents believe that Russia will benefit from this measure, while only 29 percent maintain that such authoritarianism does not bode well for the country (the remaining 20 percent are undecided). Authoritarian tendencies in Russian policy are more popular amongst young people (60 percent of people aged between 18 and 24, and 54 percent of those aged between 40 and 54). There are relatively fewer supporters of authoritarian measures among people with higher education (47 percent) than among people having secondary education (52 percent).

Only a small percentage of the respondents (15 percent) believe that Vladimir Putin will be able to curb terrorism and stop the war in Chechnya before his term of office expires; 79 percent do not believe that this will be possible.

Putin’s plan to reform the election process of Russia’s governors is viewed slightly more favorably than disfavorably (44:41 percent). At the same time, there are fewer supporters of the initiative to elect the State Duma by party lists (37:40 percent). Yet in both cases the difference of opinion is rather insignificant.

One remarkable finding of the poll involves the rather low opinion that the respondents have concerning the efficiency of the proposed political reform. Only 9 percent of the respondents believe that changes to the system for electing governors will help solve the problem of terrorism in the near future; 22 percent hope that such a measure “may contribute” to the solution. At the same time, half of the respondents (49 percent) maintain that the proposed reform “has nothing to do with the struggle against terrorism.” Furthermore, 4 percent assume that the new measures may aggravate the problem.

The respondents provided similar views when asked about the significance of the governor election reform for enforcing law and order in the country (42 percent believe it will have a positive effect, while 40 percent of the respondents are of a different opinion). As for the development of democracy, only 27 percent expect the proposed changes to have a positive effect on the process, whereas 48 percent believe that they will have no significance, or will produce a negative effect.
SUCCESSOR-2 PROJECT

Russian President Vladimir Putin will be forced to consider the tactics he will employ in order to preserve the continuity of his policy after his term in office expires in 2008. He should do this for a variety of reasons. First, as a politician he is fairly young and there is no reason why he should retire from politics now. Second, quitting would be far easier said than done — over the years of his presidency Putin has created a system of power cemented by his own personality, and this system will not let him go. Third, he has devised a certain policy, which, in his opinion, is good for the country. It is a policy of reviving a united, powerful Russia within the general democratic framework. Putin’s experience and mentality prompt him to rally support for this policy among the bureaucracy — a revamped bureaucracy, as he sees it.

In the past, Putin had a successor’s role himself, and he must realize that simply nominating a successor and supporting him with administrative resources during the pre-election phase will not guarantee the continuity of his political course. Furthermore, there is always the risk that the selected successor may fail to be elected.

Putin understands too well how great the president’s powers are in modern Russia. Once his successor has risen to power, he

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may easily change bearings, just as Putin himself did. There is yet another no less important circumstance: if the party of power collapses while having accomplished nothing, many will be unable to hide their smiles. The situation will look risible and symptomatic at the same time and will spell disaster for the Russian bureaucracy, where Putin himself belongs.

In a word, any simple clue to one very specific problem — that of policy continuity — will be as ineffective as it will be dangerous for the nation. The danger lies in the fact that given the current political vector, any further policy adjustment may well plunge the country into outright dictatorship. The time is ripe for taking the “Ring of Power” away from Russia’s president — any president — and for doing away with it once and for all.

**NEW WINESKINS FOR THE PRESIDENTIAL RESOURCE**

Doing away with the “Ring of Power” and ensuring the longevity of the regime that has been taking shape over the past five years will necessitate pouring a part of the presidential resources into new wineskins without spilling a drop. In a democratic environment it is the party of power, or the party of the Kremlin, that can — and must — assume this function. The candidate for this role is obvious. It is the United Russia party, of which Putin may become the leader in due time. This idea has long been on everyone’s mind. The end goal, however, is not merely finding a safe haven for a retired national leader, but creating a new center of force that may act as a counterbalance to a future president.

The problem is that taking control of a political party, let alone a party like today’s United Russia, will not be a very big achievement at all. Prerequisites must be created for enhancing the role of the political parties and reinforcing the parties themselves. This includes United Russia. Thus, the window of opportunity, which the parties can use to gain seats in parliament, should be narrowed. As soon as membership in a political party proves to be the sole way of getting into parliament, the task of making parties stronger will be far easier to accomplish. The resources currently
scattered among the constituencies — human, administrative, etc. — will be funneled into the political parties.

Actually, society must be given the message that the means for achieving power are limited, thus it is necessary to unite. If such a consolidation is possible, then positive feedback will be imminent. As a result, both individual parties and the national parliament itself will gain strength as centers of political force. Thus, a transition from a presidential republic to a parliamentary model will become eventually possible. (Incidentally, the citizens of Russia tend to associate themselves with Europe rather than America and, according to opinion polls, gravitate toward a parliamentary republic.)

On this point, however, the creation of a genuinely strong parliament is a very remote possibility. Putin is a good tactician, and his most important task today is to narrow the opportunities for politically active forces to a degree that will enable them to create at least one center that will serve as an alternative to the president. However, two centers would be much more desirable.

If that is the case, the decision to make governors eligible by local legislatures upon presidential recommendation matches this tactical task fairly well. Apart from curbing excessive federalism (which in some cases smacks of feudalism), this decision will also map out the surest way to power — those who aspire to getting governors’ posts are most welcome to join United Russia. (Incidentally, civil servants were recently permitted to get memberships in political parties.)

It is nakedly clear that the party coached to attain “imminent victory” will be a bureaucratic party. At the same time, claiming that it will be the sole party in Russia, like the Communist Party of the Soviet Union was in its day, would be inaccurate. Under the existing Constitution-based electoral legislation, the State Duma must have, at a minimum, four separate factions. It is worth noting that, whereas before there was a plan for splitting United Russia into the left wing and the right wing, this idea seems to have been buried, or is about to be. The reasons, first of all, are that United Russia is not big and strong enough to be split
into two equally viable offshoots. Second, it is the right wing that Putin really needs. Third, the left wing of the political spectrum is already packed to capacity, and if United Russia is cut into bits and pieces it will be unable to withstand competition in that domain. Therefore, it seems that United Russia will not be split, but will be further strengthened, reinforced with human resources and adjusted to the parameters of a bureaucratic party model.

Today, the most reasonable and sober-minded quarters of experts hold the general opinion that: a) the bureaucratic party of power needs an opponent, b) a future opponent must represent the interests of an independent social group, c) the current authorities will – probably – be interested in having such an opponent. In other words, it is assumed that the authorities will not resist the emergence of another center of force (somewhat weaker than the bureaucratic one, of course) in the form of another political party – a party of moderate opposition. The authorities will certainly seek to make this force ‘constructively oppositional’ but controllable. Yet, making it absolutely yielding and ‘tamed’ would be senseless.

Thus, the idea of a party representing an independent social stratum seems to be more preferable. At this point, however, the Kremlin seems to be leaning toward the creation of a left-wing opponent.

**A BLUEPRINT FOR A FUTURE EDIFICE**

At the federal level, it should be expected that by the next presidential election the role of the parliament will somewhat increase, while that of the president will be reduced. There is a chance that United Russia will be purged of its super-heavyweight members, who will be replaced by young and ambitious bureaucrats. If this materializes, the party will be prepared to welcome the incumbent Russian president as its leader.

One may also expect the emergence of some oppositionist left-wing party, but a right-wing opposition party may appear, as well. The latter is not on the Kremlin’s agenda yet and this is probably a good thing. Should the authorities themselves undertake to
form an ‘independent opposition,’ these attempts will be doomed from the start. An independent class is independent because it acts at its own discretion. It must be admitted for the sake of truth that that class has so far preferred to safeguard its independence outside of public politics. But there remains the hope that tougher competition — following the introduction of the proportionate electoral system and the revised procedure of selecting governors — will force it to consolidate.

Whatever the case, if the march of events is favorable, Russia will have at least a two-party system by the next presidential term — identical to what has happened at certain stages in the history of many Western countries. True, some alternative trends have taken shape in Europe, but the two-party period is crucial for establishing a stable political system, and Russia will have to pass through this stage, as well. What will the future system be like? There is every indication that it will be far less elegant and shapely than in those countries which have followed the path of democratic development for centuries, have a well-established civil society and an efficient system of public control over the authorities. Nevertheless, this future system will be better than a brutal dictatorship.

**Risks Inherent in the New System**

The main risks contained in the new system become obvious at the regional level as opposed to the federal. At first sight, it seems rather odd that the hitherto directly elected governors have unanimously spoken out in support of the president’s idea of their appointment by local legislatures upon presidential recommendation. But only at first sight.

Many governors are nearing the end of their second (and in some cases, the third or even forth) tenure of office, and their juggling with regional legislation does not hold out the promise that many of them will be retaining their posts for long. Meanwhile, the reforms that the president has proposed will give them another chance.

The worst innate weakness of the proposed ‘bureaucratic reform’ involves the risk that the pool of human resources will
stagnate. Once the local officials know that they are practically irremovable, they will grow irresponsible. Moreover, the class of civil servants will be able to retain a large degree of control over property, which is important to many. True, this situation may come to an end, but personal connections and services once extended to the central authorities will have a far greater value than now. The vertically-integrated colossus of executive power will agree to sacrifice the ‘ordained ones’ only in extreme cases. No doubt, United Russia’s watchdogs will keep an eye on everybody. Some may be replaced, but the yardstick used to distinguish between those worthy of power and those who are not will remain in the hands of the bureaucratic corporation, and not the public at large. In our opinion, this is precisely the reason for the current consolidation of the law enforcement and regional segments of the bureaucratic elite.

The draftsmen of this proposed reform have suggested a countermeasure that calls for increasing the role of the local legislatures. Of course, this exchange does not look quite equitable, but it does create certain levers which may work if pulled at the right moment and with the right force. The question of replacing the inefficient regional bosses, or those hindering economic development, may be introduced by the business class, the economically active community. With the emergence of a federal-scale party this leverage may grow stronger.

Will the architects of this scheme be interested in such a proposal? There is no definite answer at this time. It cannot be forgotten, however, that the central power will have far less room to err. The reform was launched for the sake of making Russia more united within a democratic framework. Therefore, in selecting candidates for governorship the center will have to be very cautious. It will not be able to afford the luxury of backing a candidate for governorship who has encountered consolidated opposition of the regional non-bureaucratic elite.

Sir Winston Churchill dubbed the power struggle inside the Soviet Union in his day as a “bulldog fight under the carpet.” The proposed changes may make this figure of speech relevant again.
for a period of time. Direct elections will give way to a lengthy procedure of tedious consultation and coordination. There will be no chance of appointing an outsider who is doomed to rejection and misunderstanding at the local level. The selection process will go on until there is unanimity. True, consultations on a candidate are objectively worse than elections. The risk of a mistake soars, and with it grows the risk of separatism and disintegration. This consideration provides another reason why the Kremlin should seek consensus.

At this point it is worthwhile recalling that the authorities did have the leverage of railroading favorites to governorship in the past, even through elections, but the Kremlin-backed candidates lost more than once. In other instances, certain groups forced this or that region to accept outsiders. Electorates initially agreed to vote for such candidates, only to become disillusioned before long. As for the local elites, they declared a war of bureaucracy and sabotaged all of the initiatives. Alexander Lebed’s governorship in the Krasnoyarsk Territory offers the most dramatic example of such a failure. Endless reshuffles, replacements of first and second deputies, the inability to come to terms with local businesses — all this brought about a situation in which Alexander Lebed’s rating in the last months of his political career — and life — plunged to record lows.

Another big danger that the strengthening of the bureaucratic party may pose is in the economic sphere. Bureaucracy is unable to take risks, thus, bureaucracy (at least the variety that we have in this country) immanently lacks the power to address economic problems. For a whole year, Russian bureaucracy has done nothing to support economic growth. On the contrary, it has resisted growth at every step. The environment in which businesses must operate these days has become more hostile than it was in the past (contrary to the officially proclaimed easing of the tax burden and reducing red-tape). The new bureaucratic policy concerning the national oil strategy — most importantly, the eastern pipeline project — looks utterly feeble. So do budget policies (the government does not know how to spend the budget surplus), borrowing poli-
cies, financial market policies and Russia’s interaction with foreign markets. The list can be prolonged. This inefficiency is a product of incompetence and bureaucracy’s isolation from what is happening in the country’s economy in reality.

True, there has been much speculation about a fundamental increase in defense spending, which will resolve the problem of budget surplus. But this economic strategy will look more like mobilization. And what will the bureaucratic machinery suggest in terms of modernization?

**POWER FIRST, MONEY SECOND**
The discussion of the latter risk takes us to the question on how the sound forces outside the bureaucracy can fit in with the new political system. The proposed concept of the political system leaves very few options.

**Through non-governmental organizations and smaller parties.** The probability of success through these groups tends to zero. Success will be possible, but only if conditions permit and with no small amount of luck.

**Through regional elites.** If one has to start from scratch, the process will be a long one — making one’s way into the elites, gaining a firm foothold and only then trying to influence something, while struggling all the while with the vertically integrated power.

**Membership in United Russia.** Walking up the career ladder in the party will take a long time, and contenders will be required to make many compromises. It should not be ruled out, though, that if modernized, United Russia will need ambitious personalities in the economy. Therefore, approaches must be found to those who already hold senior positions in the party, and are prepared for a dialog, while keeping an open mind to other people’s ideas.

**Participation in coordination and consultations.** This option has an advantage of embracing many structures — regional and central elites, leaders of parties and senior civil servants. However, those players who prove too active may be removed, or fall victim to the
use of force. As in the case of membership in United Russia, there is a possibility that the authorities will consider the risk that the bureaucratic machine will fall behind the rapid development of the society and economy.

The question of forming a new bourgeois-based party remains an open one. This will not be so easy to achieve; suffice it to recall the latest State Duma election campaign. The mass media, not to mention the electoral commissions, are totally controlled by the authorities. A political party can be removed from the race as easily as an individual candidate. However, in the long term this option may prove reasonable. Objectively, from the standpoint of the country’s development, and not the Kremlin’s current tactics, the party of bureaucratic revenge itself stands in need of a party of constructive opposition.

Having analyzed all of the options and being committed to a constructive approach toward the realities, we would like to admit that within the framework of the 2M Project (mobilization plus modernization) the independent social groups face a choice that looks rather positive. While in the past they were invited to join a merciless free-for-all for a slice of the budget pie, an oil production license, the best bid in a privatization contest, or victory in a court of arbitration — these days only one solution is left: fighting for power first, and for money, second.
Russia’s Disintegration: Factors and Prospects

Igor Yakovenko

It is only human nature to have illusions. These include the belief that identification categories, such as people/nation, faith/ideology, state, and civilization are eternal. Meanwhile, these entities, having existed for some time (often a rather long time), disappear, becoming a thing of the past.

The state, as a substance, is finite. It emerges once, and therefore it will one day inevitably cease to exist. Specific modalities of a state are finite, as well. In this sense, the Russian state is no exception. The specialists, focusing their attention on one of the heated debates of the decade, have provided many reasons why the Soviet Union broke up. Yet, none of them has mentioned the main, and universal, reason — the Soviet Union was finite, like any other state. It could have disappeared earlier or later. The only thing that could not have happened in principle was its eternal existence. Thus, the collapse of the Soviet Union was a natural event.

The Russian Federation is a young state, and this circumstance inspires a certain amount of optimism. But young age is not enough. The Russian state formerly did not exist within its present borders or in the present historical conditions (after the empire’s breakup). Is it stable enough? Formal optimism or an a priori belief are no grounds for a scientific judgment.

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Integrative and disintegrative trends exist in every state. The predominance of integrative tendencies ensures the stable existence of a state. But if disintegrative trends take the upper hand, the state will collapse. The Russian Federation is now being built anew. Its historical prospects depend, above all, on the degree of “integrative integrity” of its society, and the Russian Federation is the political shell of this society. No policy can stop the irresistible process of fragmentation if centrifugal tendencies dominate in the country.

Research into this problem presupposes an answer to the key question: In strategically terms, is the Russian Federation a united whole? Is it a united body economically, civilizationally and ethnoculturally? Is this state viable at the present stage of its general historical development? Does this historically established part of the globe correspond to the global processes of separation of individual loci, economic areas, local civilizations and ethnocultural regions?

These are most difficult questions, each deserving an extensive and independent study. There is no theory that would be able to formulate criteria for a state’s stability, or outline parameters leading to its destruction. However, history shows that states disintegrate along the boundaries of their constituent elements. Therefore, we should establish the elements (entities) of which the Russian state consists and, second, offer an expert opinion on the degree of these elements’ integration, on the stability of the ties that bind them, and on the prospects for preserving the whole.

NORTH, SOUTH AND EAST
At this point, we must ask ourselves what entities make up the Russian Federation? What visible and invisible boundaries pass through it?

First of all, the Russian Federation includes regions of the East European cultural realm which is Orthodox in origin. It comprises the country’s core which has territorial dominance, as well as the greatest percentage of the population. The bearers of
the East European identity – Russians – make up 82 percent of the country’s population. The second largest cultural realm, Islam, comprises two large enclaves in the North Caucasus and in the Volga Region. These areas are populated by 20-22 million people. Furthermore, many Moslems are scattered throughout Russia’s European and Asian territories.

These are followed by enclaves of the Buddhist (Lamaistic) cultural realm (Kalmykia, Tuva and Buryatia). There are also cultural provinces of non-monotheistic (syncretic) civilizations of the East, which at some time in the past were superficially Christianized and then superficially Sovietized. They are scattered throughout Siberia and Russia’s Far East.

The East European cultural realm is all-sufficient and views itself as the center of the Orthodox world. The remaining civilizational entities have centers of gravitation outside the Russian Federation and are fragments of other local civilizations integrated into Russia. The religious, civilizational and ethnocultural identities have pushed these spaces out of the Russian Federation. Even quite recently, Soviet ideology united the country into a single whole, offered common identities and concealed the civilizational differences between various regions. The collapse of Marxism, as the foundation of a new civilization, has breathed new life into the basic identities. The regionalization of the Russian Federation, according to traditional affiliation of the regions with the world religions, is acquiring special importance.

Although the Russian Federation is populated by over 100 peoples and nationalities, two major language families can be singled out: Slavic (Russians, Ukrainians and Belarusians) and Turkic (Tatars, Bashkirs, Yakuts, Karachais, and others). The pan-Slavic or pan-Turkic identity is an essential reality for the ethnocultural self-awareness of the citizens of the Russian Federation, and its significance tends to increase in recent years. The division of people into Slavs and Turks also has a religious basis: Slavs are mostly Christians, while Turks are Moslems.
DIFFERENT RUSSIANS

The established stereotype portrays the Russian people as an undivided whole. However, the Russian population, characterized by a boundless diversity of local features, can be divided into two large groups — Southerners and Northerners. In the 1920s, the outstanding Russian ethnographer Dmitry Zelenin suggested that there are two close, yet different, Russian nationalities: North Russians (pronouncing unstressed “о” as “о” rather than “а”) and South Russians (pronouncing unstressed “о” as “а”). In accordance with his theory, Zelenin proposed dividing Eastern Slavs into Ukrainians, Belarusians, North Russians and South Russians.

Russia’s North and South have retained their basic distinctions to this day. At various historical stages, the North and the South have repeatedly manifested their discrepancy and even certain opposition. Recently, the consequences of this little-known phenomenon told on the country’s real politics. Among the factors that worked against Soviet leader Mikhail Gorbachev was his ineradicable South Russian identity and strong accent.

Russians emerged as a nation after Slavs assimilated the Ugro-Finnic tribes and other nationalities that the Slavs had come into contact with as they settled. The zone itself was divided into two sub-zones — the vast forests and steppes of the landmass. Correspondingly, ethnogenic flows became divided, as well. The mutual assimilation of Slavs and Ugro-Finns produced the population of the forest sub-zone, which was engaged mostly in farming. On the other hand, the South Russian steppe came to be populated by nomads who often attacked the farmers. The advance into the steppe tore the Russians away from their native landscape and submerged them into a basically new world. In the South, there eventually formed an ethnos that became an organic part of the forest-steppe zone. The assimilation of the South Russian Slavs with numerous steppe tribes continued for centuries and resulted in an independent ethnic whole which was perfectly adapted to life in the southern steppe and capable of confronting any natural nomad.

The distinctions between the North and the South are diverse. Apart from the striking difference of the dialects, they differ in every-
day culture, cuisine, rites and folk songs. The North and South Russians differ in their anthropologic type, temperament, communication style and ways they engage in economic activities. Another major difference lies in their social system. For example, the Cossacks of South Russia preserved their main institution of military democracy — the Military Assembly — until the Civil War (1918-1920), while in the North it ceased to exist in the 13th-14th centuries. Finally, there is a clear distinction between the North Russian and South Russian mentalities. The South has preserved the ethnos of a military democracy. For a Cossack, a man stands for a soldier, and war comes as an initiation rite and sacral testing. All these factors help shape a special character and self-consciousness.

For centuries, the North and the South had dramatic relations with each other. The Time of Troubles (the early 1600s) was the most glaring episode of the domination of the South over the North, an episode which was traumatic for the historical consciousness. The North scored a very difficult victory over the uncontrolled South (Cossacks) who were a source of mortal fear. Then, the 1917 Bolshevik revolution triggered a civil war in Russia. The South again emerged at the forefront and for a short period of time determined Russia’s destiny. The Southern (Cossack) lands became the domain of the anti-Bolshevik White Movement. A close look at Civil War maps shows that the Whites won victories within the territory of the Cossacks’ former Dikoye Pole (Wild Field), but whenever they crossed the boundaries of the former Moscow Principality they suffered a defeat. The Cossacks and the other population of the South habitually took sides with the forces that opposed the center (the North) and that promised to preserve their traditional autonomy.

The problem of the two sub-ethnoses of the Russian people is a taboo subject which is concealed in the subconsciousness of Russian culture. Meanwhile, the heterogeneity of North and South Russia is a reality. When former factors of integration decay and the state is experiencing a crisis, historically preceding structures become more active. In such a situation, the dissimilarity of the South and the North becomes an important factor.
INTERCONTINENTAL BREAK

Another internal boundary within Russia is intercontinental by nature. Russia is a Eurasian state, and the boundary between the two continents of Europe and Asia travels the length of the Urals down to the Caspian Sea. Russia’s geographical position gave rise to the idea of “Eurasianship.” Piles of documents have been written about Russia’s “special Eurasian mission” and numerous “advantages” of its Eurasian status. Yet, the Russian Federation is not the only Eurasian state in history. Let’s have a look at how other such states developed.

The ancient Persians tried to build a Eurasian empire but their military defeat against the Greeks (480-449 BC) buried the first Eurasian project. It was implemented later (333-323 BC) by Alexander the Great, but his sprawling empire began to fragment already in his lifetime. After his death in 323 BC, the empire, which did not last longer than ten years, broke up into African, Asian and European fragments.

The Roman Empire was one more Eurasian state. It existed for several centuries until it was divided into two parts in 395 AD. The farther it expanded into Asia and Africa, the more wars and problems it faced on its outskirts, and thus the less stable it became. In the long run, the empire fell into decline and broke up.

The Byzantine Empire, in various periods of its history, was Eurasian, as well. As time went on, it lost most of its European territories, and in its last three centuries it lost all its Asian territories. Eventually, it became a small enclave in Europe.

The Ummayad Caliphate never became a stable Eurasian empire. Less than 50 years after the Arabs conquered Spain (711 AD), the Cordova Emirate, independent of the Arab caliphate, was established (756). Actually, the Spanish provinces, even before they gained independence, had belonged to the caliphate only formally.

Turkey was a Eurasian empire for five centuries. Those were five centuries of continuous wars. From the beginning of the 19th century on, the Ottomans kept losing their territories in Europe and were forced out into Asia. The Republic of Turkey still has a handkerchief-size territory in Europe and formally is a Eurasian state.
The Golden Horde was one more Eurasian state (not so much geographically as civilizationally) from the time it emerged until it lost its Russian territories in 1480.

Muscovy became a Eurasian empire with the advent of Ivan the Terrible. After his death, however, in the Time of Trouble, it broke up. Later, during the reign of Peter the Great, the country went through a deep crisis. Amidst the Great Northern War with Sweden, Ukraine made an attempt to separate from Russia, and a large region in Ukraine and southern Russia was swept by an uprising led by the Cossack Kondraty Bulavin.

Another breakup of Russia followed a social revolution and Russia’s separate withdrawal from World War I. The latest breakup occurred following the defeat of the Soviet Union in the Cold War. The Russian Federation, as a result, has inherited its Eurasian status from the Soviet Union.

As we can see, Eurasian identity is a factor of instability which brings about breakups, recurrent destruction, as well as weak integration of the state’s tissue. In contemporary times, Eurasianship seems to guarantee that a state will be unable to survive modernization. The European and Asian regions of a Eurasian state enter the modernization processes in different ways, thus tearing the state apart. This was the cause of the disintegration of the Ottoman Empire and the Russian Empire/Soviet Union. The present developments in the North Caucasus were brought about by the same dissymmetrical reaction to the modernization processes in the Russian Federation’s European (Christian) and Islamic societies.

SIBERIA AS A SPECIAL SPACE

Speaking of Siberia, we must bear in mind that this is a region thousands of kilometers away from Europe which borders on Central Asia, China, Korea and Japan. In other words, it is a non-European region not only geographically but also geopolitically, civilizationally and economically. Economically speaking, it belongs to the Asia-Pacific Region and is the northern periphery of the Central Asian cultural realm and Chinese civilization, and
its indigenous population gravitates toward these cultural centers. Siberia is not just a part of Asia; it is the entire north of the Asian whole.

Russia colonized Siberia by consistently conquering successors to the Golden Horde. Having left behind China and Central Asia in launching modernization processes, Russia firmly established itself in Siberia. It was the first to develop the region and introduce mature statehood and civilization to it. This was Russia’s merit of worldwide importance. However, as neighboring Asian countries joined in the modernization processes, Russia began to lose its temporary advantage in the region. Stable civilizational factors began to take effect, moving Siberia out of Europe’s sphere of influence in the broad historical perspective.

Present-day Orthodox observers express concern over the achievements in Siberia and Russia’s Far East of “non-traditional” syncretic cults and religious movements which, in fact, are absolutely traditional and organic to those territories. These movements originate from Asian culture. While attempts to halt migration from neighboring China and Korea can be implemented by police methods (although this is almost impossible in an open market economy), how is it possible to stop the movement of ideas, not to mention the establishment of new perspectives on life? The entire history of mankind shows the futility of any administrative measures to resist such processes, because here we see determinants that are immeasurably more powerful than any state.

The Brockhaus and Efron Encyclopedia of 1896, under the entry ‘Russia’ wrote: “Russians account for 19.2 percent of the population of Siberia and Central Asia.” Today, most of the people living in Siberia consider themselves Russians. Yet, this is not a result of migration. In most cases, it is a result of the change of identity brought about by the cultural assimilation of the local population. Meanwhile, a new identity that has taken shape in a similar way is not stable. Russian colonization, together with the large-scale cultural assimilation of the Siberian indigenous population, continued for about 300 years, while thousands of years prior to this the region had been a periphery of China and Central Asia.
There are many possible scenarios for Siberia’s return to Asian civilization. These depend on numerous factors, many of which cannot be even predicted. In the most peaceful variant, in the course of the Russian Federation’s confederalization, the country may divide into two parts along the Urals. This may result, for example, in the emergence of a Federation of Siberia and the Far East, which would retain a European civilizational identity but would be oriented toward Asia. The Federation would balance between Russia, China, Japan and the United States and complete the circle of countries in the North. Later, Siberia will gradually but inevitably integrate, ethnically and culturally, into the closest region — Asia. Speaking of a more remote future, Russians in Siberia will repeat the fate of the Greeks on territories controlled by the Seleucids. This is neither good nor bad. The same could be said for the destiny of Turks or Arabs in Europe. Peoples can cross the boundaries of continents, but civilizations cannot. People arriving from Europe settle in Asia and, likewise, people coming from Asia settle in Europe at the cost of losing their original civilizational identity.

**THE NORTH CAUCASUS:**

**WATERSHED BETWEEN CIVILIZATIONS**

Russia is a largely heterogeneous state in historical terms, as well. It includes regions where stable statehood was established a thousand years ago, and regions where statehood was established only in the 17th-18th centuries. Finally, there are spaces where the state has been establishing itself only in the last 150 years. These include, above all, the North Caucasus — a very special ethnocultural isolate, a mountainous land situated in a “no man’s zone” dividing the civilizations of the West and the East.

The North Caucasus poses a problem for Russia that will not be easy to solve. It is a constantly subsidized region with an intricate and confused ethnocultural situation. It is a conglomerate of heterogeneous societies which were forcibly integrated into an area of mature statehood 150 years ago. It is a land where the exit of sahibs results in the stoppage of industry, a decline of the public
health system, and the revival of patriarchal slavery. The slave trade, cattle stealing, and vendetta laws flourish. In other words, the region is reverting back to its pre-state customs. Developing the North Caucasus to the point when it is capable of self-development will require from Russia huge resources, not to mention the efforts of several generations of people. Until then, the region will remain a stable factor for destabilizing Russian society, as it continues to generate crime, drugs, and archaic social relations. When, at long last, the modernization processes are over, the North Caucasus will separate from the Russian Federation in a peaceful and civilized manner.

Most importantly, this refers to Chechnya, an autonomous constituent republic of the Russian Federation, which has since 1995 been waging a war for independence. Without delving into the history of the conquest of the Caucasus, it is evident that Chechnya’s 150-year existence within the Russian Empire/Soviet Union has been a negative experience for Russia. The cost of keeping Chechnya inside Russia’s political borders has been either severe repression, or a disproportionate amount of its actual autonomy. At times, this reached the point of exterritoriality of individual areas.

**INTEGRATIVE AND DISINTEGRATIVE FACTORS**

The main integrative factor is historical inertia. It stems from the commonality of historical destinies, which is expressed institutionally, psychologically and culturally, and is fixed in the system of economic ties. Historical inertia is supported by the lack of a record of an alternative existence, as well as by the general perception, which has taken shape inside the country and abroad, that Russia is a single whole.

Another factor for integration is largely an external one. This is the stability of a geopolitical balance as an absolute value. Contrary to the isolationist mythology, the international community is never interested in the breakup of a large state. The disintegration of such a large state as Russia would destroy the system.
of geopolitical balances, create new problems and aggravate old ones in the neighboring countries, and open a painful stage of rebuilding a new political and civilizational balance. Such events always lead to wars, refugees, urgent investment, and the growth of uncertainty to a very dangerous point. In general, any redivision of the world is dangerous in many aspects. This is why the late Ottoman Empire of the 19th century, and later, the weak Soviet Union of the 1980s, suited Europe. In the same way, today’s Russian Federation suits the leaders of the international community much more than would its breakup.

The main disintegrative factor is modernization, or rather, its specific stage in the context of the aforementioned heterogeneity of the Russian Federation. At the previous stage of the modernization of Russia/Soviet Union, internal and external factors of integration were stronger than the disintegrative processes. Formerly, Russians surpassed the population at the peripheral regions in the scale of their integration into contemporary civilization. This factor ensured their domination inside the country and integrated the state. Struggling for separation from Russia had no prospects (which has been proven by Poland’s example), whereas staying inside Russia brought advantages to those who traditionally lagged behind. Today, the critical frontier between various peoples of the Russian Federation, in the degree of their integration into the contemporary reality, has been overcome. All peoples, including those remaining at the stage of the breakup of the military democracy and the formation of an early state, have learned how to use (but not create) modern technologies.

A similar situation has evolved in the realm of foreign policy. Russia gained certain advantages from its lead over neighboring countries (Turkey, Persia and China). This advantage allowed it to expand its territories, annexing land from backward neighbors, while thwarting any disintegrative pressures from them. As global transformations have begun in the world, Russia has exhausted its modernization advantages. Disintegrative pressures from the East on ethnically and civilizationally kindred regions in Russia have been increasing.
Another disintegrative factor is of a general historical nature. This is the ‘Islamic revival,’ which is now proceeding at full speed. It marks the completion of the ‘medieval’ period in the history of Islamic civilization and its entering into a world of boundless dynamics. Transformations of this kind always have tendencies toward internal integration and territorial expansion.

Close on the heels of the ‘Islamic revival’ is the modernization activity of the syncretic civilizations of the East. The peak of these processes is 10 to 15 years behind the growth of Islam. The reinvigoration of civilizations east of the Islamic world will cause the region’s restructuring, while increasing pressure on Islam from the East. As a result, the pressed Islamic civilization will increase its pressure on the European cultural realm. Simultaneously, the civilizational pressure on Siberia and Russia’s Far East will increase, as well.

FORMING A NEW EUROPEAN NATION

The modernization of the heterogeneous population scattered around the critically large landmass means that there exists a high probability for Russia’s breakup. The collapse of the country’s uniform ideology has predetermined its civilizational (cultural and religious) heterogeneity, while the transition to an open economy orients the regions to alternative centers. In this sense, Russia is ranked among such countries as India, China, Iraq and Turkey, whose disintegration is also highly probable.

Yet, the probability of Russia’s complete breakup is very low. Today, such a scenario can take place only if its reforms end with a total collapse, that is, if Russia proves that it is unable to proceed from extensive to intensive development. In this case, the regional elites, realizing the organic inability of a unified Russia to complete the modernization process, may decide in favor of its disintegration (confederalization or complete dissolution). Russia’s massive size, together with its loose sense of statehood, is steadily perceived as an obstacle to historical dynamics. In other words, the modernization process could proceed much more easily within smaller entities. This idea is supported by a comparison of continental China and Taiwan.
This is a hypothetical scenario, but should one wish to elaborate, such a breakup may presuppose the separation of Siberia and the Far East, as well as territories gravitating toward the Baltic region (the St. Petersburg and Novgorod areas), as well as South Russia. A complete disintegration of the Russian Federation may entail the separation of the constituent republics in the Volga Region. With the modernization period over, it is highly probable that the former constituent entities of the Russian Federation, or at least some of them, will re-integrate into a new Russian state.

Russia’s territories lying along its frontiers are much more likely to be lost for this state. As Emil Pain once put it, there is a probability that Russia may “peel along the edges.” This is why it seems inevitable that in the long term Russia may lose Siberia, or that the latter’s status may change dramatically. Russian territories can be ranked depending on prospects for their further retention within the Russian state.

The most hopeless group comprises those territories that were included in the Soviet Union after World War II. These territories have no Russian roots, reminiscences or historical inertia, while the degree of their development remains minimal. External disintegrative pressures on these territories are maximal. The loss of the Kuril Islands and Eastern Prussia, for example, may take place already in the medium term.

Then there are the territories that have been part of Russia for over a century. These are the Islamic North Caucasus, as well as those regions that are gravitating toward the Buddhist cultural realm — Tuva, Buryatia and, perhaps, Kalmykia. However, the probability of these territories’ separation is different, and is high with part of the North Caucasus and much lower for the territories in the Buddhist cultural realm.

The last territories in the list of likely “defectors” are the constituent republics in the Volga Region — Bashkortostan and Tatarstan. The probability of their separation is infinitesimal. The integration of these republics into Russia’s space is so high that their separation can be imagined only if the Russian Federation breaks up completely. Nevertheless, the region is pursuing a
strategic line toward still more autonomy. The logic of actions taken by the political elites of the Volga Region republics can lead to Russia’s confederalization.

Any further analysis of possible disintegration scenarios would be futile, as disintegration is a turbulent transitional process driven by numerous specific, often short-lived, factors, many of which cannot be taken into account and even predicted. Yet, it is possible to name factors provoking disintegration. These are, above all, industrial catastrophes and suicidal policies of the central government.

A large-scale industrial catastrophe (of the Chernobyl dimension) would make inevitable the interference of international organizations and would provoke a powerful disintegration movement in the regions. Furthermore, such a catastrophe may produce a domino effect. All available manpower and material resources would be used to contain the aftermath of the catastrophe; this may bring about ruptures in other weak links of Russia’s overstrained technological chains.

Another disintegration scenario may be provoked by attempts, especially if they are made by force, to restore a single state by re-integrating its former constituent parts. Such attempts would be in harsh contrast with objective tendencies and would lead to Russia’s collapse.

The restless, horizon-bound imperial spirit is leaving the vistas of our homeland. Today, Russia is entering an epoch of national existence. A new European nation is being formed inside it, which the authorities designate as Rossiyane (Russian people) although this has not yet become a customary name for the Russian people. History alone will tell where the stable frontiers will lie for this new whole which is coming into being before our eyes.
Many politicians in the West have become disenchanted with what is happening in Russia. No one can rule out the possibility that Russia may discard its pro-Western orientation. However, the profound change that swept the country after the fall of Communism is rather indicative that there is little chance for any sort of political cataclysm.
Russia and Germany: The Core Tenet of Cooperation

*Gerhard Schröder*

Never before in our history have relations between Germany and Russia been so close and strong as they are today: our positions on issues of international importance are similar, while Germany is Russia’s number one economic partner — only last year the volume of German-Russian trade broke a new record. Cultural exchange programs between our nations are thriving. Finally, and possibly most importantly, Germany and Russia are on the threshold of a strategic partnership for a prosperous Europe and a stable world order.

All of this was by no means a foregone conclusion. Next year we will commemorate the 60th anniversary of the end of World War II. The horrors of this terrible war, which affected the citizens of the former Soviet Union particularly hard, have not been forgotten. Only 15 years have passed since the historic revolution which put an end to Germany’s division and mended the rift across Europe. An awareness of shared interests and values has replaced decades of ingrained antagonistic thinking and behavior. Today, more than 90 percent of the Russian people have a positive attitude toward Germany. Europe, Germany and Russia are pursuing the same or similar central strategic goals — creating a lasting peaceful order for the whole of Europe, stabilizing our common neighborhood in the Middle East, combating terrorism and the proliferation of weapons of mass destruction, and finally, developing an ‘effective multilateralism.’ At the same time, we

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*Gerhard Schröder* is Chancellor of Germany.
have the chance to tap the vast potential of the Eurasian economic zone for our mutual benefit.

However, we must develop the tools that are necessary for achieving our common goals. Specifically, this calls for intensified cooperation at four levels — in our civil societies, in our economic relations, within Europe and on the international level.

**CIVIL SOCIETY PARTNERSHIP**

As important as intergovernmental cooperation may be, in the age of globalization we can make better use of our combined potential if we establish closer networks between our societies than we did in the past. We have made respectable progress in this area in recent years. The parliaments of our two countries, the federal and regional authorities and institutions maintain close contact. A large and growing number of sister-city programs unite the citizens of our respective countries. Special partnership programs exist between hundreds of schools in Russia and Germany. The German-Russian Year of Culture (2003-2004) has underlined our traditional cultural ties.

President Putin and I have coordinated the St. Petersburg Dialog, where civic representatives from both of our countries meet for in-depth consultations. Last year, we concluded an agreement on the simplification of visa procedures that is designed to considerably broaden travel opportunities for businesspeople, students, cultural workers and other groups. As a long-term project, Brussels and Moscow are negotiating plans to abolish the need for visas for moving between the European Union and Russia.

These achievements are certainly commendable. However, we can still do more to strengthen ties between our civil societies even further. I would like to cite three such areas at this time.

**Exchanges for young people and schoolchildren.** The future of German-Russian relations is largely in the hands of the younger generation. In order to secure an awareness of the German-Russian relationship, it is vital that young Russians and Germans meet, develop an interest for each other, and learn to understand their foreign counterparts. For this reason, we have reached a con-
sensus on a new agreement for exchange programs between adolescents and students.

It is our goal that this program encourages an increasing number of young Germans and Russians to become better acquainted with the country and the inhabitants of their counterpart. To this end, our countries will establish offices in Germany and Russia in order to promote German-Russian exchange programs, give advice to interested parties, and organize events where young people and schoolchildren can get to know each other. The joint sponsorship by the German federal government, foundations and businesses is a particularly pioneering approach to getting this program off the ground.

**Strategic cooperation in education and training.** In the knowledge society of the 21st century, education and training opportunities constitute vital investments in our common future. Russia and Germany, therefore, are collaborating closely in these areas, as well. Since 1998, for example, more than 2,000 Russian managers have taken part in internship programs which provide them with an opportunity to become familiar with German companies from the inside. Our German dual-training system can provide important inspiration for new generations of qualified workers in Russia. We therefore intend to put our cooperation in vocational education and training on a new strategic footing. President Putin has made educational reform by 2010 one of the priorities of modernizing Russia.

**Research and academic cooperation.** In all of Europe, Germany has established the closest research relations with Russia. Today, 525 partnerships between institutes of higher education, and a large number of initiatives between German and Russian research institutions are working on joint projects in almost all fields of research and technology. Germany's excellent knowledge infrastructure currently includes around 5,000 Russian researchers and academics. Altogether, approximately 15,000 students, researchers and lecturers are profiting from this mutual exchange. We must further enhance this intricate network and take advantage of the development possibilities in areas such as basic scientific research, international research cooperation and academic exchange. The
German Historical Institute in Moscow is also conceived as a lighthouse project for German-Russian research cooperation. It should commence operation as soon as possible.

**Encouraging economic relations.** At the beginning of his second term of office, President Putin announced his intention to double Russia’s gross domestic product over the next decade. Developments in recent years show that this ambitious goal is attainable. This strengthening of the Russian economy is in Germany’s and Europe’s interests, since a modern, prosperous Russia offers great economic opportunities for all of Europe. German entrepreneurs have recognized this and are responding with strategic investments.

The commitment from small and medium-sized enterprises (SMEs) is as important here as the projects of major German and Russian corporations. After all, it is the SMEs which are the innovative and stabilizing part of an economy. Presently, Russia’s small and medium-sized enterprises employ only around 10 percent of the workforce. In Germany, on the other hand, this number stands at 70 percent. Therefore, I emphatically support President Putin’s efforts to promote the SMEs. The German-Russian forum for SMEs in October of this year is one step in this direction.

Russia is Germany’s most important energy supplier, providing around one third of our oil and gas. This alone is a crucial reason for future cooperation in the field of energy. President Putin and I agreed to further intensify our cooperation in this area at a meet-
ing of German and Russian industrial leaders in July this year. We want to help our enterprises establish a broader basis for cooperation, which to date has mostly been restricted to the level of supplies, by enabling German companies to participate in the extraction of natural gas and the planned construction of a gas pipeline under the Baltic Sea, for example. Germany can use its leading technological expertise to assist Russia in key areas, the most important being energy conservation and efficiency and renewable sources of power.

The Kyoto Protocol on global climate protection affords great opportunities for modernizing energy supply. It offers targeted incentives to increase foreign investment in an efficient energy supply structure, as investors can count reductions in greenhouse gas emissions obtained abroad toward their national reduction commitments. Interest in this type of investment is considerable. Russia would therefore benefit greatly from ratifying the Kyoto Protocol.

In spite of the significance of the energy sector, it would be wrong to limit German-Russian economic relations to oil and gas. We need a strategy which goes beyond oil. In specific terms this calls for more cooperation in sectors of the future such as high technology. Here Russia can also play a valuable role thanks to its advanced research environment. We should therefore form a German-Russian technological partnership, focusing on biotechnology, pharmaceuticals, information technology and telecommunications, aviation and space travel, as well as the car supply industry.

In future, the momentum behind German-Russian economic relations will hinge largely on whether Russia becomes more deeply integrated in the global economy. That is why Russia’s accession to the WTO is so significant. The European Union concluded its bilateral negotiations with the Russian Government in May. My Government expressed its firm support for this on the European Union panels. Now bilateral negotiations with the other WTO partners must be concluded as soon as possible. By joining this international community with a shared body of rules, Russia will also become an integral and equal partner of the global economic community. At the same time membership of the WTO will
strengthen Russian civil society through the positive effect it has on Russia’s economic system in terms of property protection, transparent competition regulations and effective legal protection mechanisms. Legal certainty and a reliable framework are the keys to Russia’s integration in the global economy.

THE EUROPEAN UNION AND RUSSIA: A STRATEGIC PARTNERSHIP

The end of the Cold War has given Russia and Europe a historic opportunity to build their relationship on a durable foundation of increasingly close partnership and cooperation.

Germany is strongly in favor of a comprehensive partnership. We have come a long way toward reaching this goal. As early as 1997 in the Partnership and Cooperation Agreement the European Union and Russia agreed to persistently strengthen their cooperation with the aim of establishing a free trade area. At the same time we are maintaining political dialog on all important European and international issues via the Permanent Partnership Council established in 2003.

This dialog is revealing a striking number of converging interests. Last year the European Union and Russia agreed to implement the vision of the four common spaces at the St. Petersburg summit.

We would be well advised to swiftly breathe life into these four spaces – a common economic space, a common space of freedom, security and justice, a space of cooperation in the field of external security and a space of research and education, including culture. Establishing a common economic space requires us to further intensify our successful economic cooperation and seize the opportunities a common infrastructure in the areas of energy, communication and transport would bring. To strengthen domestic security we intend to wage a joint war against cross-border crime and terrorism, and in the space of freedom we aim to improve travel opportunities by further relaxing visa regulations. We plan to cooperate closely in the area of external security to establish a more stable peaceful order throughout Europe, but especially among our
mutual neighbors, and we will liaise on all international issues. In the common space of research and education we will concentrate on cultivating the outstanding intellectual and cultural potential of our relations more effectively than we have done to date.

**SHARED RESPONSIBILITY OF EFFECTIVE MULTILATERALISM**

Germany and Russia bear a particular responsibility for creating a world order of equality, multipolarity and cooperation. This requires us to join forces to combat global and regional threats to security and stability, not only in the fight against international terrorism. It also applies to conflicts in our common neighborhood. Stabilizing the Broader Middle East is the top priority here. As long as this region is plagued by crises, violent clashes and fundamentalism, it will pose a threat to regional and global security. Joint German, EU and Russian efforts to improve stability in the western Balkans will continue to play a vital role in future. Furthermore, we should consider what we can do to foster positive development in the countries of Transcaucasia and Central Asia.

The goal of a cooperative world order demands effective multilateralism, for only multilateral action anchored in shared values and principles promises sustainable and successful resolution of regional conflicts and global problems. Germany and Russia agree that a United Nations with the capability to act is essential to effective multilateralism. However, the entire institution, including the United Nations Security Council, is in need of radical reform. Its decisions will only be universally recognized and implemented if their legitimacy is beyond doubt. Its composition must be more representative to reflect the reality of the 21st century. Germany is therefore strongly advocating reform and expansion of the Security Council.

Germany is prepared to assume the greater responsibility as a permanent member of the Security Council which such reforms could entail. Russia supports this reform proposal and Germany's request.
An effective multilateralism also demands close cooperation between the major industrial nations and Russia within the G-8. Of particular relevance is the Global Partnership Against the Spread of Weapons and Materials of Mass Destruction program. This will cost 20 billion U.S. dollars in total up to 2012. Germany alone has earmarked up to 1.5 billion U.S. dollars for the scheme. Three major German-Russian projects have already been launched – destruction of chemical weapons, disposal of old nuclear submarines and protection of nuclear plants in Russia.

The important multilateral tools also include NATO. Relations between Russia and NATO have improved considerably since the creation of the NATO-Russia Council two years ago. Like the other NATO member states, Germany is keen to build on this collaboration. Possible areas of cooperation could be the war on terrorism and the fight against the spread of weapons of mass destruction. We should also consider improving the interoperability of our armed forces and even entertain the idea of joint peace-keeping missions.

SUPPORTING RUSSIA’S MODERNIZATION
Russia is currently in the throes of a difficult phase of social and economic transition. Germany and the European Union will continue to support Russia in this process. However, Russia has to develop its own models which allow its traditions to embrace the values which unite us today – freedom, the rule of law, democracy and market economy.

We desire a stable Russia as a partner. European experience has shown that stability depends on sound democratic institutions which ensure that decisions taken by policymakers have public backing.

This, in turn, demands ongoing political feedback within a confident parliament and an active civil society. In the long term, free competition of ideas guarantees that the best solutions win.

The core tenet of President Putin’s Statement was “a free Russia of free citizens.” Germany will be a close, trustworthy partner for Russia as it strives to make this vision a reality.
Germany’s Federal Chancellor Gerhard Schröder believes that relations between his country and Russia are now much better than at any time in the past 100 years. His rapport with President Vladimir Putin reveals greater friendliness, even mutual trust, in comparison with his relations with U.S. President George W. Bush. This is a phenomenon that would have been totally inconceivable just a few years ago.

German businesses regard the Russian market as second only to China in terms of its lucrative prospects. The German treasury has received positive signals from Russia: the government of Vladimir Putin, in contrast with the former Yeltsin government, is making regular payments on its foreign debt; Russia’s sovereign debt to Germany has decreased from EUR 30 billion to about EUR 14 billion since Putin came to the presidential office. Part of the debt has been rescheduled. Germany is Russia’s biggest trade partner outside the Commonwealth of Independent States, and accounts for about 10 percent of Russia’s foreign trade and about 20 percent of all foreign investment in the Russian economy.

In international relations, Germany, Russia and France put up mild opposition to the U.S.-led war in Iraq in 2003, thus opening, albeit cautiously, a new chapter in postwar European history. The Iraqi crisis is destabilizing the construction of a new world order, and if the Americans are unable to get the situation in Iraq
under control, their world leadership will be called into question. In many ways, Berlin and Moscow share similar views of how that new world order should be built.

**CRITICISM AGAINST PUTIN**

When Putin, a man whose past professional activity had been linked to Germany, came to power, new prospects for a bilateral partnership between Germany and Russia arose. Unfortunately, the opportunities have not been used to their greatest potential since many people in Germany and Europe, generally speaking, do not accept certain aspects of Putin’s policy. For instance, Deputy Chancellor and Foreign Minister Joschka Fischer does not share Schröder’s same euphoria about Russia – he believes that Russia under Putin is drifting away from liberal values.

Germany’s mass media has leveled sharp criticism at Schröder for his rapprochement with “KGB-dominated Russia” and for his reluctance to use his frequent meetings with Putin as an opportunity for criticizing human rights violations in Chechnya, the selective – and hence politicized – persecutions of oligarchs, and encroachments on the freedom of speech. Journalists and public figures in Germany so vehemently protested against plans to bestow on Putin the title of Professor Emeritus of Hamburg University that the gala ceremony was postponed indefinitely.

There is yet another glaring example of how misunderstandings and differences between the agendas of the two countries can put the brakes on important initiatives. This is the St. Petersburg Dialog, a forum that Putin and Schröder initiated back in 2000. Four years later, it has failed to become a bridge into 21st century Europe for Russia. The German participants in the dialog insist on imposing upon Russia their vision of how to build a civil society on the basis of the abundant experience that Germany gained after World War II. However, the Russian participants do not need such lessons. Rather, they need the dialog to attain pragmatic purposes, like preserving the commonality of strategic interests in building Europe’s future structures, the expansion of trade, the establishment of cooperation in the energy sector and high
technologies (including the aerospace industry), mutual easing of travel visa regulations, and the recognition of university diplomas. What is more, the procedures in the format of the St. Petersburg Dialog are overly bureaucratized, since those forums bring together well-known policymakers and public figures rather than ordinary members of civil society.

To sum up, the “strong arm” policy – the consolidation of authoritarian tendencies in Russia – hinders the process of rapprochement. However, Schröder believes that the German news media and bureaucracy pass overly biased judgments on the situation in Russia and that their position creates problems. While most European policymakers grieved about the collapse of liberal ideas at the presidential and parliamentary elections in Russia, Schröder was among the first foreign heads of state to visit Moscow and congratulate Putin on his re-election. At a time when the European Union is growing increasingly mistrustful of the Russian president’s “authoritarian modernization” and is beginning to compete seriously with Russia in a number of areas, the German-Russian partnership is becoming something of a stabilization locomotive in Eastern Europe.

STAKING ON STRATEGIC PARTNERSHIP

When Schröder’s predecessor Helmut Kohl was still in office, Germany became the main advocate of Russian interests in Europe and, generally speaking, across the globe. It offered massive aid to Russia in the early 1990s, a particularly hard time for the country when the entire social and economic system was
suffering heavily. The Germans never forgot the role that Mikhail Gorbachev and Boris Yeltsin played in the reunification of their land.

Analysts argue that, in 1999, it was German diplomats who successfully managed to convince Yeltsin — infuriated by NATO’s war against Serbia — to relinquish support for the Yugoslav dictator Slobodan Milosevic and join the Western coalition’s peace plan in the Balkans. On the other hand, Putin succeeded in using the drawn out tête-à-tête with Schröder to convince him that the Kremlin’s policy in Chechnya was correct. Following their first several meetings, the Federal Chancellor was fascinated by Putin’s concept of modernizing his country; Schröder applauded louder than others when Putin addressed the Bundestag soon after September 11, 2001. At that time, the Russian president said: “Europe will earn a solid and enduring reputation of a powerful and truly independent center of world politics if it pools its own resources with Russia’s resources — human, territorial, natural, economic, cultural, and military.”

Moscow does not harbor any illusions about its chances of joining the European Union, as current trends in the development of the EU and Russia are rooted in different and sometimes completely opposite civilizational and cultural values. Russia is strengthening its state structures through a tough centralization of power, while Germany and other European nations are gradually dropping the idea of a nation-state and delegating part of their sovereignty to the pan-European center in Brussels.

In a way, the latter fact explains why Moscow and Berlin are unable to cooperate as closely in the development of strategies and concepts as the Germans and French do for the benefit of the whole European continent. Joint Russian-German activities trigger waves of apprehensiveness in the new East European allies of the West. The East Europeans are cautiously watching the progress of relations between Moscow and Berlin.

And yet it is clear as daylight that Russia and the EU are so tightly linked to one another that close cooperation between them is predestined. Russia will need reliable partners and allies in the
processes unfolding on the European continent. It was no accident that Putin said in a recent speech at the Russian Foreign Ministry that Germany, France and Italy have a genuine interest in maintaining friendly relations with Russia. And Germany will definitely play a leading role in that group.

It is true that Germany speaks out most vigorously among the EU countries on the issue of easing travel visa regulations for Russians. Germany is ready to cooperate with Russia in building new pipelines across the floor of the Baltic Sea that will double the throughput of Russian crude oil exported to the West. Berlin has convinced its West European partners to lease Russian transport aircraft for airlifting European soldiers to hotbeds of tensions in the Middle East.

Russia responds in the spirit of reciprocity. It has given the Bundeswehr permission to use Russian territory for the transits of cargoes to German peacekeeping units deployed in Afghanistan. German companies have been offered promising investment projects in Russia, including in the energy sector where U.S. corporations dominated in the 1990s. Furthermore, at a time when the Russian authorities have forwarded charges against the oil major YUKOS, Putin said that Russia was ready to lift restrictions so that German companies may purchase stakes in the major natural gas producer, Gazprom. That was good news for the German gas operator E.ON that has 6.5 percent in the gas giant.

The German business world is pushing Schröder into Putin’s arms. This is not surprising, since Germany has always had a special business approach to Russia, unlike other Western countries. Close economic cooperation between the two countries began back in the mid-1970s, especially in the energy sector. At that time, both governments were mutually interested in stronger trade as an instrument of building up contacts. German businesses received state insurance coverage (Hermes Company) to protect them from the risks of working in Russia. Thus, German businessmen working on the Russian market have grown accustomed to special comforts in the form of protection by their own government — something that companies from other countries never enjoyed.
Russia is heeding the opinions of its German partners. Russia agreed to the advice of German banks, which called for the reform of the Russian banking system before it joins the World Trade Organization. Russia’s “bank crisis” of July 2004 cleared away many small lending institutions that did not, in fact, engage in banking activities. At the same time, German lending organizations have discovered new opportunities for their own business on the Russian market. So some observers are definitely correct in saying that Germany and Russia enjoy a better relationship on the whole than the EU has with Russia.

GERMAN-RUSSIAN LOCOMOTIVE OF THE 21ST CENTURY

Unfortunately, many politicians in the West have become disenchanted with what is happening in Russia. Their conviction is that the project of reshaping Russia along European standards, of which there had been so much hope in the 1990s, has failed or, at most, is a thing of a distant future. Yet, Schröder’s policy toward Russia ranks him amongst a group of visionary Western leaders who understand the importance of a strong, democratic and stable Russia for Europe in the 21st century. These leaders do not get discouraged when they find that a plan fails to work as originally designed. The question of Russia’s place in the future Europe has as much historic significance as that of the role that the U.S. will play in the world in the future.

Moscow is sending a clear signal to Berlin that Russia stabilizes the Eurasian continent and can serve as a window of opportunities for Germany within that region. The Russians trust Germany and cherish the hope that Berlin’s foreign policy will count Russia as a strong, reliable, and highly cooperative neighbor of the EU, rather than as an economically backward nation.

German-Russian relations will have good prospects if not fermented by anti-American sentiment. Were Putin trying to drive a wedge between the Europeans and Americans, like the Soviet leaders did in the past, Germany would not be attempting to establish such close contacts with him. Schröder needs a pro-European, rather
than anti-American, Russia. He realizes that the looming problems of energy resource imports from the Persian Gulf countries, as well as the ongoing conflicts with Islamic fundamentalists that the European countries may become entangled in, will have severe detriments for the Old Continent. As a result, support will have to be sought elsewhere, including in Russia with its huge resources.

No one can rule out the possibility that Russia may at any given moment discard its pro-Western orientation. However, with that said, the profound and encouraging change that swept the country after the fall of Communism is rather indicative that there is little chance for any sort of political cataclysm. Actually, it is foreseeable that the current German-Russian rapprochement will set the scene for the construction of a powerful ‘drive engine,’ similar to the one built by the Germans and the French in the past. It played a historic role in the rise of the European Union and in the general blossoming of West European civilization.

We proceed from the understanding that Russia is an integral part of Europe – historically, politically and culturally.

We are convinced that only Russia’s consistent integration with the main European institutions – an integration based on common ideas and values – may guarantee real safety and prosperity on the continent.

We will concentrate our intellectual and political resources to build a united, safe and prosperous Greater Europe, stretching from Reykjavik to Sakhalin.
In the Transatlantic Gap

Between the Modern and the Postmodern

Flemming Splidsboel Hansen

The March 2004 parliamentary election in Spain caused a further widening of the much-discussed gap between the U.S.A. and the member states of the EU. The decision by the new Prime Minister Jose Luis Zapatero to pull out from Iraq the nearly 1,400 Spanish troops — a controversial, yet highly popular, promise fulfilled only two months after the election — re-opened the rift which developed between Washington and a number of West European capitals, most notably Paris and Berlin, in the run-up to the March 2003 invasion of Iraq.

By deciding to abandon the U.S.-led military operation, the Spanish voters not only questioned the legitimacy of this particular war, they also brought back to the agenda a much more fundamental issue. Most basically, this issue is about worldviews. It is about the way in which international politics is conducted. It is about means and ends. It is about the definition and use of power. And it is about the position of other states within this debate.

PLANETARY POLITICS

The transatlantic gap has been best captured perhaps by Robert Kagan’s now-famous metaphor — that “Americans are from Mars and Europeans are from Venus.” As a result of its continuous military decline begun with the outbreak of World War I, so Kagan

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argues, "Europe is moving beyond power into a self-contained world of laws and rules and transnational negotiation and cooperation. Meanwhile, the United States remains mired in history, exercising power in an anarchic Hobbesian world where international laws and rules are unreliable, and where true security and the defense and promotion of a liberal order still depend on the possession and use of military might."

For Kagan, this uneven growth in military capabilities is both cause and consequence. It happened as a result of European weakness but the process was further accelerated as the states involved in the post-World War II European project decided to take full advantage of the U.S. military superiority, allowing them to adopt an inward-looking posture. As the U.S.A. developed and maintained its security umbrella, the West European states introduced and gradually reinforced their own and new approach to the understanding of security, war and peace, conflict prevention and resolution and, essentially, to the conduct of interstate relations.

This EU approach is what Robert Cooper has referred to as "the postmodern order." Among the defining elements of this world is a breakdown of the traditional foreign-domestic policy separation, an increase in the monitoring of and interference in each other's affairs, a growing irrelevance of state borders, a rejection of the use of force to settle disputes as well as a deliberate increase in mutual dependence and vulnerability.

Kagan suggests that this process has caused the U.S.A. and Europe to drift still further apart. Other writers agree with this. They also find two different worlds separated by conflicting and rivaling approaches to a whole list of other issues related to policymaking as well as to the fundamental nature of the relationship between state and citizen: from basic economic principles over social welfare systems and the responsibility of the individual to crime and punishment and political discourse.

As seen from Western Europe, the U.S.A. is a country of unrestricted laissez-faire capitalism, large and unjustifiable income inequalities, an untamed consumer culture, an unjust and cruel penal system as well as "cowboy" rhetoric of black and
white. As seen from the U.S.A., Western Europe is an area in which centralization and excessive state control rule, where incentives are not provided for personal initiative and growth, criminals are hardly distinguished from their victims and the discourse is built on meaningless “Euro-speak” designed to avoid any kind of conflict.

RUSSIA’S PLACE IN THE WORLD
Where does all of this leave Russia? Cooper is not fully sure how to answer this question. As he explains it, “Russia poses an important problem. Is it going to be a pre-modern, modern or post-modern state? It embodies all three possibilities”, adding that there clearly are “postmodern elements in Russia trying to get out.”

Whatever the signs of an earlier Russian regression toward a pre-modern world characterized by chaos and a lack of central authority, this undoubtedly has been more than fully reversed by the strengthening in recent years of the institutions of the state. This leaves us, then, with the modern and the postmodern worlds or, put differently, with the worlds of Mars and Venus, respectively.

Writing in International Affairs in 2003, Vladislav Inozemtsev also identified a divide – and even an increase in tension – between the U.S.A. and the EU member states and he suggested that for Russia, “the time has come to choose.” In Inozemtsev’s view, the choice is easily made – it will have to be the EU. When taken, this step will “confirm [Russia’s] readiness to abandon [its] hegemonic aims and to pursue [the] peaceful and balanced policy that the European Union is consistently realizing.” In other words, since Russia basically has a “Venus-like” identity, it should align itself with the EU.

I doubt this. As Cooper, I see “postmodern elements ... trying to get out,” but I also see strong evidence of a modern world. It is important to point out that this is not meant to imply that Russian policies are less “right” or more “wrong” than they would have been if framed in a different way. In his work, Kagan explicitly warns that “the incapacity to respond to threats leads not only to tolerance. It can also lead to denial.”
It is clear, for instance, that a failure on part of the EU member states to recognize different kinds of threats – and, as a consequence of this, a failure to deal with them – can obviously do great harm. To illustrate, following the Nord-Ost tragedy in October 2002, commentaries appeared in the Russian media suggesting that Europe – with the notable exception of the UK – has developed a habit of turning a blind eye to the threat of international terrorism. And what is even more, instead of recognizing the problem, postmodern Europe actually takes the liberty of criticizing other states, for instance Russia and the U.S.A., for actively addressing the issue.

To Russian critics, this interpretation seems even truer after the September 2004 terrorist attack on school No. 1 in Beslan. After the unsuccessful rescue operation, the EU presidency, in the second half of 2004 held by the Netherlands, expressed its condolences but then added that it “would like to know from the Russian authorities how this tragedy could have happened.” Not surprisingly, the Russian Foreign Ministry reacted with a combination of horror and disbelief, labelling the EU statement “blasphemous.”

On a number of key points – power, the national interest and state sovereignty – I believe that Russia has more in common with the U.S.A. than with the EU member states. Most central, perhaps, is the understanding of the concept of “power.” As Daniel Nelson makes it clear, for the U.S. public and policymakers, it “still tells it all.” This is why the U.S.A. exercises its overwhelming power, defined here most importantly as military capabilities but including also, for instance, economic strength,
with little hesitancy if it finds that the situation requires so. Moreover, it is perfectly willing to “go it alone,” that is, without the legitimacy of a UN resolution or even without the support and understanding of its allies.

This is not the approach of the EU member states. They rely instead on a complex web composed of institutions and the norms underlying these to solve current crisis situations and to prevent future outbreak of conflict. And they see these institutions as ultimate bearers of legitimacy. This serves to explain the strong opposition among some of the EU member states to the war in Iraq. Without a UN mandate, so the well-known argument goes, the U.S.-led coalition which toppled Saddam Hussein and the Ba’ath regime not only was illegitimate – what is worse, it undermined the authority and influence of the UN, our best hope for a world order based on law rather than power.

While Russia joined these critics in their opposition to the war, its use of the same argument about the need for the UN to sanction any military operation against other states rang a little hollow. Russian involvement throughout the CIS space has been far from a complete reflection of this principle. On the contrary, if national interests are believed to be at stake, as has been the case, for instance, when Chechen terrorists have found refuge in the Pankisi Gorge, Russia has also proven itself willing to go against the international community by undertaking unilateral military action.

This policy of pre-emption was first codified in the Military Modernization Strategy unveiled by President Vladimir Putin in October 2003 – a year after the U.S. National Security Strategy had also made pre-emption a cornerstone of Washington’s approach to the post-11 September world. The new document warns that a situation may develop where Russia will have to launch pre-emptive strikes against military threats developing in weak and unstable states around its borders. And the strategy of unilateralism was given even greater attention after the Beslan siege when the defense establishment announced that Russia reserves the right to “use all means in the destruction of terrorist bases in any part of the world.”
In the Transatlantic Gap

While this announcement sparked a heated debate within the country, it is important to note that what is being discussed is not so much the ethics of a universal pre-emption strategy as the feasibility of it. The question, in other words, is not whether Russia should but rather whether it can do this. This should not surprise us; there is, indeed, little doubt that if strikes were carried out against targets identified as threats to the security of the state — in the style of the 1981 Israeli attack on the Iraqi Osirak nuclear reactor or the recent wave of assassinations of Palestinian militants — a large majority of Russians would support this.

While this would seem to suggest that the Russian population is more “trigger-happy” than its neighbors in postmodern Europe, the point that should be made is rather that, despite all the problems of the post-Soviet era, it still has the “approach and psychology of the strong and capable.” As late as two decades ago, Russia formed the core of the other superpower and this experience of unprecedented power has left a line of thinking which is much more American than it is European. Russia, to put it differently, is a reduced state with the mentality of a much greater power.

This links to the second point — the understanding of “the national interest.” In the U.S.A., a relatively clear idea exists of a hierarchy in which “vital” is placed at the top. This view lies behind the objective of the U.S.A. to preserve its present lead in the world by frustrating any attempt by any potential challenger to weaken that position of almost unrivalled dominance. The objective is first and foremost to ensure that the U.S.A. cannot be threatened militarily or economically.

In Europe, by contrast, this traditional hierarchy does not exist anymore. There, instead, the national interest is defended through the promotion of multilateral institutions, the strengthening of supranational decision-making procedures and, essentially, the weakening of state sovereignty. The philosophy behind this is simple — the participating states agree to tie each other down, thereby reducing the political freedom of all.

This can hardly be described as the Russian way. As in the U.S.A., a hierarchy topped by “high politics” still seems to exist.
The National Security Doctrine does talk at great length about non-military issues but there is still a feeling, for instance, that the economic development identified as a key priority serves a purpose larger than merely social wellbeing. This means that while economic prosperity is important in itself, its ultimate value depends on the extent to which it can be translated into power and, as part of this, into military capabilities and economic strength. Luxembourg has a per capita income nearly seven times that of Russia but its voice can hardly be heard on the international arena. The state has to be admired, respected or perhaps even feared. In short, it has to make a difference in the life of others.

Moreover, the policy of voluntarily raising mutual dependence and vulnerability also runs counter to basic Russian thinking about policymaking. It is in the interest of the state to maintain, if not to maximize, its freedom of action, not to hand it over to other states. A central pillar of this postmodern policy is a fuller division of labor whereby states specialize in areas where they enjoy a competitive advantage and then leave it to others to develop industries where they are less competitive.

Putin has repeatedly emphasized the need for Russia to join more unreservedly the international division of labor in order to secure economic growth but at the same time it is clear that there is a limit. The line is hard to draw but an indication was offered when Sergei Karaganov, true to his realist core, in early 2000 advised the then-acting president to work for an “intelligent integration of Russia into the world economy.” To paraphrase Robert Gilpin’s well-known warning against international cooperation, for Karaganov it is clearly not without importance whether Russia “produces computer chips or potato chips.” The line has to be drawn before Russia grows too dependent on others or becomes too vulnerable to external changes. Again, it is not in the national interest to allow a situation to emerge where other states can apply pressure to influence policymaking in Russia.

This links, then, to the third point — the understanding of “state sovereignty”. Here the difference between the worlds of Mars and Venus is well-illustrated by the controversy over the
establishment and jurisdiction of the ICC. The U.S.A. is not a signatory to the treaty — in fact, in the Senate the bill failed to find even a single vote of support — and from the UN Security Council it later secured immunity for its peacekeeping troops from prosecution by the Court. Demonstrating this Martian character even more clearly, when in June 2004 the U.S.A. had to give up its hopes of having the immunity clause renewed in the Security Council, the U.S. House of Representatives immediately passed a bill threatening with sanctions on economic aid those states that still reserve the right to try American citizens at the ICC. This adds to a similar ban on military aid passed in 2003 — and it shows that the U.S.A. is willing to flex its muscles even in sensitive cases where its allies are working for a different outcome.

This contrasts sharply, of course, with the strong support among the EU member states for the ICC. In fact, when in 2003 the UN Security Council decided to grant immunity to the U.S. peacekeepers for one year, both France and Germany abstained. It was, so a German diplomat explained, “a matter of principle.” That principle is the postmodern vision of a world where states not only allow but even welcome outside interference in the belief that shared sovereignty will reduce the likelihood of conflict. And although the draft constitution released in 2003 was a disappointment for European federalists, with suggestions about an increase in majority voting, an expansion of the powers of the European Parliament, harmonization of social rights, the creation of a single legal entity and even hints that the Union should develop its own tax base, the future will clearly see more, not less, integration.

For Russia, such a development is anathema. The CIS has never reached the stage of pooled sovereignty and it seems highly unlikely that Russia would ever put itself in the situation of the “Big Three” — France, Germany and the UK — each of which faces the risk of being pushed around by a combination of smaller European states. Not even if, potentially, it could bring rewards in the form of greater control over the CIS space. In fact, so Fyodor Lukyanov recently pointed out, Russia guards its sovereignty with such jealousy that it may even impede the development of a closer Russia-EU relation-
ship. Today’s Russia, so he explains, will not “share its sovereignty with anyone (...), it does not intend to adopt European legislation to any significant extent and it will not make human rights a policy priority.” It is clear, so the conclusion says, that Russia and the EU “envision different political and economic systems.”

When seen in this light of fundamental differences, the Russian opposition to the ICC is a minor issue. It still carries symbolic weight, however, as it illustrates the modern thinking of the country. Russia signed the Statute of the ICC already in 2000 but it has remained unratified as critics have warned that the lack of immunity for individual figures – principally in the executive and legislative branches – could prove damaging. This fear, needless to say, primarily links to the Russian military conduct in Chechnya.

It could, of course, also be suspected that Russia is simply waiting “to sell” its ratification of the ICC Statute by linking it to concessions received elsewhere – not unlike the apparent strategy of stalling the ratification of the Kyoto Protocol until adequate compensation has been offered. Such a policy would, of course, strongly contradict the policymaking principles of the postmodern world.

Whatever these speculations, the possibility that the ICC should one day open cases related to events in Chechnya indeed is very small. Russia is insisting still more adamantly that the international community should not interfere in what is seen as an internal matter – especially since the outside world is found to misunderstand both the background to, as well as the dynamics of, the campaign in Chechnya.

Strong criticism has been heard especially among states forming part of the EU. For some, this is proof of the superior worldview and organization of the postmodern state where “the individual has won” by pushing the interests of the collectivity and the state itself into the background. For others, it is a clear indication that the postmodern state simply occupies a different world. This world, to return to Kagan’s description, is “a post-historical paradise of peace and relative prosperity.” And it is a world that is seen to be quite unlike the scene on which a majority of Russians play out their daily lives.
BRIDGING THE GAP

There is a possibility that Russia can actually benefit from the gap between the U.S.A. and Western Europe. This development, however, seems preconditioned on one thing — that the two parties do not formulate requests of absolute homogeneity between themselves and the states with which they cooperate.

Such a tendency has been observable and this is something that is worrying for most states, not just for Russia. Thus, the 11 September attacks led U.S. President George W. Bush to famously declare that “either you are with us or you are against us,” a clear indication that in this new security environment the U.S.A. is judging other states by the extent to which they share Washington’s interpretation of what constitutes “good” and “evil,” “right” and “wrong.” At the same time, as the 2004 enlargement drew closer, the EU began to criticize a number of states, including Russia, in more direct terms. And this suggests that Brussels is now looking to raise the threshold for what it is willing to see as “acceptable” behavior. The U.S.A., in other words, is emphasizing the importance of power (as well as the legitimacy of the use of it) while the EU member states are stressing the need to act within a multilateral framework and to observe agreed-upon rules of behavior, domestically as well as internationally.

This struggle over who will set the international agenda is between two dominating centers of power but it is important to keep in mind that without additional support both will stand alone as the rules of the international game are laid down. The above scenario in which third states are forced to either “follow the lead or face the consequences“ therefore seems more likely to be replaced by one in which there is still some room for maneuver. As shown in the Iraqi war (build-up, fighting and aftermath), neither side is impervious to criticism. Moral support – especially from major states within the international system – may help legitimize the worldviews being advocated.

For Russia, this promises to offer opportunities. As key elements of the modern identity are shared with the U.S.A., cooperation with this state should be less problematic. This is even more
so since Washington is clearly struggling to convince the international community, firstly, that the Iraqi war was a just war and, secondly, that in the post-11 September security environment, pre-emption and the use of force without the backing of the UN Security Council are both defensible.

The possible rewards may come in a wide range of shapes and sizes — from missile defense concessions over economic cooperation and support for Russian WTO membership to silence over Chechnya and the so-called ‘managed democracy.’ Of particular interest here, however, would be a recognition that Russia is not an international ‘misfit.’ In the West, the past decade has witnessed strong attempts by critics on the right (motivated by a fear of Russian influence) as well as on the left (motivated by a dislike of liberal democracy) to stigmatize Russia. The country has, simply put, been excluded from Western ‘normalcy.’

Recently, however, two prominent U.S. scholars, Andrei Shleifer and Daniel Treisman, openly declared that Russia is now “a normal country.” By itself, such a statement is not a guarantee that in the future Russia will also be regarded as such. What it does suggest, however, is the development in the U.S.A. of a more positive assessment of Russia. There are three main reasons for this — two rationalist and one ideational.

Firstly, for Russia, this recognition would be a valuable and much-appreciated reward for its support in the fight for the principles of the modern world.

Secondly, since the U.S.A. is also fighting for the same principles, it has an obvious interest in equating these with ‘normalcy.’ The modern world, in other words, has to be presented as fully equal — in terms of legitimacy — to the postmodern one. And the greater the number of states subscribing to the postmodern principles, the easier this task will be.

The final reason is that Russia simply appears more ‘normal’ when viewed from the U.S.A. than when viewed from Europe. Since key characteristics are shared by the two states, the Russian approach to policymaking is more in tune with the U.S. understanding of the “acceptable” behavior mentioned earlier.
Moreover, it could be added that in its internal set-up (politically, economically and socially), Russia is closer to the U.S. model than to the consensus-seeking, state-controlled cradle-to-grave system found among the EU member states. And so, while these latter remain critical of the ‘Russian way,’ with a growing U.S. stamp of approval, they may find it still harder to insist that Moscow should follow their lead. As the U.S.A. is put on the defensive, the EU is gaining strength. While this would seem to suggest that the member states be more adamant about the principles on which they rest, thereby raising even higher the demands made in relations with third states, they still have to deal with at least three important limitations.

Firstly, as a postmodern entity, the EU is bound by the rules which follow from this identity. The member states apply both sticks and carrots in their dealings with ‘non-compliant’ states but there is no doubt that of the two policies, the latter is strongly preferred. This means that relations may deteriorate as the member states find that Russia is violating the norms of the postmodern world (to which it does not yet belong) but only until a certain point. In the EU manual, socialization is achieved not through punishment but through cooperation. Dialog is preferred to faits accomplis.

This is even more so, secondly, since Russia is of critical importance to the EU. It is so in different ways, but most fundamentally it is about location and size. The Russia-EU border – now even more than before the May 2004 enlargement – represents a relatively clear dividing line between the modern and the postmodern worlds, respectively. Whatever the EU member states decide to do in their relationship with Russia – for instance, to raise the requirements for cooperation – they will remain situated next to a giant of a different world. And this world – and even more so, the pre-modern one – they feel uncomfortable with. One of the next major challenges for the EU is to close this gap and this is not done by sharpening the postmodern profile alone. Constructive engagement will have to be based, partly at least, on mutually acceptable grounds. Thus, some of the principles being implemented in and by Russia today will have to be recognized by
the EU member states as a starting point if the two parties are to develop their future relationship together.

Finally, and also most importantly when we talk about possible benefits, the widening of the transatlantic gap has led to renewed calls within the EU for the strengthening of the CFSP. As German Foreign Minister Joschka Fischer recently explained in an interview, “the division over the Iraq conflict has tended to further the realization among the Europeans that the strategic dimension must be given substance.” And, so he added, “the development of a European security policy, and especially its military capabilities, figures very importantly in this context.”

This reflects the disagreement over policymaking between the two worlds. As a result of this disagreement, the EU essentially is looking to project its postmodern identity and policy approach still further beyond the borders of the Union — and, if needed, with military support even. For this to happen, however, the CFSP will not only have to be further developed, this development will also have to be acknowledged by other states. It cannot realistically be developed in isolation from the actors which it is designed to influence. Since the CFSP can easily be interpreted as a tool with which to challenge the U.S. hegemony and the principles of the modern world, it is of course very unlikely that Washington will provide the acknowledgement needed. Moreover, in the U.S.A., the supranational level of the EU is not taken seriously. The important policies are made not in Brussels but in the individual capitals.

As a great power colleague and a leading European state, Russia can play an important role in the process of extending recognition to the EU as the CFSP is being developed. By a twist of irony, then, as the EU is working to both bolster and to extend the reach of its postmodern identity, for critical support it has to look to one of the states which has been strongly criticized by Brussels for not being willing to leave the modern world.

Signs of this process were seen quite clearly in early 2004 when Defense Minister Sergei Ivanov announced that Russia is now willing to contribute troops to the European Rapid Reaction
Force and to set up joint military exercises. For the EU, such demonstration of support for and confidence in the CFSP is of vital importance as the member states struggle to make it operational. The failure to meet the military headline goals set at the 1999 Helsinki European Council puts into doubt the ability of the member states to move in the direction suggested by Fischer, at least on their own. However, a Russian contribution to the CFSP, political as well as military, may very well prove to be the external “push” needed to bring forward also this EU policy field. By being too inflexible on Russia, the EU member states risk losing this support, essentially damaging their own postmodern cause.

As noted earlier, the conflict between the modern and the postmodern is first and foremost a conflict between the U.S.A. and the EU – the principal representatives of the two worlds. Russia is a secondary player. This means that even if both parties, and especially the EU, have occasional disagreements with Russia, the latter is unlikely to draw negative attention. On the contrary, if the transatlantic gap widens even further, the two sides should be expected to eye each other still more intensely, working to undermine the position of the other. In this situation, the support of Moscow promises to be much coveted and, as argued here, positive attention and benefits are likely to be won.
The Caucasus has never been part of the Occidental civilization, and its integration into the EU — something that officials in the regional countries often mention today — will be problematic. Whatever the projects designed for the Caucasus, they are doomed if they ignore Russian interests.
In the first half of the 19th century the Caucasus was a source of constant exasperation in Russia’s relations with the European countries. Britain was trying to turn the region into a barrier that would prevent Russia’s advance on Iran, Turkey and India, while Paris would regularly play the Caucasian trump card in the standoffs between Britain and Russia in a bid to attain its own imperialist colonial goals in the Middle East. Political quarters in St. Petersburg [Russia’s former capital] and Tiflis [the former name of present Tbilisi] watched with suspicion the activities of the Western powers, reckoning that developments might take any course. International tensions over the Caucasian issue persisted until the 1860s, and in 1837 they drove the Anglo-Russian relations to the verge of conflict. Ultimately, they formed the necessary ingredients which would grow into the Crimean War, a conflict that could well compare to the later world wars in terms of its content and consequences. The war erased the foundations of the post-Napoleonic Viennese system of European order and ended the period of “long peace” on the Old Continent.
Imam Shamil’s defeat in Chechnya (1859) and the suppression of the anti-Russian resistance in Cherkessia (1864) made the West realize that staking on internal forces in the Caucasus was not rational anymore. The Europeans de facto recognized the Caucasus as a possession of the Russian Empire, and European policies there moved to a primarily economic dimension. This reduced the conflict potentiality of the Russo-West-European relations to a safe minimum, and noticeably changed Russia’s perception of a Western presence in the Caucasus. The confrontational model gave way to a cooperative one. Since the Europeans no longer challenged the international legal (i.e. political) status of the Caucasus, St. Petersburg began extending support and patronage to the British, French, German, Belgian, and Dutch businesses that explored the economic space of the Caucasus. The situation remained the same until World War I.

The upheavals of 1914 through 1921 delivered the Caucasus back to the domain of an acute geopolitical contest, and highlighted the region’s military and strategic significance for Germany, Britain, and France. They played on heterogeneous interests of the diverse local social, ethnocratic, religious, and cultural elites, on the one hand, and the equally heterogeneous aspirations of the popular masses, on the other. Moral or ideological considerations were wiped out by absolutely pragmatic goals of the warring states, that is, to win whatever the cost.

The October 1917 revolution in Russia, and the collapse of the Germanic bloc, propelled international calls for dissecting Russia’s imperial heritage in the Caucasus to the top of the agenda. The Civil War and armed interventions plunged the Caucasus into chaos. Eventually, the Entente ran out of the courage and resolve to tidy up the local political situation, ridden by complex political alliances, caricature states and self-proclaimed leaders. The truth is that Britain, France and the U.S. did not have a clear answer from the very beginning as to what should be done in the Caucasus or with the Caucasian problems.

In the meantime, the Bolsheviks did have an answer which finally brought them victory over the interventionists and internal
foes. The result was that the Caucasus vanished from the list of world policy problems for decades.

**INDIGESTIBLE REALITY**

In 1991, an expanding Europe once again turned its attention to the Caucasus. The situation at the time there was unprecedented — never in the past had the countries of the region enjoyed so many opportunities to formulate their national goals as full-fledged members of the international community. Nor had Europe ever identified itself so powerfully as an independent subject of international policy boasting unanimous policy goals. Nor had the concert of European nations ever expanded so fast.

Until fairly recently, the European Union mostly admitted to its ranks the countries and nations belonging to the European cultural, historical and geographic space. The Caucasus has never been part of the Occidental civilization, and its integration into the EU — something that officials in the regional countries often mention today — will be problematic even on the conditions of associated membership, especially if the problem of European identity comes into the limelight.

Yet this is not the main problem. What is more important is the actual capability and readiness of the Europeans to untangle the many Gordian knots of the Caucasus — Nagorno-Karabakh, Abkhazia, South Ossetia, etc. — given the situation where no one can see exactly which knot poses the greatest menace. Who will venture to settle the conflict between Azerbaijan and Armenia — and how? What is on the cards for Georgia’s ill-conceived mini-empire and what price or method, or reason, is there to breathe new life into it? Can the democratic institutions implanted from the outside take firm root on soil that has never known democracy? And will they be instrumental in maintaining at least a minimum of stability and security?

If the desire behind the EU’s penetration into the Caucasus is to establish control over the energy resources of the Caspian Sea, does it make sense then to go to such great lengths as to make the region a part of the European community? And if oil and gas are not the
sole issue at stake, it would be worthwhile to do a thorough politi-
cal analysis of the potential gains and unavoidable costs.

Whatever the projects designed for the Caucasus, they are
doomed if they ignore Russian interests. The immediate neigh-
borhood of the South Caucasus is of automatic concern for
Russia’s national security. The last thing the Kremlin will be ready
to part with is the right to defend Russia’s southern borders from
the variegated threats emerging from sections across the Caucasian
Range, and there are signs that Moscow is toughening its stance
on the issue. Retreating from this stance does not seem to be a
likely scenario in the foreseeable future—such is the historic tra-
dition and geopolitical reality.

Europe is an entirely external player in the Caucasian geopo-
litical theater, and the EU in its current structural and institutional
condition is an entirely new player. It may make any declarations
about its goals, but its presence in the region that used to be part
of the Soviet Union will continue to keep Moscow on alert. As for
the possible deployment of NATO and/or EU military infrastruc-
tures along Russia’s southern flanks, the reaction from the
Kremlin would be even more predictable. Citing the protection of
pipelines and/or the prevention of ethnic conflicts as explanations
for such a deployment would mean overstating the degree of
patience, complacency and naïveté of the Russian leaders.

Presently, it is difficult to outline the contours of a compromise
that Moscow would be ready to make with the West in
Transcaucasia. Obviously, it will not object to a mutually beneficial
business partnership and honest economic competition. But the idea
of turning Azerbaijan, Georgia or Armenia into a military and polit-
cal affiliation of the EU will inevitably encounter Russia’s resistance
with all of the negative consequences concerning peace and stabili-
ty in the South Caucasus. This, in turn, will directly affect the guar-
antee of reliable deliveries of Caspian energy resources to the West.

Naturally, any discussion about a European military presence
in the Caucasus as an accomplished fact would be misleading.
However, an epoch of pleasant and unpleasant surprises continues
in Transcaucasia and elsewhere on the former Soviet territory, and
the Europeans must be prepared to face them, too. This necessi-
tates mutual understanding, credibility and close partnerships that
are based on an a priori recognition by the West of bare reality,
namely, that Russia will always maintain its interests in the South
Caucasus and those interests will demand tangible, and not ver-
bal, respect.

"EVERYTHING HAS BEEN PAINTED NEGATIVE"

Meanwhile, it is more frequently heard these days that Russia has
ostensibly lost the ability to be responsible for what is happening
in the post-Soviet South Caucasus, and that is why the West must
assume the burden of that responsibility. The West has developed
a voguish thesis that Georgia, Armenia and Azerbaijan need new
ideas, new teachers, and new patrons. Western experts remain
faithful to the belief that the imported “right” democracy and a
self-organizing market economy offer a panacea for all post-Soviet
problems. Moscow’s re-integration efforts, mostly quite ineffect-
tive, provoke strong resistance; this, in turn, promotes destabiliza-
tion precisely where it should be avoided.

Members of the European expert community declare the impe-
rial phase in Russian history a thing of the past, while stressing
that the West is ready to nip in the bud any Restoration impulses
coming from Moscow. No one seems to be dismayed anymore by
the thesis that suggests: “We don’t need a strong Russia,” or its
byproduct idea that argues: “We don’t need a united Russia.”

Many analysts do not deny today that the idea of sovereignty
and territorial integrity has ceased to be axiomatic, and the West is
apparently reluctant to renounce the practice of double standards
in that area. When priority was given to breaking up the Soviet
Union and weakening Russia to the limits, the West waved the
banner of national self-determination. The need to build some sort
of a containment barrier around Russia only emerged later, and
now the West is ready to build it from anything that comes in
handy, including failed states. No consideration is being given to
the inconsistency of those countries, the low level of democracy
and political culture of their leaders, nor the problem status of their ethnic minorities. Furthermore, encroachments on human rights, as well as the degree to which their economies are able to conform to market principles, fail to be brought into focus. What really matters is their willingness to line up with other post-Soviet malcontents in an opposition to Russia. With regard to these countries, the West proclaims that the principles of state and territorial integrity are sacred and supports the struggle of their governments with de facto independent provinces, their decisions to liquidate autonomies, and other revolutionary novelties aimed at ousting undesirable regional leaders. This is done under the pretext that the separatist authorities allegedly defend the freedom of robbing their peoples, committing financial machinations, plundering funds from the treasuries, taking bribes from criminals, and creating administrations based on clans and mafias. This is mostly true, and yet it is also undeniable that the federal governments of those states live by the very same rules, except the level of corruption and moral degeneration is much greater due to the increased availability of opportunities. The civilized West tolerates the outrages of the Caucasian “democracies” in the name of its geopolitical goals.

The events of 9/11 in the U.S. produced a brief lull in the ideologically induced pressure on Moscow in connection with Chechnya, but the West quickly recovered from the shock. Then, the “terrorists” and “gangsters” once again turned into “rebels,” while Russia’s domestic affairs took on international dimensions. Human rights became absolute to the degree that the rights of the average person paled in comparison. Finally, any move by the Kremlin triggers criticism. Everything has been painted negative — the creation of viable agencies of power and control in Chechnya, the intentions to restore its economy and put peace back on track, the plans to disarm the population by buying out its weapons, the provision of amnesty to the militants, the system of organizing local elections, the return of refugees, etc. One may get the impression that the bigger the Kremlin’s achievements, the less appealing the West finds them. The situation is bad not because the Chechens’ life is returning to normal, but simply because this is being done by Russia.
Meanwhile, a certain kind of status quo, though not yet quite reliable, has been preserved in Chechnya. There are tentative signs that the West has sensed this development, and as a result there has become a deficit or, rather, an absence of a positive reaction from it. And who knows — maybe the rising wave of discontent with Russia’s activities is a harbinger of the ultimate success of Russia’s normalization efforts in Chechnya.

The pragmatic West realizes only too well that whoever brings peace and affluence to the post-Soviet territories will have (overtly or covertly) the dominating positions there. This realization has produced a demonstrative obstructionism against Russia’s peacemaking initiatives. By way of justifying that line of conduct, European analysts argue that the West has misgivings that Russia, failing to become a civilized state, may succumb to the temptation of following a neo-imperial policy. They interpret the results of Russia’s post-Soviet development over a tiny historical period as a total flop, arguing that it is not yet clear whether the market system has emerged victorious, while announcing that democracy has been defeated. Russia has preserved the culture of violence but has not acquired the culture of administration. Its inability to find a worthy self-identity and a self-comprehension scares the West and compels it to grope nervously for the tools of defense. Meanwhile, Western countries do not make the slightest hint that they also have a share of responsibility for the situation.

The rhetoric regarding the absence of alternatives to the policy of ‘erasing the borderlines’ ceases when it comes to Russia’s interests in the Caucasus. The idea of turning the Caucasian Range into a “sanitary cordon” is given tacit recognition, and the question of who will benefit from it has also received a clear answer. Moscow, too, will have an answer if it delves into the considerations concerning the importance of installing barriers in the Caucasus against terrorist and other threats from the South.

The events are proceeding with the accompaniment of calls to build up the EU defense capabilities since the U.S. is slashing its presence in Europe.
“Chivalry has not died out in the East, but an Eastern paladin goes on a ride not to rescue a beautiful maiden from magicians, but to kidnap one for himself; not to punish oppressors, but to rob anyone he meets. Very often he flings himself headlong into danger without any hope for profit, only because he wants to go on a rampage and indulge his excessive energy on somebody in order to bring home a fragment of a weapon seized from someone, or a wound in his body, and then moan to the accompaniment of his neighbors’ congratulatory songs.

“A robber is the most interesting character of Asian fairy-tales and poems… The forbidding mountains, together with the protection offered by local residents and even khans, offer so many ways to be a successful robber that robberies in Transcaucasia, which is under our control, are very frequent, despite the government’s efforts to put an end to them. Recalcitrant highlanders plunder while pretending to be pacific people; pacific people do the same, passing the plundering off as that committed by recalcitrant highlanders.”

*Alexander Bestuzhev-Marlinsky*. The Caucasian Essays, 1820s.
“Tourists visiting the Caucasus even now can often see antiquated scenes and figures. Despite the difference in their origin, as well as in their religions and ways of life, the Caucasian peoples feature a constantly increasing agreement in their customs and views. While they have borrowed much from the Russians, the latter — with their elastic and resilient character, which is impressionable and receptive despite a protracted war against the fanatic, belligerent and merciless highlanders — have borrowed many Caucasian features, as well, and have developed a special, Russo-Caucasian type. Even the Caucasian troops are notable for their dashing and proud features which distinguish them among the other Russian troops.”

Grigory Moskvich,
A Guide to the Caucasus,
St. Petersburg, 1908.
REALPOLITIK A LA CAUCASIEN

Yet, it would be a mistake to believe that the Western politicians and the intellectuals servicing them form a monolith corporation of fellow-partisans. Some analysts do not see any sense in wasting effort on the risky strategy of squeezing Russia out of the traditional zones of its influence. Since the West is unable to substitute for the Russians for a number of reasons, it had better leave some things the way they had been historically formed. Moscow will always be able to come to terms with the former Soviet provinces where Western leaders are incapable of even opening a dialog. That is why cooperation, and not contention, with Russia offers many more benefits – the results will be better.

The idea that a power vacuum cannot be permitted to appear on the post-Soviet territory is also met with understanding, since it will be immediately filled with extremist ideologies and aggressive policies. In comparison with the regional and global consequences of such a phenomenon, the contradictions between Russia and the West will seem little more than childish pranks then. The probability that the vacuum will emerge is high enough if the EU takes responsibility for the situation and security in the newly independent states — together with the U.S. or separately — and then pulls back from its pledges after running into problems of the Afghan or Iraqi type (like the Americans did). Moscow has a long historical record of making good political contacts in the South Caucasus and Central Asia. It also has peacekeeping operations there to its credit. Policymakers in those countries have grown accustomed to the Russian style of conduct: it is short of elegance and delicacy, but possibly its straightforwardness makes it fruitful.

Some Western experts continue to advise the EU and the U.S. that the Caucasus has a sophisticated and highly flammable texture and handling it requires much care. No one can guarantee that the political technologies successfully tested in other parts of the globe will be as productive there. In this sense, proposals by some observers to comprehend the specific features of the situation in the Caucasus, which are deeply rooted in history, are samples of realistic thinking of the highest degree. Those observers
realize that, in essence, the elite political quarters in the region deem Russia as a priority partner, and attempts to reorient them to others will only add fuel to the flames in the Caucasus, as well as on the international plane.

Incidentally, it is important to remember that the terrorist organizations based in the Middle East keep a close watch on the North Caucasus, and their activity in that region may spread far and wide should Russia provoke them with its feeble and inconsistent policies.

Other variations on the subject occasionally surface, namely: “How should we [the West] organize the post-Soviet area and catch the historic chance that is now available?” The destiny of the Russian and Soviet imperial heritage is contemplated differently, but invariably from the perspective of Western national or supranational interests. Whether they coincide with Russia’s own interests is not a consideration of the first order. Naturally, that coincidence would relieve the West of many problems, but its absence will not make anyone there grievous. After all, the gist of any state policy is to care for one’s own wellbeing, is it not?

Nor do the Russian intellectuals display signs of unanimity. The inertia of their ideological servility before the West is waning, while the Realpolitik trend, based on the esteem for the values of a strong state, is rising up. The Western community is watching it with an understandable alertness, although it was thanks to the West that the Russians developed the skills of discerning the things that are bad or good for their country.

Recent events in the Caucasus have illustrated fairly well the difference of approaches toward Russia’s policy in the Caucasian region. Some analysts described the Kremlin’s stance on the Adzharia conflict as a breakthrough, saying it had shown to the civilized West an example of selflessly serving the cause of peace and stability. However, others responded with bewilderment, asking how the Tbilisi government had won Moscow’s disposition: by the unending efforts to fan an anti-Russian hysteria in Georgia? Or by conducting a pro-Western and pro-NATO course? Or by toiling to create anti-Russian alliances all along the perimeters of
Russia’s state borders? Whatever the answer, the “young Georgian reformers” would have hardly succeeded in staging the “revolution of roses” in Adzharia without Moscow’s support; otherwise, the whole story could very well have ended in disaster for them.

Expecting gratitude tomorrow for the help you gave yesterday does not seem rational. Therefore, is it not much better to make others realize that Russia’s voluntary or forced pullout of the South Caucasus will entail Moscow’s decision not to make any efforts to “velvetize” dangerous revolutionary processes there? It will also relieve Moscow of moral and legal obligations to keep the territorial integrity of the regional countries. If Moscow decides to pull out, it will — with all of the ensuing consequences. The post-Soviet agglomerates, unable to defend their sovereignty and national integrity, deserve what has happened to them, or is yet to happen.

* * *

Russia’s top political milieu is growing restive over the amassed Western penetration into Transcaucasia. Attempts to create an adequate response to that challenge could be seen in the endorsement of a legal international status of the Caucasian Quartet — Russia, Georgia, Armenia, and Azerbaijan — as the chief instrument for solving regional problems and facilitating regional integration.

No one can foresee all the momentary fluctuations — the ups and downs of the global, regional and local political situation. This is the reason Russia and Europe must agree on the rules of the game and methods of averting the worst possible scenarios in a region where explosive tendencies will exist in the future.

Russia does not need Europe’s default, while the Europeans do not need Russia’s default. The EU will not receive any other proxy on the post-Soviet territory, nor another more natural partner in settling the post-Soviet conflicts than Russia. These two neighboring civilizations are facing a tough challenge of destiny, the destiny that has more than once punished both of them for their unwillingness to walk hand in hand so as not to perish in loneliness.
The recent developments in Adzharia, Ossetia and Abkhazia, followed by an aggravation of tensions between Tbilisi and Moscow, call for an in-depth analysis of the events that took place during the last years of the Soviet Union and on the post-Soviet space in the early 1990s. This analysis can provide clues to understanding the nature of the current developments and ways to handle them. It cannot be entirely ruled out that the resolve of the Georgian authorities to prop up the country’s territorial integrity through the use of force and the support from foreign powers may entail a reconsideration of Russia’s — and the international community’s — position toward the problem. Eventually, the breakaway parts of Georgia may receive recognition of their sovereign status, while the patchy Georgian mini-empire may vanish.

But let us consider all of it in due order.

It is generally believed that international law operates by two equitable and complementary principles — the right of nations to self-determination and the territorial integrity of sovereign countries. All of the existing states, including the U.S., became independent through self-determination. However, in practice, deciding on which right to give preference to may be problematic. The past decade, and especially the period that followed the disintegration of the Soviet Union, demonstrated in bold relief that the international communi-
ty does not have any general rules; the great powers make decisions with regard to their own interests, and support an action depending on the situation. During the events in Yugoslavia and Iraq, for example, the U.S. made it clear that those principles could be ignored and decisions could be implemented through the rule of force. Thus, it appears that decisions can be taken in defiance of the international community, the UN, the Security Council, etc., and references to international principles are rather conventional. Russian diplomats should bear in mind this circumstance while formulating ways to tackling issues concerning the Georgian-Ossetian conflict, the deterioration of Georgian-Abkhazian relations, and the forthcoming presidential election in Abkhazia.

THE RULERS’ WHIMS
When the Soviet Union was falling apart, the idea of keeping it together did not occur to anyone in the West. Nor did anyone draw attention to the fact that the former Soviet republics had opted out of the country, and this move entailed an encroachment on the Constitution as regards specially established procedures. Moreover, the Western countries failed to maintain the territorial integrity of Yugoslavia, a sovereign nation and a member of the UN. Germany recognized the national independence of Slovenia and Croatia, and thus accelerated Yugoslavia’s collapse, while stripping the Yugoslav Armed Forces and the Belgrade government of the legitimate actions necessary to keep the country united.

A natural question arises: Why, in a similar situation, when the Soviet Union was disintegrating, did some of the territories that had been appended to the former Soviet republic by the whims of the arbitrary Stalin face a strong rejection of their legitimate right to acquire independence? Why do they still have the status of “self-proclaimed” ethnic entities, while their former parent states claim to have the right to bring them back under their sway, peacefully or militarily?

I believe the explanation can be found in the circumstances under which the disintegration of the Soviet Union occurred. The explanation also lies in the kind of forces that sped up this process.
These factors determine the line of conduct adopted by the Russian government and, consequently, the international community.

Admittedly, the authorities of the Russian Federation hurried to remove the powers of Soviet President Mikhail Gorbachev — or the “yoke of imperial Moscow” as they called it. This also explains why they recognized the independence of the Baltic republics with unprecedented rapidity — immediately following the abortive coup d’etat of August 1991. They did not bother to address several vital issues that arose right after the Soviet Union ceased to exist, such as the problem of the Russian ethnic population in the newly emerged states, the remaining communication lines and military installations, or the withdrawal of army units and armaments from those territories. All of those factors were simply ignored. Thus, in the 1990s, Western experts had every reason to argue that for Russia to accuse the West of its unwillingness to take account of Russian interests in those regions was totally groundless, given the fact that Russia had unequivocally recognized the sovereignty of those countries without conditioning them by any agreements or terms. The situation was pretty much the same with Ukraine and the former republics of Transcaucasia.

When Yeltsin relieved himself of the reins of Gorbachev’s “imperial” center, he was not at all interested in creating new problems for his rule for several reasons. First, Yeltsin’s Russia was extremely weak. The risk that his presidential powers would collapse was looming large during the initial phase of the reform. The Supreme Soviet, which was the name of the parliament at the time, had numerous opportunities for legitimately ousting Yeltsin and blocking his reforms. The state found itself in a deep economic and political abyss. Consider the testimony that Strobe Talbot offers in his book entitled The Russia Hand. He makes it plain that in those days the agenda of Russian-U.S. relations was mapped out exclusively by Washington. Moscow had to fulfill American requirements and could only proclaim concessions in order to keep its distressed ship of state afloat. Russia was not in a position to set forth and/or resolve strategic issues that would determine the nation’s future development.

Had Russia followed Germany’s example and recognized the independence of the territories that had ceded from Azerbaijan,
Moldova, Ukraine, and Georgia (respectively, the Republic of Nagorno-Karabakh, Transdniestr, the Republic of the Crimea, Abkhazia, or South Ossetia), it would have stimulated secession processes throughout the Baltic region, northern Kazakhstan, and eastern Ukraine. And this, in turn, might have stopped the collapse of the Soviet Union.

However, such actions ran counter to Boris Yeltsin’s interests and threatened to bury his hopes to reign peacefully within the boundaries of the Russian Federation after Gorbachev had been removed, and to manage the resources slated for privatization within its administrative borders.

To sum up, the impossibility of the Russian leadership to recognize the self-proclaimed territories was rooted in the very method of Russia’s own secession from the Soviet Union, the role that Yeltsin played in it, and Russia’s weakness at the time.

WHIMS OF HISTORY
This does not mean, however, that Azerbaijan, Moldova, Ukraine or Georgia had a legitimate right to govern their secessionist territories. As was stated on numerous occasions back in the late 1980s and the early 1990s when the Soviet Union still existed, those territories had been annexed to the master republics by Stalin’s personal wish and obstinacy. Their creation ignored economic, political and many other factors, nor did it conform to democratic norms or procedures. Although all of the Constitutions of the Soviet Union stipulated that the ethnic territories were incorporated on the terms of their self-determination, no one had ever asked the opinion of their populations on that issue. The Soviet Union was a totalitarian state where decisions were made by top bodies of the Communist party.

And yet times change, and the flow of time changes international relations. The character of the Russian regime and the ethnic state formations that have emerged on the wreckage of the Soviet Union have become different, as well. Kazakhstan and Ukraine, for example, have attained a consolidation of power and governability, and this progress has, to a certain degree, removed the potential threat of ethnic separatism and independence-driven secessions on their
territories in the immediate future. Georgia, on the contrary, has turned into a ‘failed state’ in the full sense of this phrase. It has failed to build efficient and consolidated economic, political and military institutions. It continues to depend to a great degree on the financial support of the Western countries, international financial institutions and other organizations. Abkhazia and South Ossetia had positioned themselves outside the Georgian state even before the breakup of the Soviet Union. To a lesser or greater degree, Tbilisi lost control of other ethnic territories, as well — or rather, it retained symbolic control over them. Georgia has experienced several armed revolts, revolutions and counterrevolutions. Its internal political life was rife with encroachments on generally accepted democratic norms, regulations and procedures. The oppositional political parties, as well as the majority of the population, continuously questioned the legitimacy of the government in Tbilisi. Therefore, it is no accident that the ‘velvet’ and not-so-velvet coups were accomplished with a striking easiness there.

Against this background, Abkhazia and South Ossetia resembled islands of stability, relative affluence, legitimate existence, and consolidated power. They developed the institutions that ensure the steady development of the regions, albeit on a limited scale. Their populations were spared the unending chain of imbroglios and shocks that ripped across Georgia. From this viewpoint, Abkhazia and South Ossetia have more right to be considered successful states than Georgia, not to mention official Tbilisi, which makes claims to all of the areas within the administrative borders of the former Georgian Soviet Socialist Republic.

Moreover, the legitimacy of including Abkhazia and South Ossetia into Georgia and, consequently, of the references to territorial integrity, is highly questionable. From the viewpoint of international law, Georgia did not have a legitimate title to those territories; in different periods of time they were parts of the Russian Empire and, later, the Soviet Union. By the time the Soviet Union began to disintegrate, Tbilisi had lost practical control over those territories. Incidentally, Karabakh, South Ossetia, Abkhazia, and the Dniester region made declarations of their independence in full
compliance with Soviet legislation when the Soviet Union still existed. Consequently, they believed that they had genuine freedom from the jurisdiction of the metropolitan republics after the Soviet Union had collapsed. Quite naturally, the political and legal relations between Tbilisi, Baku, and Chisinau and their former autonomies shifted to the sphere of international law.

IRRELEVANT REFERENCES
Generally speaking, I do not see any legal or international barriers to recognizing the independence of those self-proclaimed republics in consideration of the practices that the Western countries demonstrated toward the republics of the former Soviet Union and Yugoslavia. That is the reason why all references to the principle of territorial integrity are irrelevant. Following the breakup of the Soviet Union, the notion of territorial integrity lost its import, since the territorial integrities appeared there and then, where and when the local authorities succeeded in building their own statehoods, creating efficient political institutions and tightening control over the territories within Soviet-era administrative borders.

The geopolitical situation is different now. Russia has fully restored its international status, subjective factors have vanished from Russian-U.S. relations, and the very agenda of that relationship is no longer formulated in Washington. This opens up an opportunity to look from a different perspective at the history of Soviet disintegration, the rise of the new republics, and the secession of ethnic state-like entities. If Russia develops an interest in recognizing the legitimacy of those states on the basis of international law, there are no barriers that prevent it from doing so.

Certainly, the U.S. and some European countries may produce an unfavorable reaction to such recognition, but their reactions will be purely political and will have nothing to do with the norms and principles of international law. All the more so — the Americans determine their position on these issues in a very subjective manner, stemming from their specific current interests. U.S. national interests come first, while the interests of other countries have secondary importance.
A good lesson in this respect can be drawn from the history of the Transcaucasian countries that came out of the ruins of the Russian Empire and from the position that the international community took on them at the time. The League of Nations that was set up in the wake of World War I postulated a principle that prohibited the extension of membership to countries with an undefined territorial status. For this reason, the League denied admission to Armenia, Azerbaijan and Georgia, since those newly emerged countries had territorial claims to each other. This proves that the League’s founding fathers had more foresight in making such decisions. They refused to legitimize those states that could not control some or other parts of their territories, or to states that incessantly conflicted with each other. Problem countries were supposed to settle their disputes first – either on their own or with the aid of the international community.

One more consideration is worth mentioning. Quite possibly, these problems are not limited to the relations between Russia and Georgia, Ossetia and Georgia, or Abkhazia and Georgia. They can be discerned in the relationship between Moscow and Washington. Changes are sweeping the world today, and the postulation that there can be no permanent allies or foes has proven to be unquestionably true. Who could have imagined that Russia would be much closer to the U.S. on many issues than France or Germany, the closest allies of the Americans within NATO and the Western bloc in general, and long-time allies of the U.S. in fighting the Soviet Union? Russia is cooperating extensively with the U.S. and Western nations on a number of issues today. These include curbing terrorism and WMD proliferation, drugs trafficking, etc. Given the situation as it is, Russia and the U.S. share not only many areas of competition, but also many areas of cooperation. Their geographical influence covers the post-Soviet countries, the Middle East, Afghanistan, and Iraq. Furthermore, against the background of rising oil prices and the intensifying conflict between the Western and Islamic worlds, Russia’s role may grow considerably. Therefore, it would be unwise of the West to put up insurmountable obstacles against Russia’s efforts to solve the problems of Abkhazia or North Ossetia, as well as other problems presently burdening Russian-Georgian relations.
Western community will hardly overdramatize the standoff between Moscow and Tbilisi and gather tangible forces to squeeze Russia out of the region. It appears that the time has come for Russian diplomats to toughen their stance on these problems and show that others must take account of Russia’s interests in Transcaucasia. It should be made clear that Moscow may take unilateral steps, either with the outright support or silent consent from the West.

Finally, there is a graphic example of Turkey organizing a 30,000-troop landfall in Cyprus in 1974 and occupying almost half of the island, ostensibly to protect 17 percent of the Turkic islanders who were not even Turkish nationals. The action was undertaken to avert the threat of a surge of Greek influence and its reunification with Cyprus. The majority of people living in Abkhazia and South Ossetia have Russian citizenship now, and the protection of their interests also provides legitimacy to the recognition of sovereignty of those self-proclaimed republics. Once they receive recognition of their independence, they will have an opportunity to decide whether or not to unite with Honduras, Burundi, or maybe even Georgia.

Perhaps we must thank President Mikhail Saakashvili whose hysteria and bellicose statements draw these territorial issues to the attention of Russian politicians and the international community. As a result, Russia may have to reconsider and radically change its position on the problem and take resolute steps that it could not afford in the past for a number of the aforementioned reasons.

Facts indicate that Mr. Saakashvili has apparently decided to continue the cause of Georgia’s first president, Zviad Gamsakhurdia who, by proclaiming “Georgia for Georgians,” actually had his home set on fire. Today, Saakashvili seems to be propelling a de jure formalization of Abkhazian and South Ossetian independence. Georgia will thus lose the quality of a mini-empire as defined by Dr. Andrei Sakharov, a democrat and liberal and a man whom no one would dare call a chauvinist or proponent of totalitarianism. If some people say that the age of empires is gone, it is then gone for all empires, large or small, and Mr. Saakashvili definitely has to take this into account and reconcile himself with this reality.
Compared to other numerous articles describing the notoriety of Georgia and its president, Andranik Migranyan’s article *Georgia Propelling Its Disintegration* stands out for its delightful naivety. Take, for instance, the author’s reference to Georgia’s (as well as Azerbaijani, Moldovan, and Ukrainian) original sin. “Their creation ignored economic, political and many other factors, nor did it conform to democratic norms or procedures,” Migranyan writes. This, beyond doubt, should make them so much different from the Russian Federation, as if it had been formed by someone other than the Kremlin bosses or with obeisance to “all the democratic norms.” Yet Georgia is, undoubtedly, worse than all the others. What kind of a country is it? It’s unable to manage its own affairs, “it has failed to build efficient and consolidated economic, political and military institutions.” As one of Dostoyevsky’s heroes would say, “Why should a person like that live at all?”

The same applies to whole countries. In 1939, Molotov explained that the destruction of Poland was quite justified: that country, “a moronic offspring of the Treaty of Versailles,” was no survivor.

How very true! And gee, Russia is different. It has “efficient political and economic institutions,” and its achievements are soaring so high that Russia’s finest political experts have every

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right to tongue-lash that ignominious nuisance called Georgia. True, there are some politicians (for example, Putin) who claim that Russia badly needs to become efficient itself, but this is our purely domestic affair, you know. Well, Georgia’s weakness and inefficiency has become a domestic affair, too. That is, Russia’s domestic affair; Georgia is no alien to us, and its problems are our own problems.

“Abkhazia and South Ossetia began positioning themselves outside the Georgian state even before the liquidation of the Soviet Union,” Migranyan states. Once again, how different we are — Chechnya began positioning itself outside the Russian Federation once the Soviet Union had already ceased to exist.

“Since those territories [Abkhazia and South Ossetia] were incorporated into Georgia without an observance of the rights or will of their populations, Abkhazians and Ossetians never viewed Georgia’s territorial integrity as legitimate.” Are we not better again? Chechnya and all other regions of the North Caucasus were, of course, included in the Russian Federation “with observance of the rights and will of their populations.” That is why, I suppose, the Chechens hold Russia’s territorial integrity in such a high esteem.

To sum up, there is no sense citing all of the instances of double standards — it is not worthwhile rewriting someone else’s article. Its sole specificity (like that of numerous other articles) lies in the fact that it would be difficult to recall the proverb about ‘a speck in the brother’s eye and a log in one’s own eye’ as often as in this case.

END OF THE ROMANTIC BEACH STORY

Georgiophobia. I could never imagine that our society would invent such an odd thing. Once, it looked as if Russia had so many types of xenophobia that there was no place to poke your nail between them, and yet a new phobia appears.

I dare say Georgiophobia falls into a new category. It is simply a pungent new branch on the tree of Caucasiophobia. I say ‘new’ because the traditional treatment of the Georgians and Ossetians in Russia has been fairly friendly. One could even speak of some sort
Georgiophobia

of Georgiophilia. This situation has many underlying reasons. The Georgians and Ossetians are Christian, and Russia never warred against them, while Georgian princes made up an inalienable part of the Russian imperial elite. The Soviet era was a special story and its nice attitude to Georgia that marked Stalin’s rule does not need any explanations. After Stalin’s death both intellectuals and grassroots maintained a warm, although mildly ironic, friendliness toward the Georgians. One may recall the Muscovite Georgians like the chansonier Bulat Okudjava and the filmmaker Georgy Danelia, the popularity of Georgian movies and wines, as well as the respect for Georgian hospitality. The spirit of those relations was perfectly reflected in the Soviet-era movie by Danelia titled *Mimino*, a confirmed hit. Naturally, Georgia being not only a home to perfect wines and smoky kabobs, but also an independent country demanding (Now, who could imagine that!) equal treatment came as an unpleasant revelation for us. Russia could accept with greater ease its divorce with Ukraine, the cool and always estranged Baltic republics, the faraway Central Asian nations, and even with Azerbaijan — but not Georgia! “Why, after we’ve been treating them so nicely!” In a word, the former cordiality turned into an opposite feeling of irritation with rather ungentlemanly overtones. Russia would just not admit that Georgia is not a big restaurant, but a separate independent country, although relying on Russia in many ways.

Special note should be made about the so-called ‘Shevardnadze factor.’ Russian patriots and nationalists have an equal measure of love for Stalin and hatred for Shevardnadze, and this seems strange at first glance. Stalin’s name is associated with the murder of millions of Russians and the toast “To the health of the great Russian people,” which he made public shortly after the end of World War II, can scarcely compensate for it. As for Shevardnadze, he never committed such atrocities, whatever his notoriety in other respects. But the hatred toward the “traitor Gorbachev” also extends to the “traitor Shevardnadze.” In the 1990s, it became fashionable in certain quarters to upbraid Shevardnadze — the stronger the epithets addressed to him, the more patriotic a person would seem.
Shevardnadzes come and go, of course, but Georgia remains. In the meantime, one can hardly succeed in developing good relations with a country while castigating its leaders at the same time.

SENTIMENTS ASIDE
All of this may seem to be pure sentiment. After all, relations between countries are not determined by emotions or by history (otherwise, Russia would hardly have any relationship with Germany at the present time); they are grounded in economic, political and military interests.

The tangled and antagonizing history of relations between Georgia and Russia from 1991 through to 2004 awaits scrupulous analysis. Attempting any guess as to who is to blame is useless at the moment. It may have been Zviad Gamsakhurdia with his affected anti-Russian hysteria; Russian generals who helped the Abkhazians to fight with the Georgians; Shamil Basayev’s ’Abkhazian battalion’ engaged in the massacre of the Georgians, who believed that it was directed by Moscow; the U.S., convinced that a pro-American Georgia must preferably be anti-Russian; or the warlord Ruslan Gelayev and his gang that took hiding in the Pankisi Gorge. No one can draw a commonly shared opinion on all of these factors today. Moreover, it is unwise to build relations that are based on the balance sheet of past reciprocal offenses.

Presently, the situation looks this way.

Saakashvili publicly admits that the militants have bases in the Pankisi Gorge. Georgia fancies ridding itself of those “visitors” (despite the fact that they have well-greased henchmen in Tbilisi), but it does not have the strength to do so. Georgia is the militants’ hostage. Even Russia has great problems in waging a war on them. And if Georgia gets drawn into that war all alone, it will simply collapse. Russia is the only force that can rid the Georgians of the militants’ presence at the moment.

In this context, only a crank would quarrel with the Georgians because of the militants at a time when the two countries have a clear common goal of eliminating those very militants.
Unfortunately, the possibility that a real quarrel is in the cards is very big. Russia must deliver preemptive strikes (which, in fact, will be retaliatory and long overdue) at the militants’ bases in Georgia, but not at Georgia as such. The task at hand is to pound the militants on the Georgian territory while acting in Georgia’s interests and not against them.

What is the right method of carrying out such a mission? Presently, the road from Moscow to Tbilisi lies via Washington, which means that the Russian authorities must take it. We will first have to understand what our target is. Is it to suppress the militants’ bases in Georgia? If so, we must establish businesslike relations with Georgia as an ally and partner in a coalition against terrorism while, at the same time, securing U.S. assistance. Russia and the U.S. in this case shall first issue guarantees to Georgia concerning security against terrorism; only then should an operation in the Pankisi Gorge begin. Georgian and American participation in such a mission is desirable and their consent mandatory.

Or is it the case that Russia seeks to flex its muscles before their eyes and demonstrate its tough-guy style to Georgia? Then everything is OK — the operation in the Pankisi Gorge is unneeded and we can simply engage in saber-rattling — not so much to frighten terrorists, but rather the Georgians. Then more articles like Migranyan’s will be highly instrumental. And may they hint unambiguously that “America is playing filthy tricks on us.” Such comments will not help defeat terrorists, but damn them all anyway! We are concerned not about them or Georgia or the U.S., but about scratching our teenage pimples.

One can do the first thing first or the second thing first, but alas, solving both tasks at one time is impossible.

**ABKHAZIA. SOUTH OSETIA**

It seems to me that gaining new territories is precisely the thing that Russia does not need these days. Moreover, if it does need new territories, it is worthwhile seeking them in any other place, even on the North Pole, but not in the Caucasus. I dare say that Chechnya is quite enough for us now. To support foreign sepa-
ratism means to throw stones at your neighbors while living in a glass house. Should we really do it even if we love our neighbors so dearly?

Supporting the separatists may have played into our hands—we have something to bargain over. If our goal is to wipe out the terrorists in their backyards, then Russia must offer Georgia a compromise. The Georgians have an interest in restoring their territorial integrity. The Russians have an interest in building an alliance with Georgia to fight against terrorists. Thus, here is a possible solution: Russia stops supporting separatism in Abkhazia and South Ossetia on the condition that guarantees against ethnic cleansing are established in those territories. This means, among other things, that Georgian laws come back in effect there (naturally, in the format of a federal Georgian state and not the unitary one) and Russian troops (or NATO or U.S. or CIS troops) are deployed there as the guarantors of law and order, as well as the rights of the Abkhazians, Georgians, and Ossetians.

Thus, we would be getting new space for practical policies in the Transcaucasian region instead of today’s senseless and dull wrangling. An alliance with Georgia would fortify Russia’s positions in the Caucasus. That alliance cannot be anti-American. In fact, it would be the first step toward creating a trilateral union, where Georgia will serve the role of a bridge between Russia and the U.S.

Presently, Georgia is a political testing range, where we are amusing ourselves by acting out the diplomatic methods of the Cold War era. We are pounding the Georgians with words and thus sending signals to the U.S. Many people can reap profits from such a game, and for many others in Russia it is a balm for the heart. But if we are seeking to fight with terrorists in earnest, we will have to see to it that Georgia becomes the first testing ground for a Grand Russo-American Alliance. The task is complicated but solvable. We all have a common foe—international terrorism—which for Russia comes in the form of a “Chechen incarnation.” If Russia and the U.S. really place this issue on the list of top priorities, the opportunity will emerge for finding com-
promise solutions to all of the other problems — including pipelines. With regard to the pipes, sharing agreements are possible — a wide contrast to security and terror that cannot be split into shares. And of course, the interests of Abkhazia and South Ossetia are viewed differently by people and politicians; the latter place emphasis on selfish ambitions, while the people are craving for stability. Once it is achieved, Abkhazia, a God-blessed land which has the potential to play host to world-class resorts, may draw considerable investment. Let the Russians, including their generals, consider how high the value of their Abkhazian dachas would soar then.

Any altercation with Georgia, in which Russia will play a safe but pitiful role, may occur, of course. And such irrationality may one day spill over into “a small victorious war” against the Georgians. This, in turn, may set the entire South Caucasus ablaze — right in the neighborhood of the Chechen powder keg. That war will definitely a) finish off the CIS, b) push Ukraine and Azerbaijan into NATO’s embrace, c) spoil Russia’s relations with the U.S. and the Europeans, and d) jeopardize Russia’s relationship with the populous and influential Georgian community that is now settled in Russia.

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Russia is Georgia’s natural ally. To make Georgia understand this, Russia must change its attitude toward its southerly neighbor. First and foremost, we must take our feet off the tabletop and stop putting on arrogant airs. And to make the job easier, let us read the last passage of Migranyan’s article “If some people say that the age of empires is gone, it is then gone for all empires, large or small.” Did I fail to understand this part correctly?
At the start of the 21st century, the countries that once made up the Soviet Union have approached a momentous point in their history. The inertial development model which is characteristic of a majority of the former Soviet republics (now known as the Commonwealth of Independent States), and which continues to function thanks to the partially surviving ties and potential from former times, is almost exhausted. Now, the ex-Soviet republics must choose a program for their further development, which equally takes into account their foreign-policy orientation, as well as the creation of a social and economic model.

The world now tends to form interstate associations which are largely economic in nature (the European Union, the Common Economic Space of Russia, Ukraine, Belarus and Kazakhstan, the North American Free Trade Agreement, etc.). The newly independent states bordering on the mighty development centers, such as Russia, the EU or China, will have to set their priorities and decide for themselves what structures they would like to integrate into. They should also decide whether they are ready to sacrifice their independence in political and economic decision-making, in exchange for benefits from their participation in the more powerful supranational organizations, and whether the integration scenario is the only possible solution to their development tasks.

The Republic of Armenia must find the answers to these questions, as well. The land-locked country is surrounded by a hostile environment and does not possess an abundant supply of natural resources. Even though the economic growth rate in Armenia has
stood at five to seven percent a year on average since the mid-1990s, its GDP, together with the population’s incomes, does not exceed 60-65 percent of the 1990 figures.

What does the future hold for Armenia? In order to determine the prospects for the country’s long-term development proceeding from its potentialities and the uncertainty factor, representatives from a broad range of groups launched the Armenia 2020 project. Participants included Armenian scholars, representatives of the Armenian communities in Belgium, Britain, Canada, France, Germany, Russia, the United States and other countries, as well as several organizations (see the full list on p. 144) The survey was conducted by means of a scenario-building exercise.

About 80 percent of ethnic Armenians polled in the country and around the world said that Armenia must focus on the development of a knowledge-based economy and the creation of new jobs. Seventy-five to eighty percent stated that the Armenian government must be the main factor in improving the population’s wellbeing, and that it must pursue an active policy for attracting foreign investment in the country. An analysis of Armenia’s social structure and requirements shows that a program for institutional reform — should it be proposed — would be supported by 70 percent of the Armenians.

In preparing various possible scenarios, the members of the project assumed that Armenia’s population will remain unchanged at 3-3.5 million people with a total area of about 30,000 square kilometers. A majority of the experts agreed that by 2005-2006 the current model of Armenia’s inertial development will be exhausted, so they worked out scenarios for the subsequent period ending in 2020. They did not consider obviously negative variants leading to economic collapse, a decline in the population’s incomes, reductions in the number of the population and the loss of territory.

**FOUR SCENARIOS FOR 2008-2020**

1. **Integration into the European Union**
This scenario can be described as the ’Ireland model.’ (Ireland, which joined the European Economic Community in 1973,
Availed itself of the advantages offered by the common European market and turned from a relatively backward country into one of the fastest-developing economies in the Old World.) This scenario provides that at some time before 2020, Yerevan, together with Baku and Tbilisi, may meet the criteria for joining the European Union (depending upon its economic situation, level of democracy and a rule-of-law state) and become full-fledged EU members. (Due to political reasons, one of these three Transcaucasian states joining the EU without the other two seems unlikely.) Obviously, Armenia’s accession to this larger and more developed economic space would bring about the country’s stable growth. In order to meet the integration requirements, Armenia would have to liberalize its economy, which would accelerate its development given its relatively cheap yet productive source of manpower. The adoption of European standards would strengthen democracy and civil society, as well as boost investment in science and education.

This seemingly optimum scenario, attractive to many of the post-Soviet states, runs up against a very large obstacle in the case
of Armenia. The basic principle of European integration requires the member states to renounce part of their national sovereignty and delegate the decision-making powers to supranational bodies. As the European process deepens, the scale of powers delegated to pan-European bodies will only increase. If Armenia is prepared for such a move, in the next two to three years it will have to make a major decision concerning the loss of much of its independence. Meanwhile, according to a public opinion poll, about 80 percent of the respondents (both in Armenia and among ethnic Armenians abroad) said that a high degree of the nation-state’s sovereignty, that is, independence in making fundamental decisions, is an indispensable condition. The poll revealed that it is essential for Armenia to become an ’umbrella’ for an absolute majority of Armenians around the world, and a guarantor of their unity. In other words, the European choice, to which many of the post-Soviet states are now gravitating, is not an obvious choice in Armenia’s case.

2. Stagnation in isolation

This scenario can be described as the ’Paraguay model’ (Paraguay is a small South American state, rather isolated and unstable and for a long time governed by military regimes which pursued inconsistent and contradictory policies.) In this model, the dominant role belongs to a centralized state and a strong army. In an underdeveloped rule-of-law state, much of the economy goes into the informal sector. The cheap manpower and dirigiste measures can ensure short-term growth. This, however, will be followed by stagnation due to regional isolation and the lack of investment needed for the reproduction of human and technological capital.

The ’Paraguay model’ can be implemented in two ways, depending on the form and degree of Armenia’s interaction with the rest of the world.

The closed version of Armenian development: Let us assume that Armenia finds itself outside the global economy; it is not integrated into the regional or world markets and has to build a closed national economy. If the world economy remains open, isolationist tendencies in Armenia will be checked by a negative reaction
created by the Armenian diaspora, and by the need to preserve a
goeconomic balance. But if the world economy grows less open,
Armenia will become an autarky, that is, a closed political and
economic society with drastically cut imports.

Since Armenia is not rich in natural resources and has a poor-
ly developed infrastructure, it will be unable to build an effective
closed economy. It will undergo de-industrialization — due to the
shortage of raw materials, above all energy resources, the low
capacity of the domestic market and the lack of access to foreign
markets. The only surviving industries will include power engi-
neering, tourism, repair services, and a few others. Export-orient-
ed enterprises will, most likely, continue to be sold to foreigners.
These developments will reduce industrial Armenia to a small
region which will comprise the Yerevan area and a narrow strip of
land around Lake Sevan. The rest of the country, under such a
scenario, would be forced to leave the international and even
national market, as it will start using primitive forms of exchange.

Thus, over a period of 10 to 15 years, on a large part of
Armenian territory there will emerge a system of economic relations
similar to those existing in small feudal mountainous states.
At the same time, the country will experience a natural popula-
tion growth, as well as the restoration of the more traditional ways
of life. The birth rate will increase from the present 1.8 children
per family to 2.2–2.5 children. The increase will be due in large
part to Nagorno-Karabakh, a de facto independent entity in
neighboring Azerbaijan, which maintains close ties with Yerevan
(the birth rate in Nagorno-Karabakh averages more than three
children per family).

It is at this time that we shall witness the peak of
’Armenianship outside Armenia.’ The country will become an
exporter of certain kinds of manpower (healthy and strong men
who have learned certain trades or soldiering) to the entire ’Land
of the Five Seas’ (the territory between the Caspian, Black,
Mediterranean and Red Seas, as well as the Persian Gulf). These
people will not be simply emigrants but ’seasonal workers for an
indefinite number of seasons.’
There will form a regular flow of human capital: people will go from the Armenian periphery to the central industrial regions (Yerevan, Lake Sevan). Once they are adapted to the contemporary world they will disperse throughout the region. However, this will be a closed flow: the bulk of those who leave Armenia will later return to the country. In the meantime, there will emerge several basically different ways of life in Armenia and in the Armenian community.

People living in and around Yerevan will lead a European way of life, but they may be subjected to the influence of clans arriving from the mountain regions of Armenia who are engaged in illegal business activity. The mountain regions of the country will engage in its traditional forms of business, gravitating toward illegal production. The level of industrial development in Nagorno-Karabakh will be somewhat higher than in the mountain regions.

Apart from the old diaspora holding high positions in some large European countries, there will emerge a new Armenian diaspora, comprised of those people living in the mountainous areas who will leave Armenia to do unskilled work.

Although this scenario is not attractive, it is not catastrophic. Should things develop in Armenia the way we have described, the country will face a serious generation gap (the younger generation will seek integration into the open world, as opposed to the older generation gravitating toward the traditional way of life). This is not characteristic of Armenia and its culture and may result in the loss of its uniqueness. At the same time, Armenia will escape global political and economic cataclysms, typical of a phase transition, and the Armenian nation will be able to preserve its geocultural identity.

The open version of Armenian development. This model will be translated into life at the level of the Armenian diaspora. While there is economic stagnation inside Armenia, the diaspora becomes a form of the nation’s spatial development and, simultaneously, an instrument for geoeconomic interaction between the mother country (the Republic of Armenia) and the outside world. The Armenian elite are a small but united group of society, which
is well-informed about modern models for organizing activity, cooperation, and information exchanges. Moreover, it is capable of rapidly mastering these forms.

According to this scenario, in the period until 2007 the diaspora will prepare a new agenda for the Republic of Armenia, entitled “Uniting the fragmented people,” which will be aimed at addressing mutual sociological problems and building mechanisms for political, economic and cultural cooperation between the mother country and the diaspora.

From 2008 to 2015, a united economic network will be built (above all, in trade), which will involve the mother country, posing as the originator of Armenian uniqueness, with the diaspora serving as the conduit of this uniqueness.

Actually, the real issue is the restoration of a structure of mutual relations similar to the one that existed in Soviet times. In the Soviet Union, the Armenians were part of the Soviet cultural, scientific and military elites. Now they are becoming part of the elite community in the world’s major countries which have a developed Armenian diaspora (Russia, France, the United States, and others). In this scenario, the mother country will exchange human capital for a ‘development rent,’ posing as a seller of a certain humanitarian ‘product’ built on the basis of Armenian uniqueness.

However, the leadership of the Republic of Armenia may adopt a policy of autarky, for one reason or another, at any time. If so, the closed version of its development will be implemented very soon (within two to three years) and this scenario will continue for a long period of time (not less than a decade).

3. Russia’s outpost
This scenario can be described as an ‘Israel model.’ (Israel, surrounded by hostile countries, maintains its existence largely due to its military might, which by far exceeds the war potential of all its neighbors. It also owes much to the generous economic, political and military support of the United States which has an influential Jewish community. Actually, Israel is the main U.S. outpost in the Middle East.)
This scenario can be implemented if Russia consolidates and extends its political and economic influence in the post-Soviet space and becomes a guarantor of stability and security in various regional conflicts. The main prerequisite for this scenario must be the inability of the peoples in the Caucasus to receive stability and order from the outside, that is, from 'foes.' But from the point of view of the Caucasian mentality, even Russia is a 'foe,' not to mention the U.S., while Armenia is a 'friend' and the outcome of the Karabakh war has enhanced its authority. This is why it would be expedient for Russia to continue assigning the key role in the region to Yerevan.

This scenario would bring relative peace to the Caucasus, cause the U.S. to gradually withdraw its presence from the region, and give Armenia the unofficial status of 'Russia's representative in the Caucasus' which presupposes all forms of military and economic aid from Moscow. The Republic of Armenia will develop economically due to its highly skilled manpower, investment in education and scientific research, and extensive support from the diaspora and other countries. However, this growth will not be consistent because Armenia will be checked by the chronic hostility of its neighbors, a low level of regional integration, active emigration, and Armenia’s high transaction costs which affect the final price of its products; despite a cheap labor force, these are going to be restricting factors for growth. The bigger the role that Russia plays in guaranteeing regional security, the stronger military and political positions there will be for Armenia. At the same time, it will lessen the chances that the Armenian diaspora will have for participating in the development of the nation-state.

This scenario may have dramatic 'offshoots' under the common name of a 'Transcaucasian war.' This war may be provoked by an aggravation of the conflict in Georgia and its subsequent breakup, fresh confrontations over Nagorno-Karabakh, or by clashes in Kurdistan. The war may last the life of a generation and become a post-industrial catastrophe for the entire region.
4. Regional leader
This scenario can be described as a 'Singapore model.' (Singapore, a tiny state in Southeast Asia void of any resources, transformed into an economic 'tiger' after it stepped up the development of an innovation economy.) This scenario presupposes Armenia’s rapid transition to an innovation model of development through the application of the latest technologies in all spheres of life. This model boosts economic development due to cheap manpower, large investments in education and infrastructure, and consistent liberalization of the economy. It also depends upon the leading role of a centralized state, extensive transit trade, and more attention to critical stages in production.

This model may also have two variations — closed and open, both presupposing a high degree of Armenia’s sovereignty.

**The closed version.** If globalization retains its tendency toward network development and if the regional status quo remains, the Republic of Armenia and the Armenian diaspora can pool their efforts and start the process of restructuring the national economy on the basis of high-tech industries. With growing employment, Armenia can achieve high economic growth rates and improve the wellbeing of an absolute majority of its population.

**The open version** provides for Armenia’s close interaction with large integration communities — the European Union or a Russia-led community. At the end of the first decade of the 21st century, Russia, the United States and representatives of the diaspora will pool efforts to start the implementation of regional projects which will provide an opportunity for the reconciliation of the conflicting parties in Transcaucasia. Thus, for the first time there will be the need for a transport ring between the participating countries, as well as for an integration structure. Russia’s purposeful actions for forming new Euro-Asiatic infrastructures, specifically to serve the North-South corridor (North Europe – Russia – Iran – Gulf countries – India), must play a major role in achieving viable agreements.

The aforementioned regional projects may include the creation of an interregional common market in Western Asia and Transcaucasia, comparable in capacity and turnover to the
European market. On the face of it, the ethnic, religious, geographic and resource heterogeneity of the region, not to mention its tendency for military and political conflicts, rules out any hope for the success of a policy of integration. However, the history of Europe, for example, testifies to the contrary: just a few decades ago few people could have imagined that Germany and France, which tried their best to destroy each other in the two most brutal wars of the 20th century, would become close allies and the driving forces behind European integration.

Like the European Union, a West Asian community may start from a purely economic partnership that will not presuppose any political superstructure. With clearly expressed common interests (economic development), this economic union could include not just former enemies but even those states that are formally in a state of war. The desire to settle regional conflicts will be a driving force behind the integration. In turn, such a union of states would be a means for settling the conflicts.

The integration process in the Transcaucasia-Western Asia region can be boosted by the following factors:

- an understanding by Russia’s political elite of the need for macroregional associations (viewed as mechanisms for implementing Russia’s economic strategy);
- a close union between Russia and Armenia, which would guarantee stability in the region;
- coming to power of a new generation of governing elites in the five countries of the region (Azerbaijan, Armenia, Georgia, Iran and Turkey);
- a common interest of the business communities in the five countries in security issues (above all, energy security) and in the development of the tourist industry.

These efforts could result in the signing of a treaty on the establishment of a common economic space in Western Asia, which would comprise Azerbaijan, Armenia, Georgia, Iran and Turkey. These could be joined by Iraq, Lebanon, Syria, Jordan, Palestine, Israel and Pakistan. At a later date, the participating countries could conclude a treaty on a West Asian transport nexus, providing free
travel for people and goods (but not capital and not all services). This nexus could be built around the political and economic structure of the 'Land of the Five Seas' (Azerbaijan, Armenia, Georgia, Iran, the Asian part of Turkey, Iraq, Syria and Lebanon). This communication network would be the restoration of perhaps the oldest ring infrastructure in history, which has not functioned for several centuries due to constant tensions in the region. Today, a unique opportunity presents itself for reanimating this ancient transport system, together with the development of a regional market.

The West Asian nexus could be linked up with the global trade network via Beirut, Alexandria, Suez, and the Gulf ports. The emergence of a new ethnocultural platform in Central Asia would raise the issue of building a Caspian transport nexus which, crossing the West Asian ring, would cover South Russia, Azerbaijan, Armenia, Georgia, Iran, Afghanistan, Tajikistan, Kyrgyzstan and Kazakhstan. The Astrakhan-Aktau route would provide access to the global trade space. The successful creation of the two rings would pave the way for the creation of a new regional market, above all a market of energy resources.

The implementation of this scenario would help Armenia develop an innovation-based economy and become a regional economic headquarters. The transport ring can create prerequisites for building a new, common identity amongst the countries in the 'Land of the Five Seas,' which in the long term will allow them to overcome all their ethnic, religious, cultural and historical differences.

What measures should be taken for the realization of this scenario? First, it will be necessary to establish a group of institutions (including a Development Council under the president of the Republic of Armenia, and a Russian Strategic Administration) and introduce a conceptual formula which acknowledges that “the infrastructure belongs to the region rather than the country.” Under the patronage of the great powers, a West Asian economic union will be set up, uniting Azerbaijan, Armenia, Georgia, Iraq, Iran and Turkey. At this time, the transport nexus and the regional market will be built. At this point, the agenda of contemporary Armenia, which has
been “Looking for a niche for itself in the open world,” would be considered fulfilled.

The possible developments, described in the Armenia 2020 research, provide for an intricate scenario trajectory. In reality, events may develop at a slower pace and the aforementioned processes may require not 20 years, but possibly 25-30 years. However, this will not greatly alter the essence of the developments. The above four scenarios are not mutually exclusive alternatives. The larger part of the models described provide that Armenia will participate, in one way or another, in a global post-industrial project. At the same time, Armenia’s preservation of a fair degree of its sovereignty is the main condition for the realization of the country’s potential.

This survey has been prepared by Professor Grigor Akhinov of Moscow State University on the basis of scenario-building exercises completed under the Armenia 2020 project. The larger part of the research was done by Aslan Global (U.S.), the School of Cultural Politics headed by Pyotr Shchedrovitsky, and McKinsey & Company.

To assess the situation in the Republic of Armenia and the prospects for its development, research has been conducted on the following 13 topics:

“Partnership between the state and the private sector to stimulate economic growth and improve the quality of life,” “Growth of productivity and the transition to an information society,” “The future of corruption and prospects of state management reforms,” “The diaspora and the future of Armenia,” “Prospects for regulating border problems,” “Scenarios for the educational system of Armenia,” “How to reverse emigration?,” “Sociological research: Already globalized nation or still broken world?,” “Small Armenia in the big world,” “Self-interested or public-spirited oligarchs?,” “Mono-nationality – the life of non-Armenians in Armenia,” “Religion and the church” and “Culture, economy and integrity.”

The following eight scenario-building exercises have been conducted: “Armenia joins the European Union: Coming back home,” “Armenia joins Russia: From Russia with love,” “Corporate-led development: Noah’s Park,” “Syrian development scenario: On the road to Damascus,” “Singaporean development scenario,” “Continued Balkanization,” “Eastern Express” and “Thirty years with a right to correspondence.”
Looking for a Way Out of the Karabakh Impasse

Vladimir Kazimirov

The Nagorno-Karabakh conflict between Armenians and Azerbaijanis, which broke out in 1988, was the first armed clash on the territory of the Soviet Union. It was the first conflict to erupt into a full-scale war (1991-1994) and it surpassed all subsequent conflicts in the post-Soviet space in terms of its magnitude, bitterness and duration. The word ‘Karabakh’ became a common noun used to describe any armed conflict on the territory of the former Soviet Union.

The bloodshed in Karabakh was brought to an end on May 12, 1994. Since then, however, efforts to achieve a political settlement have been unsuccessful, largely due to the conflicting parties’ excessive irreconcilability and lack of flexibility. These are explained not so much by the traditionally hot temperament and mentality of the two peoples as by peculiarities of the conflict proper.

The conflict over Nagorno-Karabakh dates back to the past centuries: bloody clashes between Armenians and Azerbaijanis broke out occasionally in the 19th and early 20th centuries. This led to a high level of mutual mistrust and emotional strain in the present conflict, not to mention its bitterness and protractedness. These factors help to explain the gross violations of international

humanitarian law: the warring sides often delivered strikes at populated areas and civilian facilities, inflicting heavy casualties on the civilian population and bringing about a mass exodus from the region (the number of refugees and displaced persons exceeded one million people). Characteristically, the number of captives during the hostilities in Karabakh was much less than the number of those killed and missing: prisoners were taken as a very rare exception.

At the first stage of the conflict, the warring sides deported the civilian population. Later, the civilians themselves left their homes en masse — tens and even hundreds of thousands of people — as enemy forces approached, sparking fears of forced deportation and cruel treatment. The hostilities, as well as the transport and energy blockade, brought much suffering and deprivations to both peoples, crippled the economy of the entire region and impaired the environment.

Initially isolated seats of hostilities gradually merged into a single front, and the Nagorno-Karabakh conflict erupted into a real war which involved heavy armaments, such as battle tanks and other armored vehicles, artillery, multiple-launch rocket systems, and bomber aircraft. The warring sides conducted large-scale offensive operations and seized big chunks of territory. The fighting soon spilled over into adjacent areas, far beyond the Nagorno-Karabakh boundaries, approaching the frontiers of other countries; the fighting stopped short of crossing the threshold where the conflict would have acquired an international dimension.

The conflict has directly affected the interests of neighboring countries (Russia, Georgia, Turkey and Iran) and has captured the attention of Western powers — for geopolitical reasons and because it is in direct proximity to the Caspian region with its rich energy resources. The West’s attention had both positive and negative consequences: the countries and international organizations involved in the efforts to settle the conflict have developed an unsound competition among themselves, giving the conflicting parties room for maneuver and possibilities for evading compromise. Meanwhile, a Karabakh settlement is of greater international-
al importance than the settlement of other conflicts on the territory of the former Soviet Union.

Serious difficulties in the settlement process were initiated by the unusual political configuration of the Karabakh conflict. Unlike the 'two-dimensional' conflicts in Georgia, Moldova and Tajikistan, where there were direct clashes between two parties on an ethnic, clan or other basis, the confrontation in Nagorno-Karabakh politically involved not two but three parties — Azerbaijan, Nagorno-Karabakh and Armenia (however, only two warring camps participated in the actual fighting). The situation surrounding the legal aspects of the settlement was further complicated by the breakup of the Soviet Union, after which the conflict ceased to be internal, that is, in the Soviet Union and the Soviet Socialist Republic of Azerbaijan, and became an international conflict between the Republic of Azerbaijan and the Republic of Armenia. This is the only conflict that has directly involved two former Soviet republics, now sovereign countries and members of the Commonwealth of Independent States.

This factor helps to explain the cause of the argument over who should conduct the negotiations and with whom; this dispute has been continuing for over ten years. Before 1994, the Republic of Armenia pretended that it was not a party to 'the conflict between Azerbaijan and Nagorno-Karabakh.' Indeed, Baku and Stepanakert reached mutual agreements on ten separate occasions without Yerevan, and only twice with its participation. In late 1993, Azerbaijan started a game of its own, refusing to recognize Nagorno-Karabakh as a party to the conflict and denying it the right to participate in negotiations. Unfortunately, these practices continue to this day. For these purely subjective reasons, the negotiating process has been deformed; meaningful and regular negotiations have not been conducted since 1997. Rather, they have been replaced by shuttle trips of go-betweens, and the occasional meetings between the two countries' presidents and foreign ministers.

The parties have been deliberately delaying the settlement of the conflict: the Armenians hope that everyone will get accustomed to the status quo, while Azerbaijan pins its hopes on an oil boom and
the reinforcement of its army. Each party believes that time is on its side, but in actual fact the hardships are great for both. The excessive emphasis laid on propagandist arguments and disputes over procedural issues prevents the discussion of the conflict’s essential problems. Another obstacle standing in the way of a peace settlement is the information war waged by all of the parties involved: they distort the way things really stand, seek to defame the other side and stoke distrust and mutual enmity; this is going to have a baneful effect on the younger generation. The abundant newspaper reports covering the settlement process are a distorting mirror of the reality, as everything there tends to be distorted by propaganda and false arguments. The parties often display a lack of information or, conversely, cynically exploit the lack of information among the population.

Nor does the political situation in the two countries help the prospects for a peace settlement. The respective leaders have little room for maneuver and concessions, and domestic politics often cause them to toughen their positions at the bilateral negotiations. For example, the persistence with which Armenian leader Robert Kocharyan demands a ’package settlement’ is largely explained by the fate of his predecessor, Levon Ter-Petrosyan, who did not rule out a stage-by-stage settlement of the Karabakh conflict – his position did not meet with public support and he had to resign from his post. Similarly, Azerbaijani leader Heidar Aliyev in 2001 was about to surrender Nagorno-Karabakh for a token payment in order to relieve his successor of the unsettled burden of conflict. However, even his administration did not support the idea, and he was eventually forced to give it up. Besides, Aliyev (and later his successor, his son Ilham Aliyev) strongly opposed the participation of Nagorno-Karabakh in the negotiation process. One of the reasons was that Aliyev’s main political rival, ex-speaker of parliament Rasul Guliyev, recognized Nagorno-Karabakh as a party to the conflict.

Initially, efforts to achieve a political settlement of the conflict involved the Conference on Security and Cooperation in Europe, as well as Iran and Kazakhstan, which all acted as intermediaries. Yet the decisive contribution to the settlement was made by
Russia. This was proven by the CSCE Budapest summit in December 1994 where the CSCE was reorganized into the Organization for Security and Cooperation in Europe. Russia achieved a ceasefire and launched the negotiating process. Following the Budapest summit, Russia became a co-chairman of the OSCE Minsk Group. [This group was formed de facto in June 1992 after Azerbaijan refused to take part in the CSCE Minsk conference on Nagorno-Karabakh until Armenians pulled out their troops from the towns of Shusha and Lachin which they had invaded in May 1992. The Minsk Group then comprised representatives of 11 countries that were to take part in the conference: Armenia, Azerbaijan, Belarus, Czechoslovakia, France, Germany, Italy, Russia, Sweden, Turkey and the United States. Later, the group’s composition was slightly altered. – Ed.]

Following the Budapest summit, the co-chairmanship institution became the main settlement mechanism, while the Minsk Group was used as a platform for political consultations. The Western powers, however, feared Russia’s growing influence in Transcaucasia and repeatedly foiled its intermediary efforts, often through the Minsk Group.

Beginning in 1997, international intermediaries made up of the co-chairmen of the OSCE Minsk Group (Russia, the U.S. and France) proposed three different variants for a peace settlement: a package agreement, a stage-by-stage settlement, and the establishment of a 'common state.' However, the parties rejected all of them. Then the intermediaries proposed that Azerbaijan and Armenia work between themselves to solve their problems with the help of intermediaries. Now, following two dozen summit meetings and an 18-month interval caused by a series of elections in the two countries, as well as the illness and death of Heidar Aliyev, the presidents of Azerbaijan and Armenia (Ilham Aliyev and Robert Kocharyan) and their foreign ministers (Elmar Mamedyarov and Vardan Oskanyan) are entering into dialog.

This dialog can only be welcomed, of course, yet its potentialities are obviously limited since the positions of Armenia and Azerbaijan are even more divergent than before. They still have a
very long way to go before full-scale negotiations begin; thus far, the two parties have only held consultations in order to forward their positions and find, at least, some common ground. In order to realistically approach a peace agreement Stepanakert must join the negotiations; it continues to remain on the sidelines. The confidentiality of the meetings and the stepped-up efforts of some international organizations (the European Union, the Council of Europe, and the Council of Europe Parliamentary Assembly) on the Karabakh issue are only providing fertile soil for new speculations and illusions.

Of the many problems that provoked the conflict and were caused by the conflict itself, the status of Nagorno-Karabakh has been the most pressing, despite the fact that Baku has been trying hard — and not without success — to divert international attention to “the occupation of Azerbaijani territory,” one of the conflict’s consequences. Baku upholds the principle of territorial integrity, while Yerevan advocates nations’ right to self-determination. Armenia and Nagorno-Karabakh call for a comprehensive ‘package’ solution to the outstanding problems, which would provide for Nagorno-Karabakh joining Armenia or acquiring independence. Only on such terms are the Armenians ready to withdraw their troops from seven Azerbaijan districts outside Nagorno-Karabakh, which they describe as a ‘security zone.’ The occupation is used as a trump card (‘status in exchange for territories’). Baku insists on a stage-by-stage solution, with the liberation of the occupied territories as the first step. At the same time, Azerbaijan gives only vague promises to grant Nagorno-Karabakh “the broadest autonomy possible” and prefers to postpone the solution of the status problem for an indefinite period of time. The incompatibility of the parties’ demands is obvious. The disputes about what must be done first (removing the causes of the conflict or its consequences) is like arguing about which came first — the chicken or the egg.

Obviously, the present leader of Azerbaijan is unable to follow up on the negotiations held by Robert Kocharyan and Heidar Aliyev in Paris and Key West in 2001 since those negotiations focused on a package agreement. Such an agreement would be an
ideal solution, but in the foreseeable future it will hardly be attainable: it would be tantamount to political suicide for the Baku leaders if Nagorno-Karabakh ends up independent of the Republic of Azerbaijan. Similarly, the leaders of Yerevan and Stepanakert run the risk of losing their power if Nagorno-Karabakh remains part of Azerbaijan.

Global developments over the last few years show that the future of Nagorno-Karabakh would best be decided not at the negotiating table, but through a free expression of the population’s will. Stepanakert insists that such a referendum was already held in Nagorno-Karabakh in 1991, while Baku argues that ethnic Azerbaijanis did not take part in it. A new referendum would be very difficult to hold, although its outcome is quite predictable since there are no more Azerbaijanis in Nagorno-Karabakh. (Similarly, there are no more Armenians in Baku, Gyandzh, Shaumyanovsk and Nakhichevan.) The two peoples, which formerly blended with each other, are now split. A voluntary return of the refugees to their respective homes is a wonderful idea, but it would be difficult to implement even on the territories subject to liberation.

Although officially the Armenians do not have claims to lands outside Nagorno-Karabakh (except for the Lachin corridor connecting Nagorno-Karabakh with Armenia), they often refer to them as “liberated;” they have even set up a movement that is named “For the Defense of the Liberated Territories.” As a result, they have done a disservice to Armenian diplomacy and played into the hands of Baku’s propaganda of anti-Armenianism. Few people would take such a claim seriously; it is also of doubtful value as a tactical bargaining chip at the negotiations.

Baku goes too far, as well, equating occupation with aggression or posing itself only as a victim of the conflict. No doubt, occupation is a malignant tumor of war, and one of the products of its cruel logic. But why does Baku hush up the circumstances that brought about the situation? It is not only the Armenians, but the leaders of Azerbaijan, as well, who are to blame for the occupation. It was Baku that chose to use force to settle the conflict. In
the early 1990s, it more than once missed the chance for a polit-
ical settlement and repeatedly violated the cease-fire agreement
that was achieved with Russia’s assistance. Its actions ran counter
to four resolutions of the United Nations Security Council adopt-

Meanwhile, these resolutions cannot be considered outside the
context of the hostilities in Karabakh. Of the many demands set
forth in the documents, the main one was a cease-fire and cessa-
tion of hostilities and military actions. Resolution 853, adopted
after the Armenians seized the district of Agdam, demanded “the
immediate cessation of all hostilities and the immediate, complete
and unconditional withdrawal of the occupying forces.” However,
Resolutions 874 and 884 no longer contained the words “complete
and unconditional” before “withdrawal.” By thwarting the cease-
fire arrangements (see Resolution 884), Azerbaijan itself has
turned the ‘liberation of territories’ from an unconditional
demand into a subject for negotiations.

The new leaders of Azerbaijan have taken an even tougher
position on Nagorno-Karabakh, ruling out any concessions and
compromise. Baku has abandoned itself to the chimera of military
revenge. Its threats to settle the conflict ‘at any cost’ — that is, by
force — largely meet the requirements of Azerbaijan’s domestic
politics and run counter to its international commitments.
Nevertheless, this factor does not make the threats less harmful,
nor does it spare the outside world from necessarily reacting to
them. Paradoxically, Baku’s policy plays into the hands of the
Armenians as it gives them one more argument against their pull-
out from the fortified line of contact with the adversary.

Unfortunately, the spirit of a policy of force still prevails in the
conflict zone over the spirit of law. No progress will be achieved in
settling the Karabakh conflict unless the warring parties give up
their unfeasible goals. In order to enter into new, more effective
negotiations, the parties must, to their mutual advantage, discard
their fixed ideas: the Armenians must drop their demand for a
’package settlement,’ while the Azerbaijanis must stop issuing
threats of military revenge. Both parties must officially renounce the
use of force in settling the conflict. This change in policy will not be a loss for the parties, but will deliver them from vain illusions.

As the warring sides fight for their ‘national interests,’ the respective leaders ignore the common interests of the Azerbaijani and Armenian peoples, deny them the advantages of natural and friendly relations with their neighbors, and doom them to a life of tension and stagnation. Since mutual mistrust is the main psychological obstacle, it is time the leaders of the Armenians and the Azerbaijanis proclaim (better jointly) a policy toward an historic reconciliation. The proclamation of this lofty goal will give their leaders the ability to negotiate balanced concessions with each other – something which their societies are not ready to accept at the moment. Concessions are inevitable, and even the most painful of them will be repaid through lasting peace, economic revival and growth for the entire region. There is much sense in the statement that ‘compromise is above victory.’

The parties must restore a normal negotiating process. The best way for this to begin is to initiate intensive talks at the level of plenipotentiary delegations on four points simultaneously: 1) the consolidation of the armistice regime; 2) a temporary status for Nagorno-Karabakh and elements of its final status; 3) the liberation of the occupied territories and the return of displaced persons home; and 4) other points that will lead to the normalization of mutual relations. Negotiations which are structured around compromise would let the parties discuss all the problems involved in the settlement, alternating the aforementioned four issues and removing the present situation when the parties try – persistently but vainly – to impose their own priorities on each other. Instead of the endless debate about the hierarchy of principles, there will emerge a possibility for pragmatic ‘deals,’ for combining the parties’ interests and looking for possible ‘swap solutions,’ even though these may be dissymmetrical. Even if the first signs of progress are made in negotiating minor issues, this would still be important for it would be a first step out of the impasse.

A compromise can also be reached on the format of the negotiations: general issues can be discussed by the three major parties,
Looking for a Way Out of the Karabakh Impasse

while more specific issues can be discussed by Azerbaijan and Armenia, or by Azerbaijan and Nagorno-Karabakh (the third party should attend the negotiations only as an observer, without the right to express its own view). Furthermore, there will emerge a valuable opportunity for 'talking in the corridors.'

Naturally, the proposed negotiating scheme is not a panacea for all problems. It would only serve to show the way out of the long deadlock and open up prospects for gradually reducing tensions and improving the situation in the conflict region. Considering that no headway has been made in relations between the conflicting parties over the last decade of the armistice, the opportunities that such a negotiating plan can provide must not be missed.

It is important to note in closing that this plan would not damage the legitimate rights and interests of any of the conflicting parties.
Russia is now experiencing a real breakthrough in the development of IT technologies. This is due more to changes in public perceptions than to technological progress. The Internet has become commonplace in Russia, and many Net events are a remarkable side of society’s life.
Critics of the Internet often demonize it as a homogenizing force that eradicates differences among peoples and threatens cultures. While this assertion may have some validity, cyberspace also offers great promise for the preservation of identity and national culture. Through computer-mediated communication, nations — especially challenged nations like the Russians in the ’Near Abroad’ (a geographic term used by Russia to describe the newly independent states of Estonia, Latvia, Lithuania, Moldova, Georgia, Armenia, Azerbaijan, Turkmenistan, Uzbekistan, Tajikistan, Kyrgyzstan, Kazakhstan, Ukraine and Belarus) — have the ability to maintain and reinforce their identity in new and compelling ways. Anthems, legends, genealogies, histories, photographs, manuscripts and other tangible assets of national culture are being protected, distributed and accessed in cyberspace.

Furthermore, the Internet in conjunction with other information technologies has significantly contributed to the so-called “death of distance,” thus lessening the need for individuals or communities to have face-to-face contact in order to build and maintain strong ties. Access to the Internet is a significant and measurable impact on the ways in which members

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of the Russian nation manage their identity in today’s post-
international world.

National minorities are especially well served by the emergence
of cyberspace. Historically, national minorities have been
marginalized by their states of residence and — in the case of geo-
graphically distributed peoples — cut off from contact with their
co-nationals residing in other states. The dynamics of communi-
cation and consumption on the Internet has broken the state’s
monopoly on information distribution and disrupted the ability of
the political, cultural and economic elites — that is those repre-
senting the “core nationality” — to dominate thought, common
sense and everyday assumptions within societies.\(^1\) The unique
nature of the Internet allows dispersed peoples to (re)create the
bonds of community without regard for propinquity\(^2\) or, as Rob
Kitchin phrases it, “cyberspace thus offers us the opportunity to
reclaim public space and recreate the essence and nature of com-
munity on-line.”\(^3\)

According to Kurt Mills, “Territorial boundaries are rendered
meaningless as bits and bytes, electrons, data, faxes, and images
speed along fibre optic cable, up and down satellite links, and
through the matrix of cyberspace.”\(^4\)

By utilizing ever more powerful search engines that scour the
World Wide Web for content, influential individuals among
national minority communities are now able to virtually connect
with millions of people who share their interests, ideas and even
prejudices. Unlike novels, newspapers, motion pictures, satellite
TV, etc., “cyberspace is not a broadcast medium with a few pro-
ducers and many consumers, but rather a decentralized commu-
nication system where individuals are both the consumers and the
producers... cyberspace is interactive; users can choose what
information they receive and send.”\(^5\) The ramifications of selective
consumption and community-building for national minorities,
previously at the mercy of elite-dominated media platforms, are
substantial. The Internet has eliminated the barriers of distance
and time between widely dispersed ethnic groups creating con-
ceptual contiguity among members of these groups. This, in turn,
enables the creation and maintenance of virtual nations in cyberspace by elites with Internet access.

SOVEREIGNTY AND NATIONS IN DIGITAL SPACE

The emergence of cyberspace, which I define as the evolving, public/private conceptual space created and sustained through electronic interactions of humans over the Internet, is an exciting development for those interested in political authority. As an alternative spatial dimension, cyberspace creates virtual perforations in the Westphalian structure of international relations and has important ramifications for domestic politics, as well. Ronald Deibert, Saskia Sassen, Rob Kitchin and others have pointed out the challenges that the Internet poses to sovereignty of nation-states, especially when combined with transborder political action. If we look at cyberspace as a geography, it becomes readily apparent that nation-states are vastly underrepresented in virtual space versus real space.6

Internet-based communications and political activity conducted within and across state borders have highlighted the increasing porousness of the state in the postmodern, postinternational age. As Falk states, “The communication space of the Web has the potential to be simultaneously more universalistic and more particularistic, and this mirrors a world in which national boundaries are becoming more permeable.”7 Thus, cyberspace may be a harbinger of the coming neo-medieval world predicted by Bull and others.

Through existing structures of communication and new computer-mediated forms of interaction, Internet-enabled elites among national minorities have begun to challenge the state’s domination of culture production which has traditionally been maintained through control of the media and a monopoly on the education system. National minorities have found their voice in cyberspace and are increasingly converting virtual identity politics into very real political action in the “offline” world. (Arturo Escobar calls this “tacking back and forth” between cyberpolitics
— political activism in cyberspace — and political activism in the “physical location at which the network sits and lives.”

As Laura Engel and Patrick Murphy state, “the Internet is dramatically redefining the nature of social relationships between nations and challenging cultural sovereignty by creating an increased sense of borderlessness.”

Nations are, of course, composed of living breathing individuals that inhabit actual space in “real” countries. However, national identity is on the whole a mental construct which is just at home in the digital corridors and cul-de-sacs of cyberspace as it is in an Irish pub, an Armenian church or an Arab street. Mills states, “Given that all communities are imagined, constructed in the minds of the members, it is not surprising that such communities could appear or be strengthened in cyberspace.”

The Internet is emerging as a powerful tool of empowerment for minority nationalities with access to the Web as a platform for the expression of national identity. Cyberspace thus functions as a hearth around which the challenged nation can gather without fear of attack from outside agents. Sherry Turkle suggests that “virtual communities are non-threatening environments in which traditional methods of exclusion governed by sex, race and class are rendered meaningless. They offer a way to resist many forms of alienation.”

Cyberspace, due to its private nature and ease of use, also allows for challenged nations to engage in nationalist rhetoric. As Frank Louis Rusciano points out, the Internet endows marginalized groups “the ability to ’tell one’s story’ [and] affect one’s political conditions.”

And as Kacper Poblocki points out, the Internet unlike the telephone and other forms of mass-mediated communication naturally leads to nationalist discourse because of its very structure. Hypertext, like written language, is a powerful vehicle for nationalism. However, unlike other media, the Internet is horizontal thus creating new opportunities for the creation of communities. And as Maya Ranganathan states, “The Internet combines within itself features of a newspaper, radio and television” making it a truly powerful medium indeed. Hypertext pushes the envelope even further by inviting audience participation in nearly every situation.
As Saskia Sassen puts it, “Digital space, whether public or private, is partly embedded in actual societal structures and power dynamics: its topography weaves in and out of non-electronic space.” Roma, Vlachs and the Metis, therefore, can expect little advancement of their interests in cyberspace since their cause has been thoroughly ignored for the centuries prior to the advent of computer-mediated communication. Other nationalities, e.g., the Russians in the Near Abroad, Serbs in Bosnia and other Balkan states, Magyars in Romania and Slovakia and Europeans in Southern Africa, by logical extension, can expect strong support from various quarters due to their “special” role in history as imperial minorities.

Increasingly, cyberspace and real space are influencing one another. I am especially interested in the changes occurring in the post-socialist world where there is an ongoing “redefinition of almost the entire fabric of everyday life.” As the concepts of “self” and “other” are redefined in the former states of the Soviet Union and communist Central and Eastern Europe – all states with significant national minorities and burgeoning Internet usage – cybernational identity building is especially relevant.

**IMPERIALISM IN THE WORLD WIDE WEB**

Russians in the Near Abroad, who are likely to be more tech-savvy, apt to live in urban areas and to have a college education than their indigenous counterparts (with the possible exception of the Baltic states), have been well-positioned to take advantage of the Internet’s possibilities for national identity building. Russians, who were pitifully prepared for the information technology revolution a decade ago, have made remarkable strides. Today, Russian is the tenth most popular Internet language and growing rapidly.

Russia is increasingly becoming a global center for high-quality, yet inexpensive, information technology specialists. Use of the Russian Web has grown exponentially in recent years and Russians are rapidly gaining on Indians as the outsourcers of choice for global corporations. According to Richard Leslie, director of the London office of the outsourcing firm DataArt, “[Russian outsourcers] are committed to putting St. Petersburg on the map and
making it an established leader in IT.” Cane suggests that Russian national identity in the Information Age is increasingly tied to success of its IT workers on the global stage.

The combination of “intense patriotism,” information and communications technology and Internet activity represents a potent force with the potential to impact the Russian portions of cyberspace. And with more than a million Russian outsourcers tied to the Web on a daily basis and a total of 18.4 million Russians online, cyber-Russians represent a strong online community by any standard.

Russians have built digital bridges to compatriots in the Russian Federation, other post-Soviet states and even farther afield (the U.S., Australia and Western Europe), thus resewing the seams of a nation with little regard for the boundaries of states and providing a textbook example of Engel’s “communities without propinquity.” The Internet is an increasingly important tool for communication between ethnic Russians in the Near Abroad, nongovernmental organizations who support their rights in places like Latvia and Estonia, and actors in the Russian Federation.

Some Web-surfing Russians in the former Soviet republics have begun a policy of what can only be called cyberimperialism. Certain elites have effectively colonized portions of cyberspace in a quixotic attempt to re-establish national dominance of particular regions, albeit in conceptual rather than real space.

The Russians of the Near Abroad represent a model case for national identity building projects in cyberspace. They are marginalized in their states of residence based on nationality; there are large numbers of co-nationals online in both the “motherland” and other countries; and they are increasingly accessing the Internet in their states of residence.

MENTAL MIGRATION AND IRRATIONAL IDENTITIES

Cyberspace provides national minorities with a vast, uncharted space where they may imagine, manipulate and strengthen national identity free of state control or interference. In cases where the
national minority is in contact with well-funded, Internet-savvy co-nationals in the territorial “homeland,” state sovereignty will be especially challenged as marginalized minorities embark on weekly — even daily — trips of “mental migration” in the conceptual landscape of cyberspace. In cyberspace, minorities can virtually coalesce with their co-nationals leaving behind the harsh realities of marginalization in a state dominated by an “alien” nation. As Keleman and Smith state, “Through control and management of the stimuli and proliferation of images, individuals may be more able to protect themselves from a real world that has become increasingly dangerous and difficult to manage.”

The collapse of the U.S.S.R. in 1991 brought forth a host of new (and resurrected many old) identities onto the world stage. Politically ambitious elites deftly made use of the national question to maintain and increase their power in the waning years of the Soviet Union. When the U.S.S.R. collapsed, these demagogues often found themselves at the apex of new state structures. The new situation brought with it new challenges. The long-enduring facade of the Soviet nation cracked to reveal a cacophony of competing nationhoods and irredentist movements — many of which were contradictory. It soon became apparent that the Soviet nationality policy had both created national competition where none had ever existed and plastered over older, deep-seated, pre-Soviet ethnic conflicts, thus creating an often volatile mixture.

Cyberspace has enabled a *samizdat* world where anyone with access to an Internet-enabled device and a modicum of knowledge about Web design can impact public and private opinion on almost any issue without interference of government censorship, editorial review boards or any other information regulating entity. The Russian residents of the nationalizing states at the periphery of the Russian Federation have begun a large-scale process that involves the reshaping of identity in a globalized world. For them, the Internet provides a valuable tool for locating one’s place in the world and affecting change.

Arjun Appadurai has eloquently described the democratizing effects of the new technologies on “imagination,” especially the
contrived notions of state and national identity. (Appadurai argues that technology has enabled imagination to become a collective, social fact no longer tethered to art, mythology or ritual or dependent on charismatic individuals who would manipulate imagination for their own ends.) Among the Russians beached by the ebbing of the Soviet Union’s borders, imagination is an extremely powerful force affecting newly minted, yet incontestably weak states and re-emerging, re-invigorated nations. The Internet has ended Benedict Anderson’s statist elite monopoly on national projects, yet it is impossible to see how this will ultimately affect sovereignty. However, the dynamics of computer-mediated interaction undoubtedly allow multiple polities to attempt to define, re-invent and rediscover nationally-based identity. As Appadurai states, “Even when long-standing identities have been forgotten or buried, the combination of migration and mass mediation assures their reconstruction on a new scale and at larger levels” — what Yale Ferguson and Richard Mansbach would call the “living museum.”

As the historical shock troops of modernity, and to a lesser extent globalization, the Russians occupy a unique niche in postmodern, post-international society that enables them to manifest some of the traits that Appadurai predicts for a new paradigm based on “complex, non-territorial, postnational forms of allegiance.”

The Internet is being used by these cyber-Russians as a tool to resurrect the universalist identity that the Soviet Union was founded on. During much of the 20th century, the U.S.S.R. represented a massive geopolitical space that was a world unto itself. Russian functioned as a world language in this space — a lingua franca that almost everyone you would meet would understand. For cyber-Russians residing in Latvia, Kazakhstan, and the other non-Russian newly independent states, cyberspace is a godsend. It allows them to relieve their feelings of ethno-national and linguistic claustrophobia. Once one logs onto the Web, the feeling of being hemmed into a restrictive imaginary evaporates. As Kurt Mills states, “[A] revolution is taking place with the digitisation of identity, the wedding of selfhood and the electronic age, the redefinition, or, conversely the reification, of communal identity via cyberspace.”
By entering Russian Web space, traumatized Russians are able to construct conceptual contiguity, thus enabling their identity which has been increasing challenged since 1991 to be fulfilled. In cyberspace, no one judges you for using Russian rather than Latvian or Kazakh, and in fact, the use of Russian is vastly preferable since much of the Web’s content is in Russian. On the Web, a cyber-Russian is no longer a minority in a “small” country, but part of a community of tens of millions that stretch from Brooklyn to Berlin to Kyiv to Moscow to Vladivostok and beyond.

According to Homi K. Bhabha, “The social articulation of difference, from a minority perspective, is a complex on-going negotiation that seeks to authorize cultural hybridities that emerge in moments of historical transformation.” For Internet-savvy national minorities, that time has come. Periods of revolution and war have provided such opportunities in the past (albeit on lesser, non-global scale), but today we are seeing a massive shift in communicative practice which allows for Bhabha’s “on-going negotiation” to be taken to a much higher level. The Internet is affecting the ways that regional elites view their own place in the world. Despite the ominous predictions of Rogers Brubaker and others who saw the Russian minority in the Newly Independent States becoming a sort of fifth column for irredentist activity on the part of the Russian Federation similar to that of Germany in the inter-war period, I found no evidence to suggest that cyber-Russians would accept or assist in such activities.

The danger of social isolation from the community of propinquity however needs to be addressed as ethnic minorities deepen their interaction with distant nodes. As Joel Kotkin put it, “By abolishing the need for face-to-face contact, the Internet increases loneliness and social isolation, expanding virtual networks that lack the intimacy of real relationships nurtured by physical proximity. Reliance on electronic communication can lead, research suggests, to too much disengagement from real life.” National minorities may prove especially susceptible to this phenomenon. There is the danger that “the virtual [will] become a form of narcosis, providing individuals with alterna-
tive realities,’ which trick their senses through technical manip-
ulation.”

The likelihood of cyber-Russians forming irrational identities is also extremely high. As Mills states, “One can upload pictures and stories and histories that might contribute to a feeling of connectedness and nationhood. But ...these tokens will pale in comparison to actually seeing the real thing, feeling the presence.”\(^3\) Identities created on the Internet tend to be ephemeral and can often be constructed with little regard to reality.\(^2\) Such identities which are not forged by the sometimes harsh daily experiences of going to grocer’s, standing in line at a government office, visiting a cemetery, going to the doctor, etc. are not as hard-wired and, therefore, are much more likely to wither under stress. Michel Maffesoli’s concept of the neo-tribe is especially helpful here. Neo-tribes are the intentional, changeable, ill-defined local communities of which we are members at various points in time but which lack significant control over the actions of an individual.\(^3\) Using Internet expressions to describe this situation, members are “opt-in” participants in the nation, but can quickly “opt-out” if the conditions change. Furthermore, identity building in cyberspace — whether in its formation, maintenance or re-articulation forms — fails to meet many of the requirements of nation-building. Such complications will certainly provoke new and interesting questions about the role of nationalism and national identity in a networked, globalized world. It is clear, however, that the Internet is increasingly functioning as a salve for the psychic wounds inflicted on the Russian “beached diaspora.”

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Russia On-Line

Pavel Zhitnyuk

This year the Russian Internet has celebrated a remarkable anniversary. One decade ago, in March 1994, the Russian web domain zone .ru was officially registered. Through all these years Runet (or the Russian section of the Net) has been dynamically developing, experiencing both ups and downs. Today, the Internet in Russia is no longer a mysterious phenomenon that exists beyond the processes that take place in society, but a full-fledged media and communicative environment.

BETWEEN BRAZIL AND SPAIN

According to the Public Opinion Foundation, the number of Russian users of the Internet is continuously on the rise and over the past two years it has doubled. The lengthy experience of computer retrieval technology and Internet statistics systems shows that the number of Russian users has been growing by 40 to 50 percent annually.

According to a survey carried out by ROMIR, a Russian independent public opinion research agency, the Internet is presently used by 13.2 million Russians (or 11.7 percent of Russia’s adult population). According to Rambler’s Top 100, four million people visit Runet on a daily basis, of which 52 percent live in Russia. Forty-five percent of Russian users live in Moscow (45 percent of Muscovites above the age of 16 visit

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the Internet more than once every three months); another 10 percent live in St. Petersburg, while the remaining 45 percent reside in other Russian regions. Moscow, St. Petersburg, Novosibirsk and several other large cities account for the greatest number of Internet users due to the large technological and economic gap between the large cities and the rest of the country. While in the developing countries, such as China, Brazil and India, which have made a major contribution to the growth in the number of Internet users in the world, high technologies have been proliferating extensively, the ’Internetization’ of Russia has been developing intensively. According to a Russian market expert, Russia is experiencing what is known in the West as digital divide: “In the capital and at the various research centers our self-made programmers are developing technologies capable of competing in the world market, whereas in the Russian provinces an automatic milker is still viewed as the pinnacle of technology.”

Graph 1. Growth in the active use of the Internet in Russia, million people
In Russia, the Internet user/non-user ratio is comparable to nations that are at a level of economic development on a par with Spain or Brazil. To be more favorably compared with the highly developed Western nations, Russia needs a more stable economy, as well as a greater proportion of its population that is financially stable.

*Foreign Policy*, an influential U.S. magazine, which annually calculates (jointly with the A.T. Kearney company) the Globalization Index for 62 countries, has placed Russia only 44th – in the neighborhood of such countries as Colombia, Saudi Arabia, Tunisia and the Philippines. This is rather indicative of Russia’s present situation as the level of Internet development (the number of users, secure sites, etc.) is one of the criteria used to calculate the index. Basically, this survey shows that IT development in Russia corresponds to the country’s involvement in the processes of globalization.

Graph 2. Number of Internet users by regions

13.2 million people (11.7% of Russia’s adult population) use the Internet (February-March 2004)
INTERNET JOINS TRADITIONAL MEDIA

Russia is now experiencing a real breakthrough in the development of IT technologies. This is due more to changes in public perceptions than to technological progress. Internet technologies are no longer viewed as something unusual, mysterious or trendy. The Internet has become commonplace in Russia, and many Net events are a remarkable side of society’s life. For example, the presentation of the National Internet Award in 2003 was broadcast live by the national TV Channel One. There is a special website (http://www.linia2003.ru/) where anybody may send questions to President Vladimir Putin. Over the Internet, people discuss current events and criticize celebrities and fashion stars. In March 2004, the Rambler Internet Holding Company was named Russia’s co-organizer of the Miss Universe beauty contest, and it was possible for anybody to vote over the Internet for Miss Russia. Today, the Internet in Russia can serve the needs of broad sections of the population rather than just the needs of the elite, as was the situation throughout the 1990s.

Internet media outlets now rank on a par with the traditional mass media – newspapers, television and radio. According to the Rambler company, over 10 percent of Internet users prefer to learn the news from the Internet. This figure represents one and a half million people, most of whom are socially active, well-educated and salaried. That is, these are people who are capable of shaping the events that are taking place in Russia.

At a Russian Internet Forum in April, a noted web analyst and one of the authors of an alternative law on the Internet, Mikhail Yakushev, said that in 1999 federal regulations made no mention of the Internet. In 2004, federal legislation mentioned the Internet about 10 times, while in the laws of Russia’s administrative entities the Internet was mentioned at least 50 times. The federal law On Communications recognizes access to the Internet as a universal communications service. This means that not a single citizen of the Russian Federation can be barred from using the Internet.
RUNET, A UNIQUE PHENOMENON

In February, at a conference named “Investment in the Russian Internet,” Andrei Sebrant, editor-in-chief of the Internet Marketing magazine, described the Russian segment of the World Wide Web as unique. Unlike other national domain zones, such as those in Germany, Spain or the UK, the Russian Web was created by people who were motivated not so much by money as by pure enthusiasm. They have created resources and services that are in no way inferior – and in many cases even superior – to those in the West. Users of the .ru domain have free access to services that their Western counterparts charge for.

There is one remarkable incident regarding Runet. Three years ago, Lycos Europe launched a Russian-language portal to provide Russian users with their first Internet project of European quality. A year later, however, Lycos had to close down its operations in Russia: it failed to win over Russian users who preferred using the local services of Rambler and Yandex. It appears that Russia, traditionally viewed as a backward country by the West, has created Internet products that are capable of successfully competing with internationally popular resources, such as Yahoo!, Altavista, MSN, etc.

All major international Internet projects are in fact products of the globalization processes and exist within the framework of
multinational corporations. For example, the MSN or Yahoo! sites are maintained by American and other companies working on the entire world market, whereas in Russia the development, support and expansion of Internet services and products is done solely by domestic companies, even if these companies emerged on Western money.

The editor-in-chief of the Internet daily Lenta.ru and one of the founders of Russia’s web-based mass media, Anton Nosik, says that “the information content and consumption in Russia by far exceeds that in many industrialized and well-off nations, because Russians are very fond of reading and the process of creating Runet’s information treasury did not involve state officials. Everything was done on pure enthusiasm, of which the Russian-speaking intelligentsia all over the globe has more than enough. The Moshkov Library, Artemy Lebedev’s non-profit Web-design projects, Jokes from Russia – all these and other projects have been created by people who make good money in other fields, while the Internet offers them a way for realizing their creative potential, which is a function of talent. And Russia has always been rich in talents.”

Nosik said Russian Internet projects “are capable of competing on the Western market, but it would take some will and determination in order for their creators to tailor them to that market. Two or three successful examples would be enough to form a tendency. However, since the market of Internet projects in Russia is not very transparent, people are not very willing to speak about their successes.”

Maria Govorun, editor-in-chief of the authoritative Web-Inform daily, explains failures of foreign investors in Russia’s Internet by “the high customer loyalty characteristic of Russian users, which is largely due to their limited knowledge of Internet infrastructure and their unwillingness to give up their accustomed Internet resources.”

In addition to the high quality of Russian Internet services and the conservatism of local users, Western Web-designers wishing to enter the Russian market confront a veritable ‘Chinese Wall’ – the
morphology of the Russian language and the bad knowledge of the English language by Russian users (a non-factor in many developing countries). The specifics of the Russian language makes it inconvenient for use with unmodified Western search engines or antispam programs. Incidentally, Russian hackers, carders and spammers have played into Russia’s hands. “It appears that they can be counteracted by Russian specialists only. Therefore, Russian companies producing antivirus and antispam software (Kaspersky Labs provides the most illustrative example) are very popular outside the country,” Govorun says.

**LEAVING THE WAYSIDE**

Vladimir Parfyonov, the dean of the IT and Software Department of the St. Petersburg Institute of Precision Mechanics and Optics, and a member of the international organizing committee of the world software contest, confirmed that St. Petersburg alone hosts about 300 software companies that employ a total of 4,000 people. As of April 2003, 90 percent of all orders to the tune of U.S. $240 million a year came from the West.

Compare this with India, which entered the software development business ten years earlier than Russia, and is the leader in this field – it attracts orders worth U.S. $6 billion a year from the West. Many orders are also placed with Irish and Israeli programmers, many of whom received their education in the Soviet Union.

According to expert estimates, in 2001 Russia provided U.S. $200 million worth of offshore programming, whereas in 2003 the figure went up to reach U.S. $460 million.

Since demand for IT services in the world continues to grow, offers of new software vendors are also expanding. Therefore, the outsourcing market has been growing larger and more diversified. Of the countries that are relatively new to the outsourcing software market, special mention should be made of China, Poland and the Philippines. Although these nations’ share of the world software market is rather small (the Chinese specialists, whose high software development skills should not be underestimated, serve
mostly the domestic market), they have a whole range of advantages. These include the availability of top-notch IT specialists, competitive prices for their services and, more importantly, strong governmental support for IT service exports and the industry as a whole. Evaluating how promising a country is for offshore programming, Western specialists also use other qualitative indicators, such as the political situation or cultural compatibility. However, India’s successful record of approximately 10 years, as well as the successes scored by Ireland, Israel, Pakistan, China and the Philippines, have shown that the key role in creating a favorable climate for the development of information technologies belongs to the government and IT public associations.

**Graph 4. Qualitative indicators of countries involved in customized software development**

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**Source: Gartner Research**

In Russia, the development of IT has never enjoyed an all-embracing and coordinated support from the government or industry. Nevertheless, the Russian software market, its small size notwithstanding, has shown that it is very dynamic. Thus, there is a trend toward continuously more growth rates thanks to talented specialists, the high quality of products and services, relatively low
labor costs, and other factors attracting foreign customers. According to the RosBusinessConsulting news agency, in 2003, the market of IT technologies in Russia reached U.S. $5.8 billion, an almost 25 percent growth over 2002.

Government spending in the IT and communications sector is also growing. The 2003 figures showed that government organizations invested some 13 billion rubles in IT and communications, and this spending is most likely to be growing further. Regrettably, it is absolutely impossible to say how much of this money reached the IT domain and how much of it dispersed as a kickback for agencies and civil servants. In the IT domain, the practice of receiving kickbacks is as widespread as in any other industry.

Predictions for the electronic business market are also very optimistic. In the West, B2B (business-to-business) e-commerce systems have again become widely used. This section of the market, oriented toward interaction between companies that are involved in buying and selling of goods and services, covers trade relations over the Web. This includes the organization of shipments and sales, as well as the coordination of contracts and plans. Various analytical companies tend to believe that in 2004, the total volume of B2B sales in the world is likely to reach $2,000-7,000 billion. The National e-Trade Association believes that Russian online trading, which by the end of 2003 reached a total of $900 million, will grow by almost 50 percent in 2004. However, currently the biggest share of the electronic market belongs to the B2C (business-to-consumer) domain (some $480 million in 2003 and $615 million expected in 2004) rather than B2B. As for B2B, and one other sector of the market, B2G (business-to-government), their figures in 2003 were $316 and $141 million, respectively; in 2004 the figures are expected to reach $464 million and $275 million.

It must be noted that whatever the figures and financial indicators may be for Russian outsourcing, they are always underestimated. This is because many of the companies that maintain direct contacts with their foreign customers defy any tax or statistic registration. According to various estimates, to the 100 percent
of Russia’s officially registered outsourcing companies one must add 50 to 80 percent of those IT entities which have never been registered; this latter fact rather significantly changes the overall picture. (Many unregistered offshore companies continue to be unregistered in Russia because of their being involved in software support for Internet porno sites.)

Meanwhile, although Russia has a huge number of high-class specialists, it has not become a mecca for IT technologies. This is mainly because of Russia’s prolonged separation from the world economy, the language barrier, the unreasonable customs and currency exchange policies, and the lack of governmental support for the software industry. A serious problem for Runet’s further development is the brain drain that is flowing from the provinces to the nation’s capital. The phenomenon of qualified engineers migrating is prompted by objective factors: compared with Moscow, the country’s periphery is lacking any promising financial, career and social opportunities.

Although Russia has scored several successes, it continues to be on the outskirts of the software business. This can be witnessed by statistics that show Russia’s volume of sales of customized software is less than 10 percent of that in India. The market of ready-to-use software packages is even less developed; only a few Russian companies can boast they have won a significant position on the world IT market. For example, products from the PROMT company of St. Petersburg, which has operated for over 13 years on the Russian market of computer-aided translation systems, have been known outside Russia since 1996. PROMT has been selling its products in many countries; foreign sales account for about 40 percent of its total turnover.

RUNET: WHAT NEXT?
According to many authoritative players on the Russian Internet market, a time of revolutions and global upheavals within Runet is over. Rather, the future will be a rather predictable and routine evolution. The socialization mechanism in society is likely to gradually change; life will increasingly depend on the World Wide
Web. The Internet may well turn into a space “where people can arrange their habitat in an entirely new way,” Ivan Zasursky, head of Rambler’s PR-service, said, addressing Russia’s Internet Forum. Remarkably, all these processes will be possible if Russia remains economically stable and politically wise. The 1998 crisis, for instance, most negatively affected the development of the domestic Internet market, as many companies and projects closed, networks and Internet access services started developing at a much slower pace.

The last few years have been marked by rather suspicious attempts by the government to control the Internet. True, there is a pressing need to adopt legislation regulating the Internet, but the drafts being offered by the government to date are more harmful for the full-fledged existence of the Runet than under its currently unrestricted condition. Usually, such offers emanate from people or groups who have only minimal understanding of the Web’s functioning. A graphic example is an article in the Izvestia daily (May 16, 2004) written by Moscow Mayor Yuri Luzhkov, entitled On the Darker Side of the Internet, which in fact is a set of myths and a fuzzy perception of cyberspace that are so characteristic of man in the street. To fight against such threats as piracy, violation of copyrights, porno (which are not the ills of the Internet alone), Mr. Luzhkov suggested that Web journalists be more responsible, providers be licensed and, what is more important, each website be registered in compliance with the Mass Media Law — “so that one would not guess whether a website, according to the present text of the law, belongs to ‘other mass media’.” But the Web journalists have long obeyed the general mass media legislation, while the providers must have at least two licenses (from the Ministry of Communications). The implementation of the third measure suggested by the Moscow mayor may result in that all websites that have not been registered as mass media will be immediately outlawed; regardless, the dissemination of information contravening Russian law will not be stopped.

A number of public figures have also come out with initiatives to legally regulate the Internet. Thus, Lyudmila Narusova, Federal
Council deputy from the Republic of Tuva, compared the Web to a “smelly dust hole” and demanded that all websites be licensed.

However, it’s too early to talk about Runet switching over to the Chinese model (there, access to the Internet is fully controlled by the state which is striving to monopolize the market and become the provider). Apart from objective technical, legislative and financial difficulties there are negative sentiments in society. It is due to this combination of factors that the scandalous idea of implementing a system for operative and retrieval measures (SORM) have failed. (According to the order of the Ministry of Communications, all IT operators, including mobile telephone and the Internet companies, were supposed to install this system at their own expense and make any information available on a 24/7 basis to the Federal Security Service.) Had this act been implemented, the secret services would have received practically unrestricted abilities to eavesdrop on voice communications and read e-mail messages. Luckily, the Supreme Court of the Russian Federation ruled that the order ran counter to the Constitution.

Presently, the Russian Internet community has consolidated, expanded and acquired the necessary links and levers to bring pressure on the authorities. This makes everybody hopeful that any potential attempts by the government at “making the Internet clearer” would be opposed by a force powerful enough to shape public opinion.
The United States has traditionally been known as a ’melting pot’ of nationalities, personnel, ideas and technologies alike. However, it seems that the melting process is not progressing as smoothly as before. Although brains continue to drain and the workforce continues to migrate to the world’s richest country, a flow in the opposite direction cannot be ignored any longer. The fact is, the U.S. is losing jobs, and in some industries job losses are growing at a frighteningly high rate. The biggest losses seem to be characteristic of hi-tech and software development, and this opens up new opportunities for other countries, including Russia.

OFFSHORE PROGRAMMING

The information revolution has determined that the office is no longer the only workplace, since modern communication technologies have introduced telecommuting. In practice, this means that an employee is always at hand and is available on a 24/7 basis in any country or continent. Moreover, this technology is giving birth to the so-called offshore, or ordered, programming. In this case, products are developed, on order from customers, in those countries which have the most favorable combination of factors, such as cost, quality and the period required for implementation.

Andrei Korotkov

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The model behind offshore outsourcing for the electronic industry was first tested chiefly in Taiwan in the 1980-90s. Contracts with Taiwan manufacturers enabled U.S. and European companies to have their assembly work done by the Taiwanese, who possess a qualified, but low-paid workforce. This permitted the company to concentrate on the development of new products, production series and technologies.

Over time, an ever-increasing number of international electronic giants were transferring their production to Taiwan and other Southeast Asian countries. Within a relatively short period of time these countries turned into major world centers of the electronic industry. The fast growing demand for standard electronic components for computers and communication systems helped the Southeast Asian 'Tigers' at the turn of the millennium to increase investments in their production. An essential part of these investments was made available in the form of easy credits, grants, tax remissions and direct investment. In the past century, the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO) saw nothing reprehensible about such support (today, Russia would hardly be able to implement such protectionist support without peremptory complaints from the West). As a result of such financial policies and assistance from the world leaders, Taiwan, which has always been a conundrum for China, became an industrialized country; later it was followed by South Korea, Indonesia, the Philippines, Malaysia and some other countries, whose economies are based on the electronic industry.

Until very recently, India was believed to be a major smithy of technological personnel, a recognized leader and the main provider of outsourcing services. From April 2003 to March 2004, software exports by companies based in the technoparks of Bangalore and New Delhi grew by 30 percent to reach $12.5 billion. According to India's National Association of Software and Service Companies, 70 percent of the above products were sold to the U.S. Today, India is joined by Vietnam, China, Mexico, as well as Poland, Romania, Ukraine, and other countries of Eastern
Europe. In India, the cost of programmers’ services is growing by 15 percent annually, while the ‘newcomers’ have to be content with more modest payment for their services. This is occurring at a time when there exists an ever-growing demand for programming services around the world. Specialists predict that in the next five years the software market is likely to hit $50 billion.

THE U.S.: WHEN YOUR OWN EXPERIENCE IS IN BIG DEMAND

Due to the development of offshore programming, the U.S. lost 160,000 jobs over the past three years. This trend cannot be ignored any longer, and is even becoming a debate issue in the upcoming presidential elections. U.S. President George W. Bush is declaring that during the last year he created 1.2 million jobs. However, the fact that jobs in the hi-tech domain are being lured away can neither be understood, nor forgiven. (There is evidence that at least three major companies in New England and Virginia have recently suspended negotiations with Russian partners exclusively due to the upcoming elections.)

While it is true that major companies gain much from hiring specialists in countries with a low-cost workforce, this practice may have negative effects for their home economy by spurring unemployment. Recently, California prepared a draft bill concerning the use of outsourcing for public orders which imposes a ban on employing non-U.S. residents for government contracts. Should the bill be adopted, any contract in which the state is the customer has to be implemented within the state’s borders. This delimitation covers both the contractors and the subcontractors alike. A number of U.S. states have already adopted such laws aimed at guaranteeing jobs for their residents. However, Forrester Research predicts that by 2015, 3.4 million jobs in the software development domain will have moved to countries with a less costly workforce.

There is a threat that U.S. superiority is likely to be lost in the scientific and hi-tech domains, suggests a report by the National Science Foundation. Warren Washington, chairman of the
Foundation’s scientific council, also maintains that lack of competition in the scientific and hi-tech labor markets was very advantageous for the U.S., whereas attractive and competitive offers are now coming from around the world. According to the report, Ph.D. immigrants currently account for 38 percent of the scientific and engineering jobs.

Is the devil really as black as he is painted? In reality, foreign programmers are no threat to their U.S. counterparts. There are certain areas in the U.S. where “cheap” solutions are either inapplicable or fail to meet customer requirements.

Take, for example, software development for crucial segments of the U.S. national infrastructure, including technologies that are connected to national security, military and surveillance domains, the operation of government agencies, energy management, air traffic control, and a number of other applications. (Remarkably, the U.S. president’s advisor for critical infrastructural segments is John Chambers of Cisco Systems, a telecommunications and software giant.) It is doubtful that outsiders will receive that part of the U.S. software development “pie.”

A similar situation exists in most industrialized countries. The key jobs in the U.S. IT industry continue to be inside the U.S.

Maria Scheifer, who heads a program for MetaGroup, believes that the scale of the U.S. controversy over outsourcing and its importance is overestimated. She maintains that most of the outsourced projects were — to all intents and purposes — performed by foreign specialists working in the U.S. on the basis of the so-called H-1B working visas.

The IT areas which are not open for outsourcing require many IT infrastructural specialists, including those developing database management systems and Internet infrastructures. Also in high demand are those specialists capable of interacting with ERP system clients in such areas as resource planning and industry management. It should be no surprise that the salaries of specialists in high demand continue to grow. For example, last year software analysts averaged $131,000; today, they earn approximately $172,500. Business application managers have also enjoyed a
salary rise from $91,000 to $116,500. Such specialists usually occupy senior offices and receive especially high bonuses. Experience is being sold as before, Scheifer says.

ARE “THE RUSSIANS COMING”? 
The presence of American hi-tech corporations on the Russian market is a history that is now many decades long. However, the U.S. began viewing Russian software developers as a potential market for outsourcing only after it was hit by the crash of the dot.com companies.

Presently, the Russian software market is developing largely due to its growing domestic demand. In 2003, software exports exceeded the half a billion dollar mark with total sales of $6 billion. Software developers, including those working for customized applications, have been finding support at the highest possible level. Russian President Vladimir Putin has recently stated that IT exports are an efficient instrument against brain drain and deserve state support.

Corporate customers are unanimous about Russia’s opportunities within this market. A Forrester Research study, published in March 2003, predicts an annual growth of Russian IT exports by 50 to 69 percent. Analysts of the A.T. Kearney consulting company are less optimistic. They are of the opinion that Russia will most likely rank 21st (after Vietnam) amongst those countries advantageous for offshore programming. This rating, they maintain, is attributed to the fact that Russia inadequately participates in the international distribution of labor; it has underdeveloped information and telecommunication infrastructure, an unfavorable business climate and cool attitude toward foreign investors.

There are several factors that make potential customers refrain from doing business in Russia, such as their impression that Russia is an unfriendly competitor, language difficulties and the huge amount of bureaucratic hurdles, not to mention the relatively high salary of Russian programmers. There is also a persistent myth—propped up by Hollywood—that Russian programmers are all hackers.
Presently, however, the situation is improving in all three of these directions. Businesspeople and software developers in both the U.S. and Russia are being drawn together by their political predilections and entrepreneurial logic. There are also more pragmatic reasons for cooperating with Russia, for example, its partnership in the fight against international terrorism and money laundering, as well as its ability for ensuring network security. Many responsible manufacturers are transferring their orders from Third World countries to more understandable partners. To further bolster the trend, an everincreasing number of Russian programmers are learning foreign languages, while many young managers are receiving MBA and MBI diplomas in the U.S. and Europe.

Presently, it seems that Russian software producers are already prepared for the export of not only customized products, but computer packages oriented toward end-users. (This is more profitable from the viewpoint of taxation; it requires a full cycle of employment ranging from the development of architectural software solutions to marketing, sales and product support.) It is time to find the niches where high-quality Russian products are capable of providing worthy uses.

The high proficiency level of Russia’s R&D teams — due to traditionally high-quality education in the field of applied mathematics and programming — was confirmed by the results of the 28th ACM International Collegiate Programming Contest held in Prague this year. It was attended by teams from 73 universities from 31 countries, including 8 teams from Russia. First place went to a team from St. Petersburg State University for IT, Mechanics and Optics who emerged victorious ahead of very strong teams from the U.S., Sweden, Belarus, China, Taiwan and Poland. Russia’s Perm State University (fourth place) and Izhevsk State University (eighth) also ranked amongst the top ten best teams.

In 2004, the Asian CASEL competition for the best cryptography standard was won by the JOKE (Just Only Kryptography Extensions) procedure, proposed by one of Russia’s research institutes. In a very competitive environment, Russian specialists left
behind their counterparts from France, Holland, the U.S., Japan and several other countries. As a result, it should be no surprise that developmental projects by Russian cryptographers are carefully monitored by representatives of the Asian markets.

Similar competitions have taken place in the U.S. (a contest sponsored by the NIST) and Europe. Russia sent teams to both contests; specifically, the LAN Crypto company presented its NUSH procedure. Generally, cryptography is a very promising domain for Russian programmers because this sensitive area of software is connected with data protection, which is in big demand in many business solutions.

Russian outsourcing companies have demonstrated a stable growth of opportunities for software applications intended for microchip design. Many U.S. vendors, including IBM, Microsoft, Oracle and Sun, have already used their services. This year, Intel is about to double its already numerous Russian personnel by leasing people from the Elbrus company, which enjoys a long history of good relations with their Western partners, as well as from UniPro of Novosibirsk, which specializes in applications for mobile telecommunications. Intel research units can be found in Moscow, Nizhni Novgorod and Sarov, and the main products of Russia’s Intel facilities are connected with procedures and software. Steve Chase, president of Russia’s Intel office, emphasizes that Intel has no intention of competing in Russia with the traditional software manufacturers. Intel only needs software to complete its own technologies which are connected with the production of data processing and data transfer hardware of its own.

The successes scored by Russian software developers are encouraged by the situation on the respective markets of the CIS. Russian IT companies possess a more tangible potential in comparison with companies from other countries of the Commonwealth, most of which are suffering from a lack of clientele and weak economic relations. Deficiencies in the economic development of the former Soviet republics are bringing additional gains to Russia’s software developers and service providers working in the field of new technologies. The situation is opening
up access to new markets and a low-cost workforce. For instance, in Moldova, an average programmer earns less than $5/hr, which is substantially less than a similar specialist in Russia, who earns about $15–20/hr. Local programmers and technical specialists do not require special training or upgrades since they all are graduates of Russia’s higher schools. Moreover, the Russian language continues to be the most widespread language on the territory of the former Soviet Union. There, Russian outsourcing companies – located closer to new markets, and similar in terms of culture – may well be rendering priceless services which lead to additional price gains.

INTERNET DEPENDENCE – TODAY AND TOMORROW

Today, the demand for software developers is so high that a friendly co-existence among various national business communities is quite possible. Each computer has in its memory storage anywhere from 150,000 to several million lines of program coding. Understandably, each line was created through the effort of computer programmers. Much of such coding exists as a repetitively licensed product, however, new technologies and applications require constant debugging and streamlining, user support, upgrades and development. In general, the modern economy becomes increasingly computer-dependent.

According to Harris Interactive, 80 percent of American adults with Internet access continuously use the Internet for a variety of news; 26 percent of them have become less dependent on other mass media sources (television and newspapers have suffered the greatest). An average respondent spends 30 minutes to 2 hours reading on-line news. Traditional mass media sources have also become massive users of the new software products.

In 2003, according to Forrester Research and the U.S. National Retail Trade Association, Internet outlets in the U.S. increased their sales by 51 percent. Software companies render services and develop electronic trading desks, alongside e-trade and e-banking. In the aggregate, U.S. e-sales amounted to $114
billion — far in excess of $96 billion predicted by the analysts. On average, the Internet shop margin amounted to 21 percent. Until now, e-sales in the U.S. amounted to only 5.4 percent of the total sales of goods and services. However, in the field of technical sales, the Internet is well ahead — with 43 percent of household appliances sold over web sites. According to AP forecasts, this year on-line sales in the U.S. are likely to reach $144 billion.

In Russia, Internet services are developing faster than the growth rates for the IT market.

Source: RBC

The conclusions of Internet Database Connector and Forrester Research are confirmed by the Gartner Technology Demand Index (TDI). This monthly economic indicator is calculated by a poll of various IT companies’ CEOs. In February, for the first time ever since its introduction in March 2003, the TDI exceeded the level of 100. In June 2004, the TDI for the U.S. hit a level of 105, thus showing that U.S. companies believe in economic stability; 5 percent of the polled CEOs spent more on advanced technologies than was planned in their budgets.

A decade or so ago it was only possible to speak of microelectronic devices, but the present capabilities of personal computers and notebooks meet the requirements of virtually all users. Currently, software products and network content are in the lime-
light, and telecommunication networks have immense opportunities for development. Operators have only begun to evaluate the potential of new wire and wireless broadband technologies and the possibility to offer new data services to remote information users.

In this environment, the most efficient strategy for Russia’s IT companies is to study the best practice from around the world so as to adapt themselves to the local economic climate. In Russia, the hi-tech domain must be viewed as one of the main supports of the economy and as an important mechanism for achieving high economic growth. It also requires efficient investment policies. This strategy will help Russia become a world leader in electronic technologies, thus creating a new, advanced economy that is based on knowledge and data transfer.

The dramatic events of the last two decades have entailed a deep crisis of the Russian social science, which reflects, in acute detail, the crisis of Russian society itself. But if the problems of the 1990s resulted, to a large extent, from the absence of “objective conditions” necessary to resolve them, the current problems are rooted in the lack of “subjective abilities” of Russia’s political elite and scientific community to advance the nation and its science. The notorious isolation of Soviet society, which prevented Russian scientists from addressing critical problems, can no longer justify the present frustrating status of Russian sociology. This situation permits us to speak, if not of Russian social scientists’ loss of the ability for original thinking, then at least of the lack of the intellectual courage to resist the existing dogmas. Against this backdrop fundamental works dealing with theoretical problems and seemingly apparent questions cannot but draw our attention. Amongst the books of this genre, one deserved of consideration is *Requiem for Ethnos* by Valery Tishkov, a prominent Russian historian and sociologist, Director of the Institute of Ethnology and Anthropology of the Russian Academy of Sciences. *Requiem for Ethnos* is written in a manner that is not typical of the contemporary Russian social sci-

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ence. The book is defiantly provocative: the author deliberately makes many sharp statements, which strive to involve his colleagues in polemics. The book demonstrates not only the author’s profound knowledge of the actual processes now taking place in society, but also his knowledge of the diverse opinions held by his Russian and foreign colleagues. From the very first pages of his book, the reader will appreciate how important it is for the author to establish a personal position, and Tishkov has devoted several decades of energetic scientific activity to this task.

According to Tishkov, the 20th century was “the most historic” for mankind in many respects (p. 501), which witnessed “the emergence of an enormous number of new entities with group self-identity” (p. 498). However, the scale of this process naturally resulted in a “negative” self-identification: in most cases, each entity defined “itself” as being different from “the others” or “the alien,” and was realized through overstating religious, linguistic, cultural, historical and other distinctions. This is by no means a progressive tendency of socio-historical evolution since it does not stimulate a “positive” self-identification which would lead to more stability, while it causes the continuous separation of increasingly smaller communities from the more significant ones. The author makes a convincing conclusion that the ‘supporters of separatism and self-determination of individual ethnic groups always turn out to be more numerous than the existing and emerging states... because the more states there are the more minorities emerge; newly determined borders result in separated communities while cultural diversity entails group distinctiveness from the new dominating group” (p. 347). This is the reason why constructing identities on the basis of religious and ethnic distinctions ultimately leads to a dead end (p. 345 and others). Tishkov uses the illustrative example of the Romans who avoided a “negative” self-identity; as the author stresses, the Latin term natio was used to denote various peoples, but not the Romans, who were named populus, an entirely specific community that was formed over the course of many centuries (p. 98).

At this point of discussion we are approaching one of the key theoretical problems raised in the book — the correlation between the concepts of ’nation’ and ’ethnos,’ as well as the related question of the validity of national and ethnic grounds for

Reviews
self-identity. Tishkov maintains that the use of many similar concepts such as 'nation,' 'people,' 'ethnos,' etc., makes it difficult or even impossible to assess how factors such as history, culture, political processes and the self-identification of a people affect the formation of a community. The correlation of these concepts comprises the most important parts of Tishkov's book.

Valery Tishkov does not accept the objective (or, to be more exact, objectivistic) component of the 'ethnos' concept. His line of argument follows a very convincing logic. He starts with the statement that “biologically there is no clear-cut division of people into races” (p. 67) and proves the dubious character of the assertion that the primacy and consistency of ethnic distinctions are conditioned by the historical evolution of a people, traditionally ranked amongst a particular ethnos (p. 102). It should be noted that the author does not say that the term 'ethnos' is inadmissible or useless in studying ethnic specificities, he only draws attention to the fact that these specific features have a cultural, not historical basis. “An idea or myth about a common historical destiny of the members of a community, but not a common origin, is the sign of ethnic commonality,” he writes (p. 116). The author defines an ethnic group as a “community formed on the basis of cultural self-identification with respect to other communities with which it maintains fundamental ties” (p. 115).

Indeed, history proves that the crucial role in the life of individual peoples and their interaction with each other belongs not to their racial or other natural features but to specific aspects of their culture and social organization (for more details see p. 86). It is precisely the interaction between the cultural tradition (characterized by a certain historical continuity) and social forms (more apt to change) that determines the nature of self-identity, which, in the author’s opinion, is what determines an individual as being ranked among a given ethnic community. “Ethnicity is a form of social organization of cultural distinctions... An ethnic community is a group of people, whose members have common names, elements of culture and historical memory, enjoy the myth about their common origin, associate themselves with a specific territory and have a sense of solidarity” (p. 60). We will get back to these arguments that may cause serious objections a bit later.

At this time I would like to briefly
consider a somewhat different aspect of the problem, namely: What is the social and political mechanism for forming ethnic affiliations? Responding to this question, the author proceeds from the fact that communities, which are based on kinship and group solidarity and which can be considered as ethnic groups, have always existed (pp. 96-97), but “interethnic” contradictions have rarely led to conflicts and wars (pp. 105-106). Presently, however, we are witnessing a different situation where problems of ethnic self-determination are coming to the forefront. Here, Valery Tishkov argues that fighters for ‘ethnic originality’ justify their efforts by the danger that allegedly threatens ‘ethnic minorities.’ However, “the enormous majority of contemporary ethnic groups... emerged not as a result of the historical evolutionary process or the ethnogenesis, but due to factors of a different kind” (p. 105); the very threat to their existence is not obvious, and moreover, doubtful. People who support the rights of ethnic minorities are motivated by the fear that their small communities will be destroyed under the influence of the more powerful entities, much the same way that species disappear under the impact of human activity. But, in the author’s opinion, these fears are groundless. Having a perfect knowledge of the history and culture of the peoples of Russia, Tishkov points out that, despite the fact that “in the opinion of many scientists, since the 19th century, languages of the ingenious peoples of the North that are small in numbers have been constantly and inevitably disappearing, ... the data of the 2002 census shows that all these languages have been preserved and the size of those groups is either constantly rising or staying at the same level” (p. 64). Furthermore, “during the 20th century... not a single small culture disappeared in the Soviet Union and, in fact, the whole ethnic mosaic of the country remained intact” (p. 247). However, Tishkov admits that the situation is not the same around the world. He argues that one of the reasons for the present hysteria is the use of the ethnos and national minority concepts as synonyms. This is inadmissible because the ethnos was formed historically, while national minorities emerged as a result of migrations and other processes known as ‘local ethnization’ (p. 105). This is a very important conclusion by Valery Tishkov, which has an enormous practical significance. In the contemporary world there is an incredible excess of definitions
and concepts, dogmas and ideas, religious doctrines and ideological trends. Scientists themselves often become entangled in them and politicians (as well as extremists) occasionally take advantage of this fact. Concepts such as 'ethnos' and 'people,' 'cultural community' and 'ethnic group,' 'people' and 'nation,' and 'policy of multiculturalism' or 'multiethnic policy' have no clear boundaries. Yet, they are imbued with different meanings because they are used by “scientists from different countries with different historical and cultural experience, and because their descriptions are usually linked to 'foreign' peoples and cultures” (p. 58). As a result, fertile ground is being prepared for extensive demagogic rhetoric (pp. 139-10).

Valery Tishkov maintains that European and world history of the 18th-20th centuries makes it possible to trace the main stages of “the global legitimization of the concept of 'nation' as a synonym of 'state'” (p. 155); this process ended in the mid-20th century when the United Nations was established. In fact, the event equated the concepts of 'nation' and 'state,' even with respect to those peoples whose languages (for example, Chinese) do not contain the notion of 'nation' at all (p. 155). The author argues that the concept of 'nation' that has become synonymous with 'state' is losing its significance; therefore, it would be desirable and correct to “reject the phantom word 'nation' altogether (and its derivations as well), along with the term 'nation state,' which is meaningless from the scientific point of view and inapplicable in the political and legal sense” (p. 167).

The ongoing speculation about 'national' ideas and principles leads to the emergence of artificial lines of tension in society, promotes its division and fragmentation and, eventually, threatens the functioning of civil society (p. 145). Valery Tishkov stresses that different "societies differ from one another not so much by their ethnic diversity as by how much importance is given to this diversity and what policy is conducted in this area of people’s life” (p. 230). He urges us "to forget about nations for the sake of the peoples, states and cultures” (p. 171).

Thus, the author calls for rejecting the wide use of the notion 'nation' in the scientific discourse, as well as rethinking the notion of 'ethnicity.' The question is: Is this proposal substantiated enough and how convincing are the arguments? Being
neither an ethnologist nor an anthropologist, I cannot answer these questions. However, as a political scientist and economist, I can qualify most political and scientific discussions about national and ethnic minorities as clearly artificial and demagogic. An analysis of social science literature shows that scientists are entangled in schemes that they themselves have created, while an analysis of the current practice proves that politicians are unable to resolve contradictions within this sphere.

_Requiem for Ethnos_ provides the reader with a detailed argumentation for a conclusion that is the rarest in the history of science: the author sets out not to prove the mistaken character of the notions 'ethnicity' and 'nation,' rather, he focuses on the fact that they are detrimental to social development. His work is not an ordinary theoretical treatise; this is an ambitious study with the main task formulated in a way that is rather unusual for contemporary science: Should practical rationality be subordinated to theoretical purity? Should we disregard society’s interests for the sake of establishing the “truth”? Tishkov answers these questions firmly and convincingly: “No!” We cannot and should not disregard the principles of justice and expediency even in those cases when the objective truthfulness of sociological definitions is being lost; the interests of the people should not be sacrificed to the needs of abstract theories. This is one of the important lessons of the 20th century. The remarkable peculiarity of _Requiem for Ethnos_ is that the author’s general theoretical reasoning is supported by extensive factual data. To substantiate his theses, Valery Tishkov uses the example of the two largest and most developed ‘multiethnic’ communities, the United States and the Soviet Union (and now Russia). He proves how the ‘attention’ to ethnic and national ‘questions’ has generated acute interethnic and international conflicts.

He writes: “In the Soviet Union, the Bolshevik-declared right of ‘nations’ and ‘nationalities’ to self-determination under the tough communist regime was transformed into the “ethno-national principle in the country’s political and administrative system” (p.159).

After the collapse of the Soviet Union, this principle was preserved solely in Russia, the “only one of 15 [post-Soviet] states which has kept the idea of a nation in the doctrinal property of some administrative units that form it” (p. 166).
Since 1926, when the Soviet Union conducted a population census, and a question of 'nationality' was included amongst the list of questions offered (p. 160), the destiny of the state was in fact predetermined, while the creation of 'the Soviet people' as a 'new historical community of people' was doomed to failure long before the question was appropriately formulated. Valery Tishkov asserts that the present situation in Russia actually continues the Soviet tradition. Statistics prove that over 85 percent of the country's current population is comprised of 'Russians' (their share in the Soviet Union did not exceed 55 percent) (p. 414). Thus, we may conclude that Russia is a very monoethnic country. However, nationalism and xenophobia are increasing in Russia at an unprecedented rate (pp. 407-408), while the politicians continue competing in rhetoric on defending the rights of national minorities: “having not enough experience in counteracting extremism” (p. 330) they, nevertheless, contrive “to keep searching for a national idea” (p. 425). When presenting the 1996 Triumph Award to a Georgian (Rezo Gabriadze), a Serb (Vladimir Voinovitch), a Jew (Yevgeny Kisin), and a Russian (Leonid Filatov), as well as to a half-Uzbek and half-Tatar (Rustam Khamdamov) as representatives of the 'Russian intelligentsia,' Boris Berezovsky was right in his remarks that reflected the popular statement by Pyotr Struve who said that all those who participate in creating a nation’s culture could, and should, be considered as belonging to this nation (p. 110). According to Valery Tishkov’s assertion, this is the reason why dangerous tendencies are emerging in Russia today, while it remains, at the same time, attached to old ideological dogmas. These tendencies are fraught with unpredictable consequences.

In the author’s opinion, the United States faces a different situation (it has arisen from a different historical route), but it is similar to Russia’s situation through the potential conclusions, however paradoxical this may sound. As is known, the first settlers in the U.S. were immigrants from Europe who decided to leave the Old World with no national or ethnical motives whatsoever. For some time “none of the immigrants represented any ethnical group at the moment of resettlement” (p. 105). This is the reason why ideas concerning 'Americanization' and nation-building were quite natural, and no serious attempts were made to reject them until the start of the
20th century. Later, however, as national self-consciousness grew stronger in the 'donor countries,' immigration to America became absolutely different (incidentally, the Americans are only beginning to realize this today). As a result, immigrants to the United States are being 'Americanized' to a lesser degree; instead, they continue to form more diasporas, that is, “segments of the population living outside their homeland” (p. 441), “culturally distinctive communities based on views of the common native land, common relationship [and] group solidarity” (p. 446). As Valery Tishkov stresses, diasporas are essentially not ethnic; they are actually an instrument to assert political rights of a certain localized group and nothing more (p. 458).

Today, the United States is actually practicing methods that were typical of the Soviet Union and, thus, threatens to seriously jeopardize itself. American policymakers themselves are forming a quasi-national self-identification of immigrants, when, for example, they include a ‘Hispanics’ category in the census. Spanish-speaking Americans are becoming aware of themselves as being a separate group, in part because the census results “are interpreted on a mass level and are included in the provisions of national and state budgets as well as in legal documents” (p. 182). If, by the start of the 2010 U.S. census, notions of ’race’ and ’ethnicity’ are not removed from the census and other official statistics, the United States will have inevitably accepted the “formula of ’multinationality’ that is destructive for any state... [and that will become] a possible “farewell to America” (pp. 200-201). The consolidation of these diasporas, which are taking increasingly bold actions, thus strengthening their own legitimacy, not only results in social controversies inside the U.S., but also creates centers of instability abroad. As an example, the author refers to the “Tamil diaspora in the countries of the West and in India, which has been providing money to armed Tamil separatists in Sri Lanka for over 20 years now” (p. 354.) Separatism – as a misinterpreted self-determination (p. 343) – is becoming the main source of domestic conflicts and global tension.

Is there any way out of this situation, which exists both in theory and in real life? The answer that Valery Tishkov gives is extremely simple. He urges us to get back to the ancient truth and, by recognizing the correctness of William of
Ockham’s “pluralitas non est potenda sine necessitate,” to follow the example of Latins, who in their time considered the Egyptians and Syrians as naturally belonging to populus Romanus. As we have already said before, Tishkov proposes that we cast aside our desire for nations for the sake of peoples. Is such an approach logical from the scientific point of view? Unfortunately, the answer is not obvious. Given the present situation, is it necessary to carry out such an idea? Undoubtedly, yes. Would such a proposal be feasible? Only time will tell.

Reviewing this new book by Valery Tishkov, I have probably concentrated too much on those aspects that I consider to be positive, as well as on those conclusions by the author that seem correct. This does not mean, however, that his work is free from controversies and incompatible assumptions. But its unquestionable advantage lies in the predominance of rational thinking over abstract theorizing. That is why some methodological rough-edged places do not affect its overall importance to contemporary social science. From this point of view, even some factual inaccuracies do not spoil the picture: like the story about the reaction of French president Francois Mitterrand, who died in January 1996, to two goals that were scored by France’s national soccer team player Zinedine Zidan in the 1998 World Cup final (p. 136.). Such unfortunate inaccuracies in no way affect the high value of Tishkov’s book and, I would say, his scientific valor.
In September 2004, the Russian city of Novgorod hosted an international conference entitled *Russia at the Turn of the Century: Hopes and Reality*. Its organizers were the RIA Novosti news agency, the Council on Foreign and Defense Policy, Russia in Global Affairs, and The Moscow Times. The list of participants included leading scholars, experts and journalists from the U.S. and European countries, who met to discuss the level of Russia’s political, social and economic development that has been achieved since the introduction of democratic processes 15 years ago. This review presents a synopsis of the views provided by the Russian participants in the forum and offers a general account of their opinions.

**Sergei Karaganov**, Chairman of the Presidium of the Council on Foreign and Defense Policy and Chairman of the *Russia in Global Affairs* Editorial Board, said Russia had fallen short of both the most optimistic and most pessimistic forecasts that the experts forwarded at the start of the reforms. What is most important is that a totally new reality has emerged in the country, he said.

**Dr Alexei Salmin**, President of the Russian Social Political Center, opened the discussion on Russia’s domestic policy by focusing attention on the transformations that are yet to come. People without the slightest amount of Soviet experience will join the economically active sections of society in just several years from now. While these individuals possess no experience of the Soviet past, they do have abounding experience with Russia’s imperfect democracy into which they were born. This fact may have variegated consequences, ranging from a willingness to turn Russia into a model democracy, to attempts to thwart any form of democracy in principle. The commencement of their participation in economic life will coincide with the 2008 presidential election. At this
time, the problem of a cohesion between the current and future political course may acquire a dramatic taint, while the change of power will mark a tense and dangerous moment.

MP Vladimir Ryzhkov, who represents the liberal opposition in the lower house of Russian parliament, said he was confident that the country’s democratic system had been dismantled during the years since Vladimir Putin’s election to the presidential office. All the independent institutions that would ensure the plurality of opinions and balance of powers in the 1990s — the upper and lower houses of parliament, independent deputies, the powerful regional governors, political parties, independent mass media, and independent big business — have been cut down to size. “We’re offered an array of hollow democratic institutions having facades but void of real content,” Ryzhkov said. “This is a road to disaster, to the country’s collapse.”

MP Andrei Klimov, a member of the pro-presidential United Russia party, disagreed with Ryzhkov, saying that much of what was happening today was part of putting things into order and repairing the mechanism that had been shattered during Yeltsin’s presidency. He charged Yeltsin with leaving Putin with an unstable political system that was in disarray, and a feeble, undemocratic state that was dependent on numerous factors. Klimov admitted at the same time that some of the recent proposals for the consolidation of power might actually aggravate particular problems as opposed to solving them.

MP Konstantin Kosachev, Chairman of the Foreign Affairs Committee in the State Duma, offered the opinion that Russia — for the first time in its recent history — has acquired clear political personification, represented by President Putin and the United Russia party which has taken full responsibility for the situation. What the country also needs, Kosachev said, is a government that is formed along the party principle.

The problem concerning the centralization of state power sparked an animated discussion, with writer Alexander Prokhanov arguing that Russia as a country, and the Russians as an ethnos, are living through a disaster. The population is dwindling, huge territories remain undeveloped, and culture and science are degrading, he said. “Russia has come to the brink of something bigger than disintegration — it can be absorbed by powerful nationalities moving in from
the East and South,” Prokhanov said. He pins hopes for Russia’s salvation solely on the tough centralization of state power.

Novgorod Region Governor Mikhail Prusak supported the idea of suppressing petty regional separatism, but spoke against the centralization of financial flows and economic powers. “Western civic society grew out of the economic freedom of the land and the economic freedom of each particular man,” he said.

Political analyst Vitaly Tretyakov highlighted the fact that liberal democratic reforms in Russia had always led to the disintegration of the government, state, and its territory. In the meantime, historic experience shows that the Russians treasure those territories, and maintaining them is a kind of a Russian national imperative.

Dmitry Trenin, Deputy Director of the Moscow Carnegie Center, said the problem of Russian democracy was deeply rooted in the absence of demos and of a responsible and conscientious choice of voters, rather than in authoritarianism. “Russia has moved from the phase of Yeltsin’s revolution to the phase of stabilization,” he said. “It has reverted to its organic path of development, from which it was knocked off in 1917.”

Russia’s chief ombudsman Vladimir Lukin developed the subject of post-revolutionary stabilization during the next session of the forum, where the participants discussed humanitarian issues. Following the end of a revolution, society must readjust itself to a different way of life and this process of adjustment usually takes a long time. This phase often implies ceding some gains of the revolution-ary epoch. Such is the law of development, Lukin said.

Georgy Bovt, Chief Editor of the Izvestia daily, believes Russian society is generally insufficiently developed — it cannot speak articulately and does not know how to formulate or perceive many things, and that is why it would be most productive to begin with the words and ideas easily understandable for society. The authority’s inability to speak a language clear to the people is especially detrimental today.

Alexander Prokhanov criticized the ideology that dominates in Russia at the moment. He called it “an incendiary mix of neo-liberalism in foreign policy and economics and a quasi-imperial sugary approach in internal affairs.” “Enlightened centralism” can only be developed as a national idea if all the ideologies found in Russian society (e.g. ultra-right, liberal, super-conservative,
religious or even extremist) fuse into one ideological compound, he said. **Fyodor Lukyanov**, Editor-in-Chief of *Russia in Global Affairs*, discussed Russia’s position in the international arena during the session which focused on foreign policy. He pointed out the widening gap between President Putin’s clearly pro-Western foreign policy course, and the model of internal relations that is definitely drifting away from exemplary Western democracies. This creates apparent problems for Russia’s strategy of becoming integrated into the community of developed countries, which the President has declared more than once.

Konstantin Kosachev said many of the problems that Russia faces on the international scene have psychological roots, which are a combination of the superiority mania and inferiority complexes embedded in the Russian consciousness. “We’d like to rehabilitate the past glory of the Soviet state, and yet shy away from stating Russia’s genuine interests,” he said. “We pull back too soon if we hear the accusations of cruelty and imperialism. Countries of the world will always respect one another’s interests, but Russia must formulate its interests for itself. All of our setbacks in foreign policy will continue to be linked to a failure to understand our national interests, as well as the plans for implementing them.”

**MP Yuli Kvitsinsky**, one of today’s most widely known Russian diplomats, voiced doubts about the ostensible strengthening of the country’s international positions in the past few years. “The time that it requires for a NATO missile to reach Moscow and St. Petersburg has shrunk to the minimum, and all of the [European] Russian territory up to the Urals has fallen within the range of tactical weapons from other countries,” he said. “This should have led us to urgent practical conclusions.” Yuli Kvitsinsky recalled that NATO statements about friendship with the Russians are nothing more than unbinding declarations. Should the situation change, says Yuli Kvitsinsky, Russia will be unprepared to rebuff the enemy. Dmitry Trenin called for looking at NATO as an opportunity, not a threat. “It may have the role of Russia’s important strategic rear and a resource for modernizing the Russian Armed Forces,” he said. “The same applies to the European Union as well, because it can become an external lever of our internal modernization.” Another factor that sparks Kvitsinsky’s alarm is the absence of a clear policy line toward the CIS.
countries, where he believes new impressive methods of influence, together with the promotion of Russian interests, are needed. Fyodor Lukyanov supported the above viewpoint, saying: “Russia’s problem in the post-Soviet countries is similar to America’s problem across the world.” America is powerful, but it lacks soft power, that is, an ability to convince others to side with it, he said. “Russia needs a powerful cultural and civilizational campaign to promote itself to its neighbors.”

Konstantin Kosachev admitted that Russia’s conduct toward its neighbors resembled that of a bull in a china shop. “Ironically, being a small nation is a lucrative business in today’s world. If you are one, you can harass, or even become aggressive, against your big neighbors, because the world community won’t let them touch you,” he said. Relations with the West were mulled over at a session devoted to security issues. The Russian participants complained that the West supports Russia’s fighting with terrorism only in words and refuses to give it practical assistance.

MP Andrei Kokoshin, Chairman of the State Duma’s Committee on CIS Affairs, underlined the huge gap between the interaction of the world’s leading countries, and the scope of the challenges that arise from the nature of the new threats. “The U.S. action in Iraq, which provoked an upsurge of radicalism in the Islamic world, together with the Russian-American misunderstanding in the post-Soviet space, do not serve to bring cooperation to the required levels for fighting terrorism,” Kokoshin said. He recalled World War II, when countries as diverse as the Soviet Union, Britain, France, and the U.S. managed to put their claims aside and pool their efforts in the fight against the Nazis. “Like it was during that war, Russia is now offered again to bear the major burden of a war with terrorism,” said Vitaly Tretyakov, expounding on the same topic. “The West remains reluctant to consider Chechnya as a part of the problem it faces, too.”

Vagif Guseinov, Director of the Institute for Strategic Assessments and Analysis, called everyone’s attention to the well-planned and coordinated methods of the enemy forces back in 1994, when the war in Chechnya just started. The enemy was neither disunited nor scattered then, and this should not be overlooked. Guseinov admitted, however, that even the Russians did not understand it well enough at
the time. He highlighted one more problem: the people whom the Russian authorities select to monitor the problems of the Caucasus generally have a vague idea of that unique region’s specificity. Vitaly Tretyakov sharply criticized Western demands that Russia make compromise agreements with the separatists. “To grant independence to Chechnya and to make whatever arrangements with Maskhadov will spark similar events in Ingushetia, as well as elsewhere in the North Caucasus,” he indicated. “This will ignite a grand Caucasus war, in which Georgia and Armenia will be swept away as states. After that, Russia will begin falling apart up the Volga where there is a large Moslem population.” Andrei Kokoshin made reference to the period of 1996 through 1999, when an agreement with Maskhadov was in effect and Chechnya was independent de facto. During this time, violent incidents continued to occur in the republic and on the adjoining territories, but Maskhadov was unable to control even his own people. Compared to the days when the Chechen Republic was ruled by militant Islamic radicals, today’s situation there is much better, Kokoshin believes. He also mentioned that it is thanks to Russia that secular regimes have stayed afloat in the Central Asian coun-
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<td>Ruben Vardanyan</td>
<td>President, Troika-Dialog Group</td>
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<tr>
<td>Simon Vaynshtok</td>
<td>President, Transneft Oil Transporting Joint Stock Company, Member of the Academy of Mining</td>
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<tr>
<td>Victor Vekselberg</td>
<td>President, SUAL-Holding</td>
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<tr>
<td>Vladimir Yevtushenkov</td>
<td>Dr. Sc. (Economics), Chairman, Board of Directors, Sistema Joint Stock Financial Corporation; Member of the Russian Engineering Academy and International Academy of Communications</td>
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