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The Russian Season

Fyodor Lukyanov, Editor-in-Chief

Russia's G8 presidency, which will be crowned by the July summit in St. Petersburg, has become the leitmotif of Russia's foreign policy this year. The status of a global "helmsman," coupled with a most favorable situation on the energy market, has instilled self-confidence in Russia. This feeling manifests itself in different ways in various circumstances, often perplexing Russia's foreign partners and causing mixed reactions.

Is the West's criticism of Russia, which has intensified of late, really fair? Economist **Vlad Ivanenko** believes there are many reasons to criticize Russia yet, as he points out in this issue, the criticism hits the wrong target. Russia's partners should not focus on general issues, for example, on how the democratic situation in the country has changed under Putin, but on specific problems of interaction. These may include the observance of corporate governance standards and greater transparency of Russia's largest companies. These issues can influence the democratization process in Russia more than all appeals to abstract notions. Other authors in this issue, **Hiski Haukkala** and **Peter Rutland**, provide their arguments on the same subject. **Arkady Dvorkovich**, the head of the Expert Department in the Administration of the Russian President, is optimistic about the future of the Russian economy. And he believes that economic growth in the country will help improve relations with foreign partners.

U.S. scholar **Leon Aron** analyzes the motives that he believes guide the architects of Russia's foreign policy. He comes to the conclusion that Moscow's actions are well-grounded, although the Kremlin's logic is a far cry from what the West would like it to be.

Vadim Lukov, a diplomat and scientist, analyzes Russia's level of preparedness as it gets ready to fulfill its duties as the G8 president.

Historian **Fyodor Shelov-Kovedyaev** is confident that Russia is destined to play the role as the main engine

of pan-European development. He warns that Russia should not focus on minor aspects, thereby missing a great opportunity to extend its influence.

The authors of our ***Metamorphoses*** section discuss Russia's difficult search for a new identity. Prominent Russian sociologists **Alexander Akhiezer, Igor Klyamkin** and **Igor Yakovenko** analyze the place that Russia occupies in the world from the point of view of the historical path it has traveled over the centuries. **Sergei Markedonov** weighs the chances of Russia finding the idea of a new nation-state in the globalized world, while journalists **Svetlana Babayeva** and **Georgy Bovt** warn about the danger of a purely technocratic agenda, which Russia's leadership is formulating today as the basis for the country's development. Social scientist **Omar G. Encarnación**, who studied the democratic transformation of Spain after Franco, has found many parallels between the development of his country and post-Soviet Russia. He suggests that when a country makes the decision to launch deep transformations it should place special emphasis on achieving public consensus.

The search for a self-identity is a task not limited only to Russia, but to all of the countries that have emerged in the former Soviet Union. The outstanding historian **Roi Medvedev** discusses the factors that serve as the basis for this search. Ukrainian political scientist **Boris Zazhigayev** writes about one aspect concerning the establishment of newly independent states in the former Soviet space: the position of ethnic Russians there who found themselves in emigration overnight.

Two articles in this issue are devoted to Russia's Asia policy – Russian Foreign Minister **Sergei Lavrov** contributed one, while the other is an analytical report based on discussions at the Council on Foreign and Defense Policy. Another author, **Alec D. Epstein**, believes that Moscow is capable of exerting much influence on the Middle East settlement process, which is now at a deadlock. He argues that the participants in this process must face reality and stop pretending that the Road Map peace plan can still be reanimated. Political scientist **Arif Yunus** warns that the escalation of tensions over Iran will aggravate the situation in Azerbaijan, which is connected to its southern neighbor through a long history of difficult relations.

Russia's G8 presidency will continue until the end of the year, so we will return to this subject in subsequent issues to keep our readers up to date on new developments.

Russia in Focus

“To participate in global policy-making, a country should satisfy two criteria: first, it must have means to support its position internationally and, second, it must be able to forge alliances with other strong participants. While Russia has obtained certain “means,” as reflected in its relative financial wealth, it is not viewed as a reliable partner by what is called the ‘West.’”

Russia's G8 History: From Guest to President

Vadim Lukov

Russia's first G8 presidency has attracted Russian and international public attention to the Group of Eight and the role our country plays in it. What are the potentialities and functions of the G8 in the contemporary world? What contribution can Russia make to the G8's efforts in the period of its presidency?

G8 MYTHS AND REALITIES

People traditionally hold extreme attitudes toward the G8. For example, whereas Canadian researcher John Kirton sees the G8 as a modern "international Concert" ensuring collective leadership of the international system, the anti-globalists regard it as the epitome of evil, as an omnipotent and malicious club of state leaders appointed by the global elite to rule the world. Both appraisals are obviously exaggerations: the former adheres to an overly optimistic perception by its advocates, while the latter reflects the seething class-based animosity of its opponents. There is also a cynical view, namely that the G8 has outlived its usefulness with the ongoing rise of other economic powerhouses, for example, China and India, so the summits of the G8 member states fail to really decide anything.

What is the G8 in reality? First of all, the G8 is not the first ever unofficial mechanism of regulating multilateral interstate relations. The most well-known example was the Concert of

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European powers of the Old World that evolved in the wake of the Napoleonic wars. The end of World War II saw the formation of the 'troika' of Western members of the UN Security Council (the United States, the UK, and France) and the NATO Group of Four (the 'troika' plus the FRG). Yet none of the old or current structures of this kind can match the G8 either in terms of its potential influence on international developments, or in its functional or geographic outreach.

The G8's potential role in the international system arises from the weight of its members. In early 2005, the G8 member states accounted for 45.7 percent of total world GDP and 44.1 percent of world exports. The G8 members as a group have a deciding vote at key international financial institutions such as the International Monetary Fund (IMF), where the group has a 48.87-percent share; the International Bank for Reconstruction and Development (IBRD), the European Bank for Reconstruction and Development (EBRD), and the Paris Club of creditor nations.

The group includes four of the five permanent UN Security Council members, as well as four of the five "official" nuclear powers. It is a unique forum of state leaders, not their governments or national diplomatic services. Its platform is used by the world's leading powers for a confidential sharing of plans not only on foreign policy, but also on domestic issues, the harmonization of strategic approaches, and the search for solutions to international political and economic problems.

The main function of the G8 is to regulate vital processes in the international political, financial, economic, social and humanitarian spheres (which, however, does not mean that the G8 member states are laying claim to the role of a 'world government' or have resources required for that).

Implementation of this comprehensive and challenging goal is secured through diverse activities along the following lines:

– the establishment and promotion of personal relationships between the leaders of major states and building mutual trust amongst them (a case in point are G8 summits in the wake of the Kosovo 1999 crisis and the 2003 war in Iraq);

– the identification of common interests on specific problems, while finding harmonization in the approaches toward their resolution (elaboration of a common concept for mid-term economic policy in the early 1990s; the 1999 debt-relief plan for the world's poorest nations known as the Cologne Initiative; the adoption, in 2002, of the Global Partnership for Nonproliferation of Mass Destruction Weapons and Materials; and the creation, in 2001, of the Global Fund to Fight AIDS, TB and Malaria);

– the formulation of basic rules of conduct for G8 members and the creation of universal rules of conduct. The G7, followed by the G8, acted as catalysts in such international projects as Missile Technology Control Regime, the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies, and several UN conventions on international terrorism;

– the prevention and resolution of crises, primarily in the financial and economic sphere. As for international political crises, the group's powers are far more limited due to the reluctance of certain member states, including Russia, to turn it into a substitute, not to mention competitor, to the UN Security Council. The drafting of the Security Council Kosovo resolution in June 1999 was a rare example of the G8 being actively involved in the resolution of an international crisis.

So there is an apparent contradiction between the group's informal status and the far-reaching tasks that it sets itself, while its decisions are not legally binding on the member states, not to mention third-party states and organizations.

In these conditions, the principal method for the G8 to legitimate its decisions in the public eye is through 'leadership by example.' Another avenue for strengthening the group's impact on international economic and political processes is through the development of external contacts, i.e., contacts with international organizations, major Third World states and, in recent years, with business circles and NGOs.

Meanwhile, the circle of the G8's partners is constantly expanding. In the conditions of economic interdependence not a single

major problem at WTO, World Bank or IMF negotiations can be resolved without the dialog and collaboration of major economic players from the developing nations. In recent years, the group has been proactively involved in dealing with issues that earlier fell within the exclusive jurisdiction of national governments (economic restructuring, employment, IT implications, food safety, etc.). Such "thematic expansion" unavoidably affected the interests of powerful national players, above all big business. As a result, there arose the issue of involving the business community in the G8's efforts. The precedent was created in the course of preparations for the Okinawa Summit (2000), when the G8 invited not only state leaders, but also top executives from IT corporations.

The group's striving for dialog with NGOs is due to the latter's rapidly growing role on the international stage. Russia's rotating presidency will introduce a new element here. In the lead-up to the St. Petersburg Summit, two large public forums have been held: a G8 civil society meeting (June 13-14) and a G8 youth meeting (June 17-18).

A TORTUOUS PATH TO THE PRESIDENCY

Critics of Russia's participation in the G8 say that Russia's collaboration with the G7 – and particularly the establishment of the G8 – had no objective basis in reality and was premature.

Tom Barry, an American political analyst, argues: "It was the triumphalism of the Cold War victors that may best explain the willingness to include Russia as a member of the elite club of capitalist nations, despite its weak economy and uncertain dedication to democratic principles."

This view is rather biased, if only because democratic Russia is being portrayed as a kind of a defeated Soviet Union. Furthermore, by this logic, Russia's membership is seen as an instrument of Western control over a potentially dangerous former opponent that is being "reformed and indoctrinated into a new way of life."

Russia's path from guest in the G7 to president of the G8 was not easy. It fully reflected the difficulties of its internal reforms in the 1990s, as well as ups and downs in its relations with the

group's leading members, above all the U.S. Nevertheless, despite conflicts which sometimes were very acute, both Moscow and its partners have been working consistently toward a rapprochement within the group. Their interest was mutual; nobody regarded Russia's treatment as some sort of act of charity.

From the outset, both sides considered the rapprochement ***as a natural result of democratic reforms in Russia***. This factor remains a fundamental, long-term basis for cooperation despite the differences and occasional conflicts. At the same time, each side has been guided by a number of specific motives.

For the Russian leadership, the main considerations were:

– Russia's integration into a purely Western structure enhanced the country's role in the international system as an equal partner among the world's leading democracies in the global collective decision-making process;

– Russia's dialog with the G7 in the early 1990s facilitated the contracting of foreign loans and the restructuring of Soviet foreign debt, which was vital in the first difficult years of the Russian reforms; and

– Russia hoped that its contacts with the G7 would accelerate the dismantling of the discriminatory trade and economic barriers inherited from the Cold War era.

The Western leaders acted on the assumption that getting Russia – the world's largest country and a key player in the post-Soviet area, which also had long-standing and close relations with a large number of Third World partners – involved in G7 activities could substantially strengthen the group's legitimacy in the eyes of other states, as well as the general public. Furthermore, G7 partnership with Russia was an objective necessity due to the new strategic situation that resulted from the disintegration of the bipolar world order. The G7 hoped the new relationship would ensure more effective control over international political processes.

On a more pragmatic level, G7 members saw closer collaboration with Russia as a means of strengthening their own security (for example, averting the disintegration of Russia's military capability as a nuclear power, maintaining stability in the post-Soviet area, and

averting armed conflicts based on the Yugoslav scenario). There was also a plan to use dialog with Russia in resolving a number of problems in Central and Eastern Europe and the Balkans (ensuring the withdrawal of Soviet troops from Germany, the Warsaw Pact countries and the Baltic States, and advancing the Balkans peace process).

There are still long-term motives for collaboration amongst the member states. At the same time, however, new problems have emerged, while some old problems have become aggravated. These include, in particular, strategic stability, nonproliferation, stable and secure energy supplies, UN reform, regional conflicts, international terrorism and transnational organized crime, global pandemics, and others.

Russia's integration into the Group of Seven industrially advanced nations is a unique process in the contemporary political history. The recent enemy, which was a major factor that brought the G7 to life, later itself chose to join this mechanism, thus boosting its in-depth transformation.

There were a number of notable landmarks in the formation of the G8:

1992-1993: G7 dialog with the Russian leader (guest status). At the conclusion of the group's summits, the Russian president briefed his partners on reform progress in the country, while they passed judgment on the course of reforms in Russia and informed their guest about the decisions they had made to support the Russian economy. No common documents were adopted at meetings during this time.

1994–1996: formation of the "Political 8" (P8). This gave Russia participation on an equal footing in discussions and decision-making on a broad range of international political issues (after G7 summits). Starting with the Naples Summit (1994), special statements were given by the summit chairman that provided summaries of these discussions.

Since 1997, the G8 has covered a full gamut of global economic, political, and social issues. At the same time, a number of G7 mechanisms remain in place although their purview has narrowed considerably (restricted to currency, finances, and some

economic issues) without duplicating G8 activities; G8 leaders adopt all summit documents.

Finally, ***in 2006*** Russia joined the rotating presidency arrangement.

FRESH OXYGEN

The effectiveness of Russia's G8 membership remains a controversial issue both at home and abroad. American political scientist Stephen Sestanovich, who during Bill Clinton's presidency was special advisor to the Secretary of State for policy toward the states of the former Soviet Union, contends that Russia's role in the G8 is symbolic, although it was granted a status equal to full-fledged membership.

So, what has Russia really given its G7 partners and what has it gained for itself?

Russia's participation in the G8 has provided the group with a major incentive for confronting a broad range of international political problems involving strategic stability, regional conflicts and nonproliferation. The expansion of summit agendas has given "fresh oxygen" to the dialog between the G8 leaders.

Russia's accession to the group helped enhance its authority in the eyes of many non-member states. Due to its close historical links with developing nations, Russia acted as a kind of a bridge between them and the G8. A number of foreign experts acknowledge that without Russia's participation, the forum would not have been in a position to offer the Third World countries an acceptable socio-economic reform program in the mid-1990s.

Russia has also made an important practical contribution to the group's collective aid to the developing countries, in particular under a debt-relief plan for the world's poorest nations. In 1996-2002, Russia forgave (both as part of the Cologne Initiative and other programs) $34.6 billion in debts, which was equal to about 40 percent of the total debt written off by the G8 countries.

Russia provided a fresh impetus to the group's effort in one strategic area of activity – the energy sphere. Our country initiated the Moscow summit on nuclear security (1996) and the Moscow meeting of G8 energy ministers (1998). These forums

adopted decisions and recommendations that are still highly relevant today (e.g., ending the dumping of radioactive waste at sea and preventing the illegal use of nuclear materials).

Many other Russian proposals that were put forward at previous summits are still equally relevant: e.g., the construction of an earthquake and tsunami early warning system, environmental monitoring in the northern part of the Pacific Ocean (Denver, 1997), and simplified visa procedures amongst citizens of the G8 nations (Sea Island, 2004).

The establishment of diversified collaboration on ***combating international terrorism*** has been an unquestionable success for Russia (as well as, incidentally, for the entire G8). This collaboration intensified especially in the wake of the September 2001 terrorist attacks in the United States. In a number of areas (combating the financing of terrorism, preventing terrorist access to WMD and portable antiaircraft missile systems, and advancing transport security), Russia is in constant dialog and cooperation with its G8 partners. The decisions that were made in this sphere at G8 meetings helped to substantially upgrade Russia's legal and regulatory framework in combating terrorism, while also enabling it to borrow relevant experience from other countries and share its own experience with them.

However, despite the successes, double standards in combating terrorism have become an everyday reality. Some G8 states (the United States and the UK, for example) give refuge to Chechen terrorist envoys, while turning a blind eye to fund-raising and the recruitment of mercenaries for terrorist activities in the North Caucasus.

Yet, as far as Russia is concerned, G8 membership has, among other things, strengthened its political positions in the world. Besides, the very fact of Russia's participation in the G8 has consolidated the multilateral principles in its work and the entire international system.

Russian leaders have been actively involved in discussing key international problems and regional situations at G8 summits, oftentimes leading to joint action plans (establishment of the Counterterrorism Action Group, 2003; and the adoption of the G8 Action Plan on Nonproliferation and Partnership for Progress and A Common Future with the Region of the Broader Middle East and North Africa, 2004).

Russia's membership provides better opportunities for expanding its influence on international developments through such mechanisms as the G8 annual foreign minister and regular expert meetings, which meet ahead of the UN General Assembly sessions.

The need to constantly expand the framework for Russia's participation in the G8 prompted Russia to better work out its positions and develop diplomatic tactics. Russia's diplomacy has successfully coped with this task. Italian scholars Valerio Astraldi and Rosella Franchini-Sherifis pointed out that Russia had always led the process of the G8's formation.

At the same time, these opportunities did not always ensure the actual growth of Russia's influence in the world. One reason for this was – until recently – the limited resource base of the country's foreign policy.

Participation by Russian leaders, Cabinet members, and experts in G8 discussions on global socio-economic and environmental issues is a source of valuable experience for Moscow in such spheres as energy security, unemployment and poverty reduction programs, IT-related social problems, state environmental policy, and continuous education programs. Russia has used its experience in drafting a number of bills and regulations regarding a number of issues, including the labor market, sustainable forest use, and e-government.

Dialog with the G7 and G8 members provided Russia a certain measure of assistance at the initial stage of its reform program, although that assistance turned out to be less substantial than Russia had expected it to be. Due to the often unfavorable terms of that aid, not to mention the non-fulfillment of pledges by Western partners, the loans that Russia actually received were considerably less than the amounts stated by the G7.

Russia's economic upturn, together with the strengthening of its financial position, has made the need for new state foreign loans irrelevant.

The G7 provided some assistance to Russia in restructuring FSU debt. Yet, in the past few years, the foreign debt issue in Russia's dialog with the G8 has taken on a new dimension: due to economic growth and strengthening of the national budget, Russia

not only reduced the amount of its total debt, but also put forward (in 2003) an early debt repayment program.

However, there remain some outstanding issues. First, the G7 member states effectively delayed Russia's admission to the group as a creditor nation. That affected the scale of Russia's participation in debt restructuring or forgiveness programs for a number of developing countries that had received loans from the former Soviet Union.

Russia's G8 membership only insignificantly accelerated decision-making on such matters as recognition of Russia as a market economy and its accession to the World Trade Organization and the Organization for Economic Cooperation and Development. By early 2006, only the former decision was implemented. As for the latter issue, Russia's membership into these two organizations is being held up due to the politically motivated approach adopted by some of our Western partners and their unjustifiably excessive demands on Russia. (Official negotiations for Russia's admission to the OECD have not even started.)

Other outstanding problems include the unjustifiably slow formation of a full-fledged G8 in the financial and economic sphere. Russia's alleged financial and economic weakness, which is often cited by its opponents, looks increasingly anachronistic (see Table 1).

Table 1. The Share of G8 Member States in Total World GDP, Exports, Population (2004), %

GDP	Country	Export of goods and services	Population
20.9	United States	10.4	4.7
6.9	Japan	5.7	2.0
4.3	Germany	9.5	1.3
3.1	France	4.8	1.0
3.1	Britain	4.7	1.0
2.9	Italy	3.8	0.9
2.6	Russia	1.8	2.3
1.9	Canada	3.4	0.5

Source: *IMF World Economic Outlook,* April 2005. http://www.imf.org./external/plus/ft/weo/2005/01

It is often argued that it is too early to admit Russia to the G7's financial and economic structure since decisions concerning the regulation of the international financial system and macroeconomic policy may only be made by states that can effectively and responsibly influence the exchange rates of national currencies and make a substantial contribution to global economic growth. But then neither the United States nor EU states (also G8 members) have used large-scale currency intervention programs for quite some time – some for political considerations of principle, while others with the aim of creating more favorable conditions for their exporters. Whatever the case, modern Russia, with its hard currency reserves at more than $200 billion (four times more than in the United States and 10 times more than in Italy), has already "matured" enough for full membership in the group's financial-economic section.

Likewise, the argument that Russia is not yet ready to participate in making decisions on macroeconomic matters is utterly groundless. This is readily proven by the high quality of the budget policy pursued by the Russian government since 1999 (a fact repeatedly noted by the IMF) and consistent economic growth seen against the background of the systemic problems that a number of Russia's G8 partners have recently encountered in the budget and balance of payments sphere.

AGENDA FOR RUSSIA'S G8 PRESIDENCY

In making proposals for a summit agenda, the G8 member country holding the rotating presidency is guided by the established criteria that the G8's key initiatives should meet. These include the agenda's relevance both for the member states and for the international community as a whole; continuity and compliance with the group's strategic lines of activity; and the novelty of solutions proposed. The "triad" of the main Russian initiatives for the 2006 Summit happily fits these criteria.

This applies, above all, to ***initiatives for strengthening energy security***.

Both the G7 and the G8 have always regarded energy security as one of their top priorities. Incidentally, the G7 was created not

least in response to the 1973-74 energy crises. In its time, it provided a big impetus to energy-saving policy and the creation of strategic oil reserves (the Bonn Summit of 1978 and the Toronto Summit of 1981). Nevertheless, attention to this subject has often slackened, resulting in the "ossification" of a host of very useful and constructive initiatives, e.g., recommendations made at the G8 energy ministers meeting in Detroit (2002).

The Russian presidency is directing the upcoming summit in St. Petersburg toward the search for solutions to the outstanding problems related to a long-term energy strategy. One distinguishing feature of the Russian energy initiative is its focus on the need to strike a balance between the interests of energy consumers and producers. This approach can help avert sharp fluctuations on the energy markets that have traditionally caused price crises. This initiative is comprehensive, encompassing the main elements of the energy chain – from increasing energy production to enhancing energy efficiency.

It is proposed that G8 summit resolutions reflect not only the concerns of industrialized states but also the problems of the Third World, in particular ways of overcoming energy poverty in developing countries.

Russia's second initiative concerns the ***fight against infectious diseases***. Its main priority is strengthening the global information and analytical network of the World Health Organization in monitoring infectious diseases, including new diseases. Russia's proposed plan of action to fight against the bird flu and prevent a new human flu pandemic could become the G8's effective response mechanism for confronting the threat.

After analyzing the effectiveness of the international community's response to the tsunami in Southeast Asia and the earthquake in Pakistan, Russia also forwarded an array of proposals for averting epidemic risks arising from such natural disasters. In the spirit of continuity, the Summit will review progress that has been made in health protection, including the eradication of poliomyelitis, and the fight against HIV/AIDS and TB. On these points, the Summit participants will naturally give priority to the developing countries.

Russia has not limited itself to playing the role of a discussion mediator. Indeed, the Russian government has decided to provide about $42 million in contributions in 2006-09 for upgrading the epidemiological services in the CIS countries. Another $3 million will be transferred to a multipartite fund that is to be set up by the World Bank.

Russia, for its term at the helm of the G8, has chosen ***education*** as its third priority, which it hopes will boost the efforts of G8 member states in improving the quality of higher education. In recent years, the G8 has addressed these problems on several occasions. In 1998, during Britain's rotating presidency, it considered a program of continuous education and personnel retraining geared to the needs of economic restructuring of industrialized states. Later, at the 2001 Genoa Summit, participants discussed in-depth ways of facilitating the development of education in the Third World.

Russia has put forward a new approach toward education-related problems in the modern world. It involves, among other things, a comprehensive search for solutions to problems caused by the growing mobility of the labor market. These are related to rapid changes in the employment sphere and the increasing role of labor migration.

The education initiative includes a proposal on joint efforts by G8 member states and other countries, which includes upgrading the education and training structure, which is critical for the global economy and labor markets. Other important issues include demographic, migration and naturalization policy based on the need for the integration of migrants.

The rotating presidency imposes some serious obligations on Russia in ensuring an effective progress review on the decisions previously adopted by the G8. Thus, it is rather unavoidable that the 2006 Summit agenda will feature a number of traditional subjects.

The G8 will likely keep its focus on the Middle East peace process, Iraq, and Afghanistan.

In the economic sphere, the summit will discuss economic, financial and trade problems in the context of the Doha Round of trade negotiations, as well as Russia's WTO accession talks.

One new element in the G8's antiterrorism activities will be a program to consolidate a partnership of states and businesses in countering terror. The first international conference on the subject took place in Brussels on February 21-23, 2006; the next one is scheduled for November. The problem of Afghan drug trafficking will be addressed at an international conference, Paris-2 – Moscow-1. At this meeting, G8 members will review the implementation of agreements reached at the Paris conference in 2003, and map out further tasks for dealing with this mounting problem.

In regard to the "traditional African issue," the focus will be placed on peacekeeping operations: enhancing cohesiveness and effectiveness in using the peacekeeping capabilities of the United Nations, the African Union, and sub-regional structures, and building the peacekeeping capability of the African states. The G8 previously made a number of specific decisions on these issues at its summits in Kananaskis (2002) and Evian (2003). It will now review its progress and agree on further actions.

The upcoming G8 summit cannot possibly avoid a discussion on the issue of nonproliferation. In preparing for it, the parties will need to take into account one lesson from last year's review conference on the NPT: a growing number of non-nuclear states are stressing the need to link the NPT regime with international guarantees for their access to nuclear energy.

* * *

The timing of the St. Petersburg G8 summit is opportune not only because Moscow has already acquired extensive experience in dealing with the G8, but also, and more importantly, it is experiencing economic progress, social development, and a strengthening of state institutions. There is good reason to believe that Russia's G8 rotating presidency this year will mark an important stage in making this major interstate structure even more effective in the interest of the entire international community.

The Kremlin at the G8's Helm: Choosing the Right Steps

Vlad Ivanenko

The time is rapidly approaching for Russia to chair the G8 Summit in St. Petersburg. This event marks the first time – at least since 1991 – when the Russian government has an opportunity to openly promote its national priorities within a very powerful international forum. The success or failure of the meeting will have profound implications for Russia's search to find the right place for itself inside the global architecture.

A failure to advance its priorities is not the outcome that Russia would welcome. The Kremlin is irritated that the collective West responds coldly to its global initiatives. To understand the reasons for the West's negative attitude, one needs to consider the image that Russia projects in the West. But first, let us discuss why Western recognition is important for Russia.

To participate in global policy-making, a country should satisfy two criteria: first, it must have means to support its position internationally and, second, it must be able to forge alliances with other strong participants. While Russia has obtained certain "means," as reflected in its relative financial wealth, it is not viewed as a reliable partner by what is called the "West." The latter, which is a loose grouping of countries centered on Euro-Atlantic institutions, dominates world policy-making. Increasingly, its power takes the form of "soft" authority, expressed through the appeal of Western economic might and its ability to define global agendas through key international organi-

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zations (IOs) that it controls. Because Western nations have closely aligned international interests, they tend to cooperate with one another – but not with Russia.

Western countries, or "partners," that share common interests form the nucleus of modern IOs. They may choose a close interdependence of economic systems with the consequence being a favorable global trade environment. This rationale underlies the establishment of the IMF, the World Bank, and the WTO. Still, trade pragmatism is an insufficient force to build partnerships in international relations. For example, China and the United States are large trading partners that share many trade-related concerns and, yet, they often fail to cooperate in bilateral deals. And then there is current account deficit that the U.S.A. runs vis-à-vis China and which affects both countries. While they recognize that the situation is unsustainable, each country fiercely opposes one another's initiatives. The U.S. government insists that China should conduct a steep appreciation of its national currency, the renminbi, but the Chinese authorities have agreed only to a cosmetic appreciation, made last July. For its part, China advocates have been pushing for the U.S. to open its asset markets for Chinese acquisitions, but the U.S. government blocks virtually every Chinese attempt of a corporate buyout arguably on security grounds. This tug-of-war situation indicates that commercial interests alone do not build trust. Something else is missing. What is it?

Trade is insufficient for generating long-term trust because, as the example of the 1930s shows, it may reverse if the domestic situation deteriorates. The bond is much stronger if countries share common social values that preclude sudden reversals. The concept of shared values forms the very foundation of Western dominance of IOs. Take NATO as an example. This organization was built according to the Atlantic Charter that was signed by the U.S.A. and Great Britain in 1941. It emphasized the joint defense of democratic institutions against Nazi Germany and, later, the Soviet Union. With few exceptions, NATO was open only to countries that practiced forms of public governance compatible with the trans-Atlantic vision of democracy. Even its exceptions (Portugal

or Turkey) came under increased pressure to democratize in due course. Another IO, the OECD, complemented NATO from a political perspective. Its initial mandate included management of the Marshall plan for reconstruction and development aimed at supporting free market principles. Today, the OECD continues to be an important forum that designs norms for market operations. The Council of Europe, which was originally envisaged as a prototype of liberal and democratic European Union, plays an important role in defining and monitoring human rights.

Countries that adhere to these three sets of values – democracy, free market and human rights – comprise the collective "West." They have developed a complex network of interdependence based on common values, many of which Russia does not share. Unsurprisingly, because Russia and the West have little common interests, they tend to ignore each other's problems, yet it is Russia that gets internationally marginalized. Facing strong resistance to its initiatives, this country is compelled to take one of two policy courses. First, Russia may consider building an alternative union with other large countries now excluded from the West, such as China, India, and Brazil. However, the value of such a policy is not very high. Unlike the West, the members of such a "union" share a single and very unstable feature: their lack of membership in the West. And once a member of the "pariah" club develops sufficient affiliation with the West, the group falls apart. The second policy is more painful but holds potential to be fruitful. Russia may set the goal of gradually absorbing Western values, thereby joining the West spiritually if not formally in the process. As Russia becomes governed by similar principles, the West will cease to be a separate entity from Russia, whose voice will be heeded because the key test that the collective West uses to distinguish between strategic "friends" and "foes" is a sharing in values.

Certainly, cosmetic improvements alone are insufficient for developing long-lasting trust.

The second policy is pragmatic and practical. Currently, Western policy-makers maintain two incompatible views on the

potential for Russo-Western integration. Those who take a formal approach observe that Russia fails to measure up on many parameters of democracy, free markets, and human rights and conclude that Russia is a strategic "foe." Moreover, when formalists place Russia in a comparative perspective, they find that other major non-Western powers, for example Brazil and India (which together with Russia and China are commonly called the BRIC countries), are more closely aligned with the West in terms of shared values. Even China, an openly undemocratic country, fares better by the criteria of economic efficiency and the quality of its state apparatus. This conclusion is disadvantageous to Russia. It suggests that the West defines Russia and China to be strategic enemies on the democratic count, but the Russian situation is worse, since it is also recommended that Russia be blocked from economic integration in the world.

Other Western observers recognize that Russia has the longest history of coexistence with major Western powers (G7) among the BRIC countries. Russia and the West share many cultural traits brought about mainly by Christianity and the Enlightenment. Close cultural affiliations, therefore, serve to qualify the Western policy toward Russia. Today, Russia fails many parameters to be admitted to the West, but its historical legacy indicates that it is not an enemy either.

The ambiguity of opinions shapes Western debates about its appropriate Russian policy. Taking a formal approach is the first option. Since Russia is not a part of the West, it is not a partner and, therefore, it is a "foe" that needs to be "contained." To substantiate this position, its proponents emphasize Russia's actual or imaginary failings in the area of democracy, human rights and its actions against those countries that the West recognizes as its "partners." The first accusation argues that Russia is hostile to the concept of the West. The second charge highlights potential threats that Russia presents to the collective West. Unsurprisingly, this line of reasoning implies that the West should restrict Russian access to strategic resources and know-how, as well as thwart its international initiatives in forums like the G8.

The second approach recognizes the value gap, but it takes into account cultural commonalities, which are conducive to Russia's gradual integration with the West. Its followers observe that greater prosperity, associated with macroeconomic and political stability in this country, encourage greater acceptance of Western values. For example, a growing private sector allows citizens to earn income independently of the state and available indicators show that this independence is real. Real estate is booming and consumer credit is expanding. But because personal well-being improves against the background of a decaying public infrastructure, demand for democratization will grow. Therefore, current political apathy is misleading. Public agencies are outside of civic oversight but this situation is likely to be temporary.

Consider another commonly emphasized Russian "non-Western" feature: the dominance of public agencies over private businesses. It may be transitory as well. The Putin administration appears to agree that public micromanagement of the economy is an inefficient if not outright impractical idea. They want private entrepreneurs to take responsibility for economic affairs, an idea that is tender to the heart of the average bureaucrat. Russia's public servants are no exception: unsurprisingly, they embrace enthusiastically the prospect of a public private partnership advocated by the World Bank. However, the Russian state and businesses are deeply mistrustful of one another, which is understandable given the unresolved consequences of privatization distribution. On the one hand, owners cannot claim full legitimacy of assets that were privatized in murky deals of the turbulent 1990s. They are afraid to lose their property, and take extra precautions not to irritate the Kremlin with "excessive" initiative. But the state itself is a hostage to this situation because it does not want to take responsibility for business operations. The separation of business and political spheres requires that the state credibly guarantee the protection of private property rights and private businesses – to firmly commit to be socially responsible. There are favorable signs that the problem will be settled as the political situation stabilizes and public pressure to review

the privatization deals of the past diminishes. Once there is greater trust between public agencies and entrepreneurs there will be less need for state interference in economic affairs. This development will not go smoothly, however, since so many bureaucrats, for example, resist losing control over the private sector because it will deny them opportunities to interfere in business affairs for private gain (i.e. corruption).

The clash of the two Western policy strands will intensify in the run up to the G8 meeting. Considering the recent attempts by proponents of the confrontational approach (see, for example, *Russia's Wrong Direction: What the United States Can and Should Do*, published by the Council on Foreign Relations), this type of policy is being promoted more aggressively. Clearly, Russia should be concerned. Promoting Russia's image as a reliable Western partner is an important task for President Putin at the upcoming G8 meeting. Fortunately, Russia has avoided making serious mistakes since its disastrous, and completely unwarranted, interference in the Ukrainian election of 2004.

In this situation, what should Russia do? The recommendations can be divided into quick and easy answers to advice that requires longer-term commitments.

The West will obviously raise the question of Russian policy toward its democracy-building programs, particularly within the CIS. Currently, Russia appears to be taking a militant stance on democratic issues, expressed in Putin's words "dogs are barking (about Russia's democratic failings) but the caravan (of inter-state contacts) goes on." This approach, however, is unwarranted because it assumes that the Russian democratic position is so weak that it cannot be defended. This assumption is false, however, as the discussion above has shown. In particular, the Kremlin can clarify the logic of its public oversight policy.

First, it must be acknowledged that Western public opinion is split on the issue of Russian democracy. On the one hand, the pessimists have given up on the possibility of Russia becoming a democracy under the current leadership. Meanwhile, the optimists understand that developing democracy is a complex process, but

they need solid evidence and logical argumentation to see the "master plan." It helps when the Russian authorities frankly discuss domestic democracy-related events.

The recent NGO bill controversy is a good example. Last December, Russian Minister of Justice Chaika claimed erroneously that the Council of Europe, which conducted a preliminary expert assessment at Russia's request, found the bill to be in compliance with Russian human rights obligations. This misleading statement raised outrage at the Council of Europe; it believed that its integrity had been compromised. However, the generally transparent process of public discussions that followed the controversy, and which involved active non-governmental participation, has partially restored some good faith. It is also telling that President Bush mentioned the public discussion around the NGO bill in his effort to explain why he did not give up on democracy in Russia (see *President's Speech* reported by the White House Office of the Press Secretary, March 29, 2006).

Another way that Russia can successfully defend its record is to request formalization of the claim that Russia is really undemocratic. The Western (especially American) policy of promoting democracy worldwide is built on flimsy methodological foundations. Consider, for example, how the Freedom House democratic ranking, which is often cited as an authoritative indicator of democratization, conducts its assessment. It simply employs a relatively small group of experts (about a dozen) who provide evaluations on about two hundred countries by sifting through predominantly English-language publications. So let's consider this organization's Russian ranking as an example. The Freedom House downgraded Russia from being "partially free" to "not free" in January 2005, citing the Russian government's intervention in the Ukrainian presidential election of November 2004 as a key parameter. While the interference was obviously unfortunate, the logic of linking national democratic developments with foreign policy is highly unorthodox to say the least. The formalization of democratic criteria is likely to improve Russia's ranking. For example, data from the Polity

IV project, organized by the University of Maryland at College Park, which relies on formal criteria, show that by the responses of top executive recruiting and democratic oversight Russia stands in the same league with Brazil and India – countries that the Freedom House assesses to be free.

To promote trust building, the Kremlin may agree on a confidential peer review in those areas where Russia underperforms relative to the other G8 members. Such a request would show that the Russian government is serious about establishing its credibility in the West. One document, *Russia in the Spotlight: G8 Scorecard*, prepared by the Foreign Policy Center, a British think tank with significant political clout, provides a potential framework to evaluate the performance of the G8 members. While more work is required – and trust-building measures introduced to ensure that such an assessment is not used for petty politicking – a frank discussion of Russia's relative failings will help to improve Russia's image in the West, as well as provide useful feedback. Peer reviews are conducted regularly at Western forums such as the OECD on both a confidential and open basis. Russia is familiar with the procedure; for example, the OECD completed an appraisal of Russia's regulatory reform by Russia's request in 2005. A review of democratic issues would be a step forward in the same direction.

In preparing for its G8 meeting, the Kremlin may want to reconsider the logic of its outreach programs, such as the Russia Today TV channel. This program appears to take on topics not so much of interest to the West as reflecting Kremlin priorities. For example, last November the Russian immigration service banned William Browder, the Founder and CEO of Hermitage Capital Management, from entering the country on "security grounds." This fact raised significant interest within the international community because Browder is a leading shareholder rights activist and outspoken advocate for better corporate governance in Russia. Many have interpreted the ban as evidence of growing state interference in private business affairs, while Browder has hinted that corruption among bureaucrats was the main cause for his entry

ban. Because the Russia Today TV channel is designed specifically to address Western concerns, it was expected to conduct and report a detailed investigation of the event. The channel, however, chose to ignore this news story, thereby missing an opportunity to establish its credibility.

Certainly, cosmetic improvements alone are insufficient for developing long-lasting trust. Structural differences between Russian and Western values create a natural obstacle for the successful integration of the Russian and Western energy sectors. Here, the main problem is not to negotiate rights and obligations between contractual parties because legal wrinkles can be ironed out in due course. Similarly, the West will not press Russia to sign the Energy Charter, although some G8 members may claim that it should for it to succeed.

Overcoming differences in business practices seems to be the most important objective. A simple rumor that Gazprom had plans to acquire Centrica Plc, a British gas distributing company, sent shivers across the UK. Such a reaction did not arise because the Britons subscribe to economic nationalism, like some other members of the collective West. For example, news of Gas de France expressing a same interest would not disturb the British layman. But a firm from Russia, Gazprom or otherwise, is treated differently because it is often associated with irresponsibility, unethical behavior, and shadowy dealings. This attitude is further aggravated because the Russian approach to business negotiations seems to be to dominate and run over an opponent rather than to negotiate in a businesslike manner. When a company is state-controlled, it tends to worsen the attitude. In this case, British consumers fear that the Russian government may advance its political objectives by using Gazprom's control of the gas distribution chain in the UK. Incidentally, returning to the previous example of the Chinese-American trade deficit problem, it is important to mention that if acquisitions were initiated on the part of Chinese private companies, Washington would be less intrusive. In fact, such deals largely fall outside of the U.S. government jurisdiction altogether.

The Russian government faces the difficult task of convincing its fellow G8 members that its global energy integration plan is not a strategic threat to the collective West. Lack of such assurances provides fertile ground for critics of the Russo-Western integration process. At the same time, the Kremlin has to proceed carefully since formal assurances – such as granting unrestricted access of Russian oil and gas pipelines to the Western oil majors – are fraught with other dangers. Russia's recent history of rampant corruption, tax evasion, capital flight, and sell-off of strategic assets to foreign entities indicates that local private interests may subvert national priorities if left unsupervised.

Chairing the G8 meeting in St. Petersburg is an important test of the Kremlin administration's ability to advance its national interests abroad. Because Russia is struggling to establish itself as a full member (many observers continue to call the group "G7"), the very fact that the meeting is taking place at all and without preconditions should be considered a success. If Russia engages other members in a substantive discussion of its proposals, it will make a significant accomplishment. However, to progress further, a partnership pact should be offered to the West. This requires adjusting Russian norms of good corporate practices, democratic oversight and the observance of human rights to Western standards. The G8 Summit in St. Petersburg offers an opportunity to take a significant step along this long road.

Democracy and Energy Security: Finding the Right Balance

Hiski Haukkala

In an article by Vlad Ivanenko, *Russia at the G8's Helm: Choosing the Right Steps* [featured in this issue], he raises two important questions: the fortunes of democracy in Russia and the country's current and future role as a pivotal player in the ongoing game of global energy security. As with Ivanenko, I also see a link between the issues, but I see their interrelationship in a slightly different manner. In my view, democracy is not only the admission fee to the Western club of powers, but also the most reliable method of organizing societies in such a way as to ensure their stable development and prosperity – something that is in the interest of both Russia and the West. Concerning democracy, Ivanenko draws our attention to what he sees as a mismatch between Western perceptions and Russian realities on the ground. According to him, both the West and the Russian leadership have got it wrong: Russia is much more democratic than it is given credit for in the West and the Russian leadership is needlessly on the defensive about this topic. Ivanenko raises an important issue, but I think his analysis needs to be qualified with a further observation. We should ask: What is the current overall trend in the country? Is it toward more democracy, or have we been witnessing a rollback of democratic rights in Russia? I think in all fairness we must admit that the latter has taken place during Vladimir Putin's presidency. However, a certain strengthening of the power vertical was certainly in order after the chaotic free-for-all of the Yeltsin era. But here one should tread carefully since there is always the danger that Russia is getting too much of a good thing: healthy re-centralization can easily turn into a jealous obsession with power.

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The issue boils down to the question of finding the right balance: democracy is not a static end-state but a constant balancing act between those who govern and those who are governed. And it is natural for those at the helm to try to expand their powers. That is why institutions and democratic practices are required to restore the balance. In my view, the justified worry in the West concerning Russian democracy is that although Putin has been adept at bringing stability and amassing powers he has been less successful in building stable political institutions that would, on the one hand, constrain his powers and, on the other hand, guarantee a smooth – and democratic – succession to the presidency in the future. Democracy is also linked to Russia's future "global prominence," as Ivanenko puts it. In my view, Russia's prominence will flow from its ability to succeed both economically and politically. This means extracting the maximum harvest from its energy resources, as well as moving beyond them to a more post-industrial economic development. On this point, Russia is faced with a task of almost Herculean proportions. To take just one example, the investments needed to sustain the current levels of oil production are astronomical. Russia's infrastructure is aging rapidly and in the coming years the situation will come to a head. For example, LUKOIL's Vagit Alekperov made a grim prophecy about Russia, which, if correct, sees the country as becoming a net-importer of processed petroleum products by 2009. This prediction speaks volumes about the shaky foundations on which Russia's current energy superpowerdom rests. Democracy encourages accountability and transparency, the two best known antibodies against corruption that are in danger of engulfing a lion's share of the vast financial resources currently generated by Russia. In order to succeed, Russia cannot waste these resources by their inefficient, negligent or outright criminal application. Russia desperately needs to get a big bang for its petroleum bucks in the years ahead in order to make that qualitative leap in her economic development. By strictly sticking to the principles of democracy, rule of law and transparency, Russia's prospects of succeeding would be greatly enhanced. Thus, Ivanenko's belief that Russia should think seriously about raising the issue of democracy and energy security in tandem on the G8 agenda are to be applauded, for it is my view as well that a link between these two concepts is indeed intimate.

Great Expectations

Peter Rutland

Hopes are being raised in Moscow that President Vladimir Putin's chairing of the G8 summit will finally cement Russia's acceptance by the West. At the same time, the occasion is providing an opportunity for Western critics to roll out their usual alarms about Russian deficiencies – from its alleged back-tracking on democracy, to interference in neighboring states, to unreliability as an energy supplier. A case in point is the new version of the White House's National Security Strategy, released on March 16, made some blunt criticism of the quality of democracy in Russia.

Russia's quest to find a comfortable place in the international order since the end of the Cold War has not been an easy one. Excluded from long-standing institutions such as the European Union, NATO and OECD, President Boris Yeltsin clutched at the straw of observer status at the G7 in 1997 as a way to shore up his plunging prestige. With one foot in the door, it would have been difficult for Russia to retreat, so President Putin persisted in pursuing full membership, which he secured in 2002.

It can be argued that Russia has more to lose than to gain from the G8 gatherings. As the latecomer to the club, and the sole "outsider," it sets itself up as the target for criticism by the pre-existing members. At the very least, it would make sense for Russia to downplay expectations for the summit.

How can Russia best respond to criticism of its democratic record? The most appropriate reaction is to adopt a low-key attitude and avoid ratcheting up the rhetoric. This is, in effect, the current Russian policy, and is seems to work well. The purpose of the G8 is to reach agreement about things upon which agreement can be reached. It is not a place to fan controversy for the

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sake of political audiences back home.

Putin can legitimately argue that Russia has come a long way – with the implicit reminder that things in Russia could be a lot worse. In the mid-1990s, as the Yeltsin system was tottering, State Department officials used to ask: "What happens if Russia 'goes bad?'" It seems that such conversations have ceased. Partly, this is because some people think Russia has already 'gone bad.' But mostly, it is because the majority no longer think that a scare scenario of a fascist Russia, or a Russia locked in civil war and military coups, is worthy of debate.

Not satisfied with this "least worst" argument, some observers are encouraging Putin to more aggressively defend the current level of democracy in Russia – and to criticize the democratic achievements of the West. This is China's chosen policy, with for example their annual report criticizing the U.S. human rights record. That is definitely not a path that Moscow should follow. They will not change any minds in the West, and by doing so they will only give fuel to those who wish Russia ill. The G8, and the accompanying press debate, is not an academic seminar where one can debate the nuances of how democratic institutions work in different cultures.

It is also worth asking whether G8 membership was really a prize worth pursuing. Organizations such as the G8 were created as a club for the advanced nations, and they have arguably outlived their usefulness by the accelerating pace of global change since 1991. The explosive growth of India and China means that two of the world's largest economies are not sitting at the G8 table. Whether the issue be trade barriers, insurance against financial crises, or tackling global warming, the absence of India and China from the G8 is striking. This severely limits the utility of the G8 for Russia – and the other members – as a forum for tackling global economic problems.

Russia, an Engine for Global Development

Fyodor Shelov-Kovedyaev

In 1913, Russia was on the verge of becoming the main engine for pan-European development. It demonstrated the most dynamic rates of growth in all industrial sectors, except in the automobile and agricultural machine-building industries, where the United States was the incontestable leader. Despite social unrest and upheavals, major European industrialists and bankers strove to move their core enterprises and headquarters to Russia.

Of course, the Russian Empire was much vaster than the Russian Federation is today: in addition to Moscow and St. Petersburg, it included such centers as Helsinki, Warsaw, Kiev, Baku, Revel, and Riga.

Despite the losses that Russia sustained over the subsequent decades, today it can boast an impressive number of modern powerhouses: Novosibirsk, Chelyabinsk, Yekaterinburg, Kazan, Vladivostok, and others.

Thus, forward-looking Euro-Atlantic business majors are once again looking for a niche in Russia. Some companies – e.g., Microsoft, Intel, Nokia, and Boeing – have long been developing and/or producing their intellectual products in Russia. Others (and there are many) are looking to move their science and technology divisions and production capacities to Russia where they are especially interested in our brains and creativity.

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Russia once again has a real chance of becoming a world economic leader – without having to link everyone up to its energy resources. This is not a hyperbole. According to a number of French experts, education, creativity and culture will become the main resources of the future. Meanwhile, within the Euro-Atlantic civilization, only the Russian people have preserved the ability to produce all of these values on a national scale – both at home and abroad. And since these values are more important than technologies (the growth of technology is unviable without universal, holistic, fundamental knowledge), we now have a huge competitive advantage.

It would be a crime for Russia to miss a historic opportunity for the second time in one century. If we lose our trump card, it will soon be played by China or maybe India. And whereas the latter would probably put its imminent achievements to the common good, the former will ultimately turn them against "white" civilization.

IDENTITY

Historically, Russia has perceived itself, and has been perceived by others, as a North European nation. Today, Asian companies, unlike Western companies, are not hurrying to bring their technologies into the country because they view Russia as part of a different civilization.

Like other European nations, Russia sought to expand its influence mainly in the south and east. It is another matter that we had far more opportunities for continental expansion than other nations.

Particular Slavophiles, such as the brothers Aksakov, Dahl, and others who thought that Europe's salvation was to come from the East, were the first to declare that Russia was an Eastern nation. They imposed their delusions on the domestic and foreign elites. As for 'Eurasianism,' this concept was the creation of Westernizers who sought emigration but then grew disenchanted with European culture (Pyotr Savitsky, Nikolai Trubetskoi, Georgy Florovsky). Paradoxically, of the two utopian ideals, only the "Eastern deviation" was remembered by many of our contemporaries through-

out the world. Finally, Alexander Dugin's "Eurasian" demagogy is just a cover for extreme isolationism.

One pet argument cited by Western critics of Russia concerns its past involvement in the partitioning of Poland – in their view this was a manifestation of Russia's "alienation" from the European world. At the same time, they ignore the fact that Russia did not show ambition for Polish territory any more than Prussia or Austria-Hungary. Tearing Rzeczpospolita into pieces had for several generations been a favorite family sport of the German princes, yet no one would dare call Germany an Eastern satrap. Therefore, Russia followed general European (even if not the finest possible) traditions.

If we abandon such delusions that have outlived their usefulness, and face up to Russia's European nature, we can easily identify its particularities within European civilization.

We may begin by arguing that whereas the West Europeans have always been more attracted by technology, the Russians have indulged themselves more readily in theorizing and universal, paradigmatic thinking.

There are good reasons for this. First, the proponents of fundamental theories had a better chance of surviving the many tumultuous periods since they had nothing to lose in the material sense of the word. Second, Russia's vast expanses were conducive to universal thinking. Third, the idea of Moscow being the Third Rome introduced an element of global responsibility into the Russian consciousness.

In the 20th century, our compatriots made most of the paradigmatic discoveries in the humanitarian sphere. For example, Vladimir Vernadsky's theory of the noosphere (even though the term itself was proposed by a Frenchman), Vladislav Illich-Svitych's theory of Nostratic languages, Yuri Ivanov and Tamaz Gamkrelidze's new Indo-Europeanism, and Yuri Knorozov's decoding of Maya writings. Fundamental achievements by scientists from Dubna and Novosibirsk (e.g., on properties of "dark" matter/energy) are well known.

Our special penchant for creativity is demonstrated by, among other things, a comparative analysis of what motivates Russians to

work. Whereas in the United States and Western Europe, the main incentives to work are money and career, in Russia, at the top of this list are the prospects for personal development, creativity and relations with other employees; while money and career are relegated to fifth or sixth position. Not surprisingly, Russians are, as a general rule, very good at producing one-of-a-kind intellectual and industrial products, original technologies, and limited-production items.

However, Russians do not excel at making mass-produced cars (because this is monotonous and therefore uninteresting work), for example, but do extremely well in building custom limousines at $3 million to $15 million apiece because this is highly original labor, which involves design, technical solutions, components, workmanship, etc. By the same token, Russians build excellent aircraft. Naturally, the European thermonuclear research reactor project became possible only due to Russia's participation.

Finally, Europe and the United States understand very well that Russia is closer to them than is India and the Far East. So the interest that the West's intellectual sectors are showing in Russia is far from accidental.

RISKS

The expectation that the head of state should resolutely strengthen the great nation is deeply ingrained in the Russian mindset. Ever since the "aggregation and consolidation of lands" after the Tatar-Mongol invasion, Russia's rulers have been appraised by their ability to ensure the country's physical (territorial) expansion. This is why there is such a marked contrast with regard to the territorial losses suffered under former Yugoslavian president Slobodan Milosevic, compared with the losses suffered by Russia during the Gorbachev and Yeltsin administrations. The former leader lost everything — but in a dramatic fight — whereas the latter leaders just gave everything away.

Are such archaic stereotypes useful today? Personally speaking, I am against the idea of squandering our historical legacy, be it in Kaliningrad or the Kuril Islands. But what was done cannot be

undone. Why should Russia strive for direct political control in places where it voluntarily gave it up? After all, there are more effective methods of securing national interests today vis-à-vis business and intellect.

Russia's striving for its former grandeur could of course be chalked up to imperial phantom pains. But what empire are we talking about? What matters in an empire is its substance, which is directly linked with the idea of responsibility – i.e., providing peace, order and prosperity for its subjects and satellites. An empire does not impose either an ideology (except for the demand to respect its status) or institutions (except for those that perform essential military, policing and fiscal functions).

The Roman, British and Russian empires, as well as the United States during the Cold War era, were real empires since they met the aforementioned criteria. But the Soviet Union was not an empire. It was obsessed with chimeras: from its idea of being a World Socialist Republic (the principle of razing everything down to its foundations before building again from scratch excludes all responsibility), to the "besieged fortress" and confrontation mentality, to its inferiority complex ("catch up and overtake the West"). And, like the United States today, it worked hard to impose ideology and institutions. Empires do not behave like this.

Does Russia want to restore its imperial grandeur? Fine, but we need to understand our responsibility to the world here and now, and assume it in its entirety. It also should not be forgotten that an empire is not manna from the skies – it is a heavy burden.

Meanwhile, Russia is bogged down, trying to reconnect itself with the legacy of Old Russia. It almost seems that Russia is stuck in a 400-year time warp, similarly to Poland and Lithuania that are hunting the same ghost. No one seems to be concerned about how we look in this company, to say nothing about the fact that we have allowed ourselves to be drawn into somebody else's game.

We are becoming increasingly paranoid about being encircled by enemies, and we feed our phobias instead of curing them. We

must assert our authority by offering an adequate vision of joint responses to modern challenges. This is all the more important when we remember that the entire Euro-Atlantic civilization has been confronted with very serious threats.

One such threat is the rise of China. A ranking member of the Russian Security Council, who spent almost three decades in China as part of a diplomatic mission, recently summarized the mood of the local military elite as follows: "On their own, neither Russia nor China will be able to deal with the United States; they need to pool their efforts to get the better of it." Okay, let's suppose that we did pool together our efforts and toppled the United States. What happens next? China has a population of 1.5 billion, while Russia has just one-tenth this amount. It may be guessed at who will be the next to be toppled.

So while sending energy to China and building nuclear power plants there (business is business), we must not forget the potential uses for these supplies. And how do we explain Russian language study programs in the Chinese military and police, and not just in regions bordering Russia? The threat is quite real.

But we are not the only ones who have been challenged. China has attracted more than $1 trillion in direct investment from the United States, Japan and Europe. At the same time, it has bombarded the West with its consumer goods and electronics.

Meanwhile, China remains almost completely closed, never stating its objectives clearly. Yet according to its ideology, China has the divine sanction to govern the world, which it foresees as becoming a Beijing province (hence explaining China's painless adaptation to Marxist internationalism). Once they have achieved this status, the Chinese will definitely not be helping the Europeans in any way.

Chinese tradition regards Christians as inferior beings, members of the underclass. In the eyes of the Chinese, the "white man" is fated to being subordinate to the more organized "yellow man." Therefore, China is the Sword of Damocles hanging over the heads of both Russia and the West.

A WINDOW OF OPPORTUNITY

On the surface, Western expansion continues, while its nations are much better off than others. They control the greater part of the world economy. They conduct military operations wherever and whenever they think they should.

Yet the EU is affected by a profound identity crisis. Its Constitution made no provisions for the recognition of traditional European cultural and religious values. At the same time, the leading countries on the European continent – Germany and France – are being confronted by increasing problems in the social sphere. The population's ethno-religious makeup is changing, and this is causing new conflicts. Brussels' bureaucracy is proposing ugly models for the Balkans, using a "one-size-fits-all" approach toward the newly admitted EU members, forgetting that excessive standardization can lead a community to ruin. Finally, the popularization of homosexuality and single-sex marriages has reached alarming proportions.

Considering the world's prevailing mainstream trends, Russia should strive to join the EU. But any such integration would be unviable without a common moral base. At this stage it seems to be more expedient to undertake large-scale energy, intellectual and artistic projects without committing ourselves to full integration. The diversification of our cooperation with the Central and East European countries on the basis of our high technology are a separate area of discussion.

In transforming from a military-political bloc into a leading security organization, NATO has lost the lion's share of its assertiveness and vigor (a case in point is the organization's split over Iraq). It would be tempting to ask NATO to admit Russia, thus finally closing the security belt in the northern quarter of the globe. But the alliance should perceive our move toward membership as being equally beneficial for both sides. Otherwise there must be no haste; let the membership application simply lie there. This allows Russia to claim the moral high ground.

PREREQUISITES

The general course of action is ridiculously obvious: Russia should not place all of its eggs into one basket. In other words,

we should safeguard ourselves against one-sided dependence on any one partner.

In realizing its leadership potentiality, Russian society should start with rebuilding the state of its morale. Russians are the most successful nation of the 20th century. We emerged from the past century not as losers but as winners, having successfully coped with two totalitarian regimes – Hitler's and our own. At the same time we gave freedom to others. All Central and East European countries, excluding Poland with its Solidarity movement, received freedom and independence with the Kremlin's blessing (yet even Warsaw should not forget about Jaruzelski's consultations at the CPSU Central Committee). Without massive support from the Russian people, the people's fronts in the former Soviet republics would never have achieved anything. Finally, we freed the West from the worst possible dependence: fear.

Despite these successes, we complain when we should be rejoicing. Indeed, we achieved a victory over Communism and then ceded our victory to others, but are still bemoaning our "defeat." What is the meaning of all this? We are back on our feet again. We are in a robust competitive environment. We should be proud that Russia is at long last being taken seriously, and treated as an equal partner. Yet no, we continue to grieve about our fate, thus pushing our partners toward worse case scenarios.

This national state of depression must come to an end. We should understand that the "raw materials appendage" issue is nothing more than a phantom pain; the consumer is more dependent on the producer than vice versa. Incidentally, the West knows this very well.

We should relieve our minds of historical chimeras and stop deluding ourselves with the West's perennial aggressiveness toward Russia. Historically, Western nations fought more frequently against each other than with Russia or the Soviet Union. Today, no one in the Euro-Atlantic civilization is set against us.

The Russian people should stop cultivating a climate of victimization, which only results in Russia putting the interests of other nations above its own. After the victory over Napoleon

Bonaparte, Emperors Alexander and Nicholas did as they pleased in Europe for the next 42 years. And then it was the Soviet Union that dictated to the entire world after World War II.

Russia should cease playing a game of "catch up" with the so-called developed economies, as well as relinquish the idea of antagonism between Russian and Western interests. Russia and the West objectively need each other. And given that a great many Western technologies are unviable without Russia's fundamental research, they need us even more than we need them. If we stop generating theoretical knowledge, the Euro-Atlantic civilization will become starved for technology and simply perish.

We may connect the West to ourselves with the bonds of intelligence and spirituality and much more effectively than China at the present time. There is nothing difficult about educating Europeans and Americans in Russia in the finest traditions of its scientific institutions – and necessarily in Russian. Incidentally, when more of the world starts thinking and speaking Russian, this will be our most effective global influence.

It is critical that we review our general attitude toward the United States. We cannot forget that that nation owes much of its prosperity to Russia, among others. Remember that three-quarters of U.S. Representatives, two-thirds of its Senators, and one-half of the governors have Russian roots. It is no exaggeration to say that the United States (as well as Israel) has to a very large extent grown from Russian ancestry. Thus we must look at these inherent connections and realize that deeper cooperation with Washington will facilitate the resolution of problems with NATO, for example, and at the same time help strike the right balance with China.

Unless the United States stops making fatal mistakes, it will lose its world leadership. But for our own sake we must not do anything that would precipitate its fall, since the collapse of its economy (which is experiencing a very high deficit) will bury Russia before it does others.

The United States faced up to the challenges coming from China, in particular to the transport corridors in the Asia Pacific region. This compelled Washington to redeploy its main naval

forces to the Pacific Ocean. But Okinawa traditionally refuses to permit access to the U.S. nuclear fleet, while Indonesia is also opposed to the U.S. return to the Philippines. Singapore is not opposed to playing host, but Malaysia is against the idea. Finally, U.S. warships will not be able to call at the Cam Ranh base in Vietnam until the U.S. napalm bombs and chemical agents are completely forgotten there. This is where Russia might help by offering the United States joint naval basing in its Far East region in exchange for a strategic alliance, including joint patrols and joint responsibility in the Pacific, access for Russian science and business interests in the U.S. market, and so on.

Energy transport systems to the United States via Murmansk and Alaska would help strengthen our relations. We should stop pinning high hopes on the BRIC group: although the economies of its member states – Brazil, Russia, India and China – are the most dynamic in the world, close relations between India and China after a 3,500-year-old conflict are unlikely. It would be more realistic to promote cooperation within the RABI framework (Russia, America, Brazil and India).

Then, even massive sales of energy and modern military equipment to China will not pose any threat to Russia in the 21st century. On the contrary, progress in trade can only be welcome.

At the same time, Russia must accomplish a strategic turn toward science, education, culture and medicine as the most promising growth points in the coming decades. It should preserve the paradigmatic character of learning and knowledge generated in these spheres, and treat spending on these programs not as net losses but as social investment. Russia is in a great position to become the world's leading intellectual power and pace-setter in the development of global information, transport and energy networks.

It is time for Russia to realize its responsibility to the Euro-Atlantic civilization and start restoring (if it so wishes) its status as a world superpower.

The Russian Economy Today and Tomorrow

Arkady Dvorkovich

Russia's economic development in the first five years of the 21st century has revived hopes that the country will regain its leading positions in the world, which it lost during its transition from a centralized and planned governance system to market-economy methods of regulation. From 2000 to 2005, Russia's Gross Domestic Product increased 50 percent, while the government's rigid financial policy eliminated the need for foreign loans. This has given Russia the opportunity to beef up its budgetary and hard currency reserves against possible financial crises.

One of the major contributing factors to the success of Russia's economic policy was the upbeat economic situation on international markets. Before 2004, no one expected such a rapid growth in energy prices on the global markets. At the same time, few could have predicted that the U.S. Federal Reserve System would maintain record low interest rates to restore high economic growth. For Russia, the combination of these factors meant a radical improvement in its balance of payment, as well as the availability of a large amount of liquid assets for investment.

Before 2004, Russia's economic development was driven by the export-oriented resource sector, which ensured high growth rates, the rapid growth of budget revenues, and the accumulation of hard currency reserves for the Bank of Russia. This growth largely came

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from the extensive development of relatively new oil fields. At the same time, in 2003-2004, new sources of economic growth were found in less risky investment projects in the non-resource sectors.

The events involving YUKOS, Russia's largest oil company in the early 2000s, marked the beginning of stricter tax regulations. It also had a major impact on the development of the Russian economy in 2005. Apart from the obvious positive effect the new legislation meant for the collection of taxes, this move created additional risks for companies in view of the mass tax law violations in previous years.

THE CONTRASTS OF 2005

The fifth year of the new century came as a period of striking contrasts for the Russian economy. The most important were the sharp changes in the structure of economic growth, the failure to fulfill official plans for reducing inflation (despite the inclusion of huge amounts of liquid assets in the Stabilization Fund), and the slowdown in the growth of industries oriented to the domestic market amidst an increase in domestic demand, supported by consumer crediting.

In 2004, the GDP increased 7.2 percent, primarily due to growth in the extraction of raw materials, whereas in 2005, when the GDP grew 6.4 percent, resource extraction increased slightly more than one percent. Thus, we can see that contributions from the non-resource sectors to the national economy essentially increased. The main factors behind the slowdown in the growth in the resource sector were as following: a decline in oil output by the major oil companies (YUKOS and Sibneft) after they changed hands and exhausted their resources through the extensive development of their oil fields; uncertainty over plans for developing the transport infrastructure; and the excessive growth of the tax burden amidst rapid growth in global resource prices.

The oil industry was replaced as the motor of economic growth by other sectors, above all, in the construction, communications and trade sectors. Throughout a greater part of the year, these industries saw 100-percent growth rates, the improvement of product quality and services, and the introduction of new technologies. This was the main trend of the Russian economy in

2005. Other factors included a considerable increase in the scale of consumer crediting, and the development of network operation by real estate companies, cellular operators, and large retail holding companies.

Last year graphically demonstrated that the Russian economy is capable of growing at a high rate even without a rapid expansion of its resource sector. At the same time, it became evident that a long-term slack in the extraction and processing of raw materials can put a drag on Russia's further economic development, and this factor sets special requirements for the future structure of GDP growth.

During the year, consumer prices rose 10.9 percent – slightly less than the 11.7 percent reached in 2004, and much more than the officially declared target of 8.5 percent. The government and the Bank of Russia blamed this excessive growth on public utilities and passenger transport fees. Blame also fell on the growth in meat prices, sparked by customs quotas and gasoline prices connected to the rapid growth in oil product prices on the global markets. Another obvious factor in the inflationary pressure was accelerated growth in producer's prices throughout 2004 and 2005.

The next three years will be a critical period for providing answers to the challenges now confronting the Russian economy.

One explanation for the rapid growth in consumer prices is the overestimation of the influence of the accumulation of money in the Stabilization Fund as a factor for restraining growth in money supply. Although the Fund received more than 700 billion rubles (over 40 percent of the increase in the Bank of Russia's hard currency reserves), the money supply increased by almost 40 percent. This figure is higher than that in 2004 and much higher than the target set in the Guidelines for the Monetary and Credit Policy for 2005.

In this situation, the inflation rate could be reduced to 8.5 percent only if the money velocity was reduced by more than 15 percent, which is higher than the figure in 2003 and 2004. However, the year 2005 witnessed a substantial slowdown in the growth of

real demand for money (without taking into account the GDP growth). On the whole, demand grew almost five percent over the year, and was unchanged throughout the second half of the year.

The level of mistrust that many feel toward the government's financial policy goes far at explaining this situation. In addition, expansion in the private sector was rather slow amidst the growing uncertainty over tax policy: the primary emphasis was made on projects that provided relatively short-term return of investment. Disregard for these factors may have a long-term negative effect on the quality of the government's financial policy.

Enduring high inflation resulted in the slow decrease in the poverty level and real interest rates – factors that do not allow one to speak of the overcoming of the tendency for reproducing technological backwardness of the Russian economy and its structural imbalance. These factors also indicate that currently the country has small opportunities for fast formation of a broad middle class necessary for stable social development.

On the domestic market, the persistent decrease in the competitiveness of Russian goods, compared to imports, was the most worrisome trend in 2005. While domestic demand grew by more than 50 percent, imports accounted for over half of this increase. An important factor here was the expansion of consumer credit created to ensure reliable demand for durable goods – products in which imports obviously prevail (cars, household goods, furniture).

"HOMEWORK"

The next three years will be a critical period for providing answers to the challenges now confronting the Russian economy. This refers to legitimizing private property, reducing the rate of inflation, as well as poverty levels, and creating a competitive environment for economic growth, especially in light of Russia's imminent accession to the World Trade Organization.

The large-scale expansion of investment activities by the owners of Russian companies is being thwarted by a lack of protection of ownership rights, together with the elimination of competition by means of "administrative resources." The institution of private

property, essential for a market economy, will strengthen with the modernization of corporate legislation, the improvement of law enforcement practices (above all, within the framework of the judicial system) and the development of the idea that private property is a legitimate phenomenon. Well-known instances of tax violations and general corruption, as well as the non-transparent atmosphere of privatization deals impede the latter goal.

The main ways to legitimize property, now being considered or already used, include: buying out private companies at market prices by government-controlled organizations; selling shares to well-known foreign organizations; making additional tax payments in agreed amounts, and granting amnesty to companies that formerly violated tax or other laws (a bill proposing the latter option has not yet been made into law). The first option is the least attractive from the point of view of economic effectiveness, yet most often resorted to due to its simplicity. The second option is checked by the stalled negotiations on Russia's accession to the WTO, as well as the fact that Moscow has not yet formalized its position on the sale of its "strategic" assets. The third option may well imply selective application, while the fourth one may prove ineffective due to the previously mentioned public mistrust of the government's actions.

So, in the near future the government will have to choose more effective ways of legitimizing private property in Russia, which will require a dialog with the business community and other institutions of civil society. The success of these efforts will lay the foundation for the significant expansion of investment activity and economic growth in the country.

However, the existence of private companies per se is not a sufficient condition for the effective operation of the market – equally important is the presence of a competitive environment. The unwarranted interference of state bodies in companies' activities and inter-company relations is the main cause for competitive weakness. This interference is "facilitated" by high administrative barriers where a company's operations, as well as the implementation of its investment plans, is made dependent on the

position of particular government officials, who may have interests with the company's rivals. Similar problems may arise in regard to procedures for purchasing goods and services for state and municipal needs. The general atmosphere of corruption inflicts serious damage to the investment climate and social relations as a whole.

Russia's anti-monopoly legislation and its enforcement do not yet meet the requirements of its economic situation. On the one hand, little is done to stop the use of the "administrative resource" for gaining competitive advantages; on the other hand, anti-monopoly measures are increasingly invoked in those markets where the concentration of business is expedient. Meanwhile, efforts to protect competition should focus on countering the use of one's dominant positions to the detriment of the rights of consumers of goods and services.

The government does not fully take into account the advantages and disadvantages that would derive from access of Russia's markets by foreign producers. Given the desire of foreign companies to invest in the modernization of Russia's strategic industries, shareholders could reach agreements and assume mutual obligations with regard to investment in the latest technologies and R&D in the country.

In the nearest future, the government must focus its efforts on winning more trust in its financial policy, while increasing the efficiency of budget spending – above all, at ending stagnant poverty and reducing inflation to the minimum.

RUSSIA'S BIG TEST

While the problems that Russia must solve in the next three years are quite serious, the long-term challenges are much more fundamental. These challenges include the reduction of the Russian population; the decline in the skill level of manpower resources; the aging of the infrastructure; and the need for sufficient competitive niches in the global division of labor (considering the scope of the Russian economy).

At the end of the 20th century, Russia entered a long period of population decline. Between 1992 and 2004, the difference

between the number of births and the number of deaths in the country reached 10.4 million people. However, thanks to the growth of immigration, the country's overall population decreased by only 4.9 million people. Birth rates in Russia remain low despite some growth in recent years: in 2004, there was an average of 1.34-1.35 children per woman (the aggregate birth rate). This figure is 1.6 times less than required for the simple reproduction of the population (in developed European nations, the average number of children per woman stands at 1.6-1.8).

At the same time, the lifespan of the Russian population is extremely low: compared with the world's ten most developed nations, it is 15 to 19 years less for men and 7 to 12 years less for women. The average number of deaths per year between 2001 and 2004 stood at 2.3 million, with the death rate being particularly high among the able-bodied population. During the same years, immigration rates decreased five times in comparison with 1995-2000, reaching a mere 0.03 percent of the Russian population in 2004. Should the present birth and death rates persist, and immigration growth stuck at zero, the Russian population will decrease from 143.5 million as of early 2005 to 123 million by early 2025.

Measures taken by the Russian government in pursuance of its *Concept for the Demographic Development of Russia* have failed to improve the situation, because they did not correspond to the set objectives. For example, efforts to raise the birth rate did not focus on the birth of a second and third child, but rather on social aid to families where the first child is born without this aid. Russia's migration policy offers another example: changes made to the citizenship law were intended not to attract new citizens into the country, but to cut the inflow of migrants and complicate procedures for receiving Russian citizenship.

The government must take measures to stimulate higher birth rates, immigration and better health services, which would help stabilize the Russian population at 140 to 142 million by the year 2015. In the longer term, population growth could be sustained by increasing the overall birth rate by 20 to 30 percent, reducing — at least by half — infant mortality, bringing the population's life

expectancy to 70 years, and increasing the inflow of permanent immigrants by not less than 10 percent a year.

To raise birth rates in the country, the government must, first of all, encourage the birth of two to three children per family – and support such families. In particular, the government could introduce housing and tax benefits for families with children; introduce more allowances for mothers and families; take measures to improve the reproductive health of the population; build a positive image of families with several children; enhance the prestige of motherhood and fatherhood; and consolidate the institution of family.

Improving the population's health and reducing death rates requires a set of measures to protect the well-being of children and adolescents. These measures include preventing child traumatism; enhancing the physical activity of the population; popularizing a healthy lifestyle, including efforts to prevent alcohol and tobacco abuse; reducing mortality rates on the nation's highways while making roads safer; improving the quality of nutrition; improving working conditions and increasing labor safety; reducing poverty and minimizing poverty-related threats to people's health.

To achieve its migration policy objectives, the government must take measures to attract representatives of those people who traditionally populate Russia from abroad (primarily from the former Soviet republics); attract foreign labor migrants who can help boost the Russian economy; stimulate ethno-cultural and language adaptation, together with the integration of legal immigrants into the Russian society; stop illegal migration to Russia; regulate internal migration processes to stimulate the settlement of the population in the country's eastern regions; and reduce emigration from Russia.

Other important "big test questions" for Russia, answers to which require special study, include modernizing the Russian educational system; integrating it into the world educational space and establishing close ties with scientific and innovation systems; overcoming the growing shortage of high-quality production infrastructure; and ensuring the permanent self-rejuvenation of the

Russian economy in order to find adequate answers to the challenges of the globalization.

FINAL NEWS RELEASE ON DECEMBER 31, 2008

On December 31, 2008, what will the news reports say about the results of the development of the Russian economy?

Most probably, the news channels will say that between 2006 and 2008 the Russian economy has grown by an average of six percent (which is not enough for fulfilling the declared task of doubling the GDP over ten years); that the inflation rate has decreased to 7 percent (rather than four to five percent, as planned by the government and the Bank of Russia); that dozens of major industrial enterprises are planned to be put into operation within the next year, thus inspiring hope for the future; that the standards of living are growing, while poverty is decreasing; and that new initiatives by the Russian president will create the necessary prerequisites for the country's stable development in the near future.

For a majority of present observers, this scenario may seem overly optimistic. However, its implementation (and even overfulfillment of the aforementioned targets) is quite feasible if the majority of the Russian population stops being passive observers and unite into a harmonious creative team that is capable of coping with the difficult tasks facing the Russian economy and society as a whole. To this end, we must commence an intensive dialog and implement specific decisions.

Foreign Policy Imperatives

Arrival of Afanasy Nikitin,
15th-century Russian merchant, to India.
Decorative panel, Palekh, 1956

“Russia’s Asian partners understand that the relationship is a two-way street: Russia needs an economically mobile and politically stable Asia, while Asia is interested in a prosperous Russia.”

Asia's Future and Russia's Policy

The rapid rise of the giant Asian region, which is becoming the global leader of economic growth, has only recently attracted the close attention of analysts worldwide. For Russia the rapid progress of its Eastern neighbors is of critical relevance. Of the 17.1 million square kilometers of Russia's territory, Asia accounts for almost 14 million. It is east of the Urals that the bulk of Russia's natural wealth is located, and it is thanks to this that Russia now holds a special place in the world economy. Moreover, Russia can serve as a natural bridge between the markets of Europe and Asia, as it has a unique transport and transit potential. Full-scale implementation of this potential and protection from strategic rivals will boost Russia's development.

Russia plays an active role in economic relations among the Asia-Pacific countries. Over the last three years, the percentage of 11 countries of the Asia-Pacific Region (China, North Korea, South Korea, Japan, Taiwan, Hong Kong, Singapore, Thailand, Mongolia, Vietnam and India) in Russia's foreign trade has increased to 13.4 percent (compared with 4.3 percent of the United States, Australia and Oceania). Over the next 10 to 15 years, Russia's six major trading partners in East Asia (China, North Korea, South Korea, Japan, Taiwan, and Hong

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This material was prepared by **Timofei Bordachev** on the basis of a situation analysis of the Political and Economic Development of the Asia-Pacific Region and Russia's Interests, held by *Russia in Global Affairs* and the Council on Foreign and Defense Policy in December 2005.

Kong) alone will account for 20 percent of Russia's foreign trade, while the whole of the Asia-Pacific Region will account for about 30 percent. It should be noted that Russia's exports to East Asia are much more balanced in structure than its exports to the European Union countries, although the former are less in volume.

GROWING ECONOMY

The upsurge in interest in Asia is primarily due to the rapid economic growth rates in a majority of Asian countries and to China's soaring geopolitical influence.

Rising Asia demonstrates stable economic growth, which ranges from 8.5 percent in 2005 in China (9.25 percent in 2004) to 7.5 percent in India (2004-2005) to 7.7-8.4 percent in Vietnam (2004-2005). In the medium term (15 to 20 years), the annual growth rates in China and India are expected to stand at 7-8 to 6-7 percent, respectively. Even if China's growth rates increase insignificantly, the country's contribution to the world's gross domestic product will reach 10 percent by 2020-2025. This factor will place China among the world's top three economic leaders, along with the U.S. and the European Union.

During the next 10 to 15 years, China will continue to lead economic development in the region, followed by Japan and India, and will retain its status of a "world factory," while dominating sectors of the manufacturing industry. Meanwhile, India has a chance to excel China in textile production, car making, and in the amount of foreign investment attracted.

Most of the Asia-Pacific countries are facing problems and challenges that can slow down their development. Beijing, for example, is faced with the following pressing problems:

– an aging population;
– slow rates of urbanization;
– backwardness of the rural areas;
– underdevelopment of the services sector;
– insufficient spending on the educational system;
– inefficiency of the banking system;

– archaic corporate governance system and underdeveloped financial markets.

The demographic window of opportunity, that is, the significant manpower resources that created the prerequisites for a major economic breakthrough, is already closing in China (and will soon close in other Southeast Asian countries, as well). Beijing's "one family, one child" policy may have unforeseen consequences in the future. In 15 to 20 years, the number of dependants will continue to grow, thus multiplying the social burden on able-bodied citizens.

China's political transformation plays a dual role in the country. On the one hand, democratization of the political regime is one of the preconditions for switching over to a new development model, overcoming corruption, retaining positions in the global economy, and ensuring further growth. On the other hand, the political and social stability ensured by the regime is one of the main competitive advantages that China has in attracting foreign investment. China could become less attractive to Western investors due to the aggravation of social conflicts and the further regress of rural areas brought about by greater democratization.

It is highly improbable, however, that the democratic process will arrive like an avalanche. The ruling party is taking great effort to ensure the continuity of power after Hu Jintao leaves his post of General Secretary of the Central Committee of the Chinese Communist Party in 2012. Most likely, China will introduce gradual liberalization into the party, while bringing some democracy into the electoral system at the local level, and developing a limited number of nongovernmental organizations.

India, the most populous democracy in the world, is not facing the problem of a political transformation. Yet the country will have to find answers to serious challenges facing its economy. These include, most importantly, the slow development of infrastructure – railroads, highways and ports – that is impeding the process of industrialization. Another challenge is India's insufficient involvement in globalization (various sources estimate India's share in

global trade at not more than one percent). Although some Indian regions (Bangalore, Goa) are part of the global market, the larger part of India is extremely backward.

Both China and India are facing very difficult environmental problems, and there are no signs yet that they are going to be solved in the near future. India's further industrialization will most likely aggravate its environmental problems, as is the case with China. Presently, China's advantages are a higher literacy level, a lower child mortality rate, and a much lower number of people living below the poverty line. Meanwhile, India has a better developed services sector than China.

CHANCES FOR ECONOMIC INTEGRATION

Stable economic growth in the majority of countries in the region encourages them to look for forms of association. However, essential differences between their economic, political and military potentials stand in the way of a successful Asian integration. Unlike European integration, initiated in the second half of the 1950s by countries that were more or less equal in terms of their development levels (Germany, France, Italy, Belgium, the Netherlands, and Luxembourg), consolidation in Asia can be built only by uniting the less developed countries around a single large and strong partner. This could take the shape of the North American model (the North American Free Trade Agreement, or NAFTA), where the United States is the predominant actor.

In the medium term, major countries of the Asia-Pacific Region – China, India, the U.S., Japan and South Korea – will not be ready for an alliance or integration. Yet they may develop a kind of soft integration around a big player, most likely China, which is winning the sympathies of "small friends" from among member countries of the Association of Southeast Asian Nations (ASEAN). Beijing provides its neighbors with grants and trading preferences and sells them military equipment at reduced prices (the 'benevolent elephant' strategy). Thus, the framework of a future integration union is being formed around China.

As for India and Japan, the former is unable to play the role of an integration center due to its economic and political conditions, while the latter views the United States as its main partner; in the future, Japan and the U.S. may establish a bilateral free-trade zone. Existing regional associations, such as the Asia-Pacific Economic Cooperation (APEC), rather serve as mechanisms for working out common values and objectives than as platforms for creating practical tools of integration.

In seven to ten years, deepening economic relations, combined with the interdependence of countries in the region, may prompt them to conclude formal free-trade agreements. However, their interaction will proceed at different levels and rates, as well as with a different degree of institutionalization. More probable are integration processes in those areas that are related to information technologies, the knowledge economy, and where national barriers are much lower. At the same time, the establishment of free-trade zones, especially where traditional industries (e.g., agriculture) are involved, will require a lengthy negotiating process.

There is very little chance that regional countries will establish political or military-political unions. Although recent developments (above all, the position of the Shanghai Cooperation Organization concerning the U.S. military presence in Central Asia) add a military-political dimension to this organization, the probability of formalizing military-political commitments within the SCO frameworks is insignificant at this time.

POLITICAL INSTABILITY

The main obstacle standing in the way of political and even economic consolidation in the region is the growing rivalry between Beijing and Washington. Deliberately or not, China is the main "disturber of the peace" here, as it has been increasingly active in pushing aside the traditional leaders — the United States and Japan. Some analysts hold that China views the "small" countries, that is, member states of the Association of Southeast Asian Nations, as a natural continuation of its economy and is therefore actively developing cooperation with them.

Other countries in the region are rather objects of the policies of the two competing giants. The only exception is Russia, whose favor both China and the U.S. seek.

China has not yet clearly formulated its foreign-policy ambitions. Beijing firmly insists that Taiwan reunites with the People's Republic of China, but makes unclear and ambiguous statements on other issues. This factor prevents China's partners from taking a clear stand with Beijing. Russia, the U.S. and other member states of the Group of Eight and NATO do not always understand China's intentions when it speaks of the development of a "strategic dialog." Beijing often behaves inconsistently: on the one hand, it is aggressively buying liquidities in the United States, while on the other hand, it displays caution, if not utter diffidence, in implementing its political initiatives (for example, in increasing its role in the Shanghai Cooperation Organization or military-political presence in Central Asia).

The sheer size of China's economic relations abroad protects its leadership from outright confrontation in the realm of foreign policy. At the same time, China needs to build up its military might and nuclear potential to enhance its authority at the regional and global levels. However, China's neighbors may view its military buildup as a threat.

Russia and Japan rank second and third, respectively, among China's foreign-policy priorities. Meanwhile, Chinese public opinion has an increasingly favorable view of Russia. Part of the reason is that new bilateral energy projects help to consolidate ties between the two countries. In the long term, Beijing's Russia policy is expected to be friendly, stemming from the need to keep "peace in the North."

As for Chinese-American relations, China's policy of reforms, conducted since the late 1970s, was intended to achieve at least a retreat from confrontation between the two countries, if not a full rapprochement with the U.S. Presently, China continues to conduct a cautious policy toward the United States, trying to avoid any conflict, even despite Washington's unfriendly moves. The difference between the two countries' political systems is largely

compensated for by their increasing economic interdependence, although the latter factor has its limitations.

According to public opinion polls, the U.S. is the most unpopular country among 54 percent of the Chinese. There are fears that this antagonism will keep growing as more rations of democracy are given to the Chinese population and as its economy gets stronger.

Meanwhile, Washington pursues a much more aggressive policy that is intended to "restrain" China. To this end, the United States resorts to various kinds of means, including the escalation of its military presence in East Asia and the threat of deploying an ABM system (which seems to be largely a bluff).

Another reason for the deterioration in relations between Washington and Beijing is the growing conflict between China and Japan. However, the great economic interdependence between China and Japan (between 1993 and 2004, Japan was China's largest foreign trade partner, and now ranks third after the European Union and the U.S.) causes these two nations to search for other cooperation options. At the same time, their rivalry for access to new energy sources, for leadership in the ASEAN space, and for a place on the international scene is becoming increasingly keen. For example, China actively opposes Japan's permanent membership on the UN Security Council, while the situation concerning Taiwan remains explosive; although the probability of an armed conflict is now estimated to be relatively low.

In the medium and long term (until 2020-2025), relations between the United States and China will, most likely, tend to deteriorate, and the deterioration will be initiated by Washington – regardless of what party wins presidential elections in the U.S.

Meanwhile, relations between Beijing and New Delhi have been gradually improving, yet still retaining elements of tensions. China opposed India's participation in the latest East Asian summit (December 2005), while the border dispute still presents a problem. Nevertheless, there is an economic rapprochement between the two countries, and there are signs of a beginning political dialog.

The past few years have witnessed a new tendency in the Asia-Pacific countries – the growth of nationalism, which manifests

itself at both the regional level and against the West. These sentiments are rather caused by deliberate actions of the authorities and do not represent a spontaneous manifestation of sentiments. However, active economic ties and growing bilateral and multilateral exchanges reduce the probability of establishing nationalism as the basis of state policy.

CONTOURS OF RUSSIAN POLICY

Compared to the Russian-European relationship, which is made up of a strategic partnership, regular summit meetings, efforts to create four common spaces, and numerous dialogs, the Asian vector of Russia's policy remains insufficiently developed. Factors preventing this development include lack of political will, the traditional Eurocentrism of the Russian establishment, and the existing routes for selling the most profitable goods and commodities. Russia's Asian policy lacks vitality, state support for the development of economic ties, and involvement in regional cooperation mechanisms and regional security organizations (except the Shanghai Cooperation Organization).

Any partial reorientation of Russia's policy toward Asia should not be overly publicized, since loud declarations may only arouse suspicion and irritation among Russia's traditional partners in Europe and the U.S., and even in a majority of the Asia-Pacific countries. However, Russia should form a multidimensional and multifactor policy. Considering the difficult relations among the leading countries of the region – China, India, Japan, South Korea and the U.S. – Russia should not orient itself to just one or two countries, since each of them may view the Russian Federation as a counterbalance to other countries. In working out its policy, Russia must take into account those factors that are causing concern among all partners.

Finally, Russia's political and economic relations with Asian countries must not come into conflict with Europe, the main vector of Russia's development and identity. The main objective of Russia's Asian policy must be the development of Russia's eastern regions.

The balanced and cautious participation of Siberia and Russia's Far East in regional economic integration can play a major role. The Russian Far East already participates in integration processes oriented to China, while the Asia-Pacific countries account for 85 percent of all foreign trade of the Russian Far East, and the latter's economic relations with neighboring countries are much more intensive as compared with the European region of Russia. Meanwhile, there are potential dangers associated with the full reorientation of the Asian part of the Russian Federation to regional economic entities, especially in the form of Chinese economic expansion into Russian territory. This threat is not related to any "aggressive plans," but rather to the insufficient economic and social development of Russia's Asian regions. In light of this situation, special importance is attached to a new project, *Opening Up Siberia Anew*, which is intended to boost the social and economic development in the region.

Russia must seek to increase its foreign trade while improving its quality at the same time. The percentage of the Asia-Pacific region in Russia's foreign trade can be increased to 33-35 percent, which would make it comparable with the European Union. In the medium term, this can be achieved by broadening energy cooperation. The majority of Asia-Pacific countries badly need new energy sources and view Russia as a potentially reliable partner.

In this area, emphasis must be placed on the diversification of transport routes of Russian energy resources to regional consumers. This is particularly important as China, India and Japan build their defense policies on the possibility that energy supplies from sea routes will be blocked in case of an interstate conflict. Russia and the Asian countries could cooperate in building continental pipelines and developing sea infrastructures that are oriented to tanker oil export and liquefied gas transportation.

Russia should seek to expand its "intellectual export" to Asian countries that are oriented to the United States and Western Europe in promising areas, such as education. The efficient investment of revenues from energy exports could help Russia consolidate its positions in personnel training for Asia-

Pacific countries, thus facilitating its emergence as a new "intellectual donor" for the region.

It would be expedient to devise a set of measures to support technologically oriented exports to Asia, especially those that do not sell well in Europe and North America. This refers, above all, to products of civil mechanical engineering and power machine-building, developed long ago in the Soviet period. Russian aircraft companies could increase sales of civil aircraft and engines, if the government provides the essential lobby support. Also, the government should support the establishment of aircraft maintenance centers for Russian airlines.

Military-technical cooperation is one of the most promising, yet at the same time most difficult, areas. Although this kind of cooperation between Russia and China remains the source of many complaints from Russia's partners in the West, it not only brings material benefits, but is also a factor in helping to maintain the regional balance of forces. Russia should gradually proceed to a higher level of military-technical cooperation with such countries as India and China, which would involve more advanced high technologies. Both countries have made much progress in modernizing their military-industrial complexes and are now more interested in purchasing technologies than finished products.

Russia must also change the structure and quality of its imports from East and Southeast Asian countries, including China, while increasing its exports to that region. Presently, Russian imports from the majority of Southeast Asian countries comprise medium-quality goods, although these countries can sell better-quality products and at prices more acceptable to Russian consumers.

Countries of the Asia-Pacific region are rather apprehensive about Russia's possible appearance on the regional market. Russia is traditionally viewed there as a European country and evokes interest as a source of vital energy resources and as an element of military and political balance in relations between China and the United States, between Japan and China, and between the majority of local countries and the U.S. Therefore, gaining a foothold on the regional market will require consolidating Russia's political positions. This

can be achieved by implementing formal and informal mechanisms of coordination in the Asia-Pacific countries, specifically by using local international organizations and forums (the Asia-Pacific Economic Cooperation, ASEAN, the Shanghai Cooperation Organization, and the six-partite negotiations on North Korea).

Russia would be wise to advance its political initiatives through the Shanghai Cooperation Organization where, some analysts fear, China may monopolize leadership. At the same time, it would be counterproductive to use the SCO for "checking" China. Instead, Russian representatives must take an active part in round-table conferences and other discussions that precede major interstate meetings. These activities, as well as intellectual support for the development of regional policy (preparation of scientific studies by specialized expert centers, and participation in international scientific conferences), require special state support.

The formation of Russia's new policy toward the Asia-Pacific countries is impossible without transforming its foreign-policy thinking, which has been traditionally focused on the Euro-Atlantic space. Despite its long economic and political cooperation with China and India, Russia still views itself as an outside force in the Asia-Pacific region. Russia must stop viewing Asia as something alien. At the same time, however, Russia's renunciation of its orientation to Europe would mean the renunciation of its genetic and cultural roots, not to mention its hopes for democratic modernization. Besides, through its contacts with Asian countries, Russia can take avail of its "Europeanness" by acting as an intermediary between the East and the West and representing the interests of all parties.

Russia must step up contacts with the elites of the Asia-Pacific countries and pool efforts with them in organizing joint forums, conferences and other political and scientific events. Steps already taken in this field, such as the participation of a Russian delegation in sessions of the Asia-Pacific Parliamentary Forum, can be viewed as a highly positive, although insufficient, experience.

Equally important is the development of people-to-people contacts. There are good prerequisites for such a relationship: the

traditionally strong relations between Russia and Asia-Pacific countries, the absence of bias against Moscow, which exists in some countries of Central and Eastern Europe, and the fact that a large part of the Asia-Pacific elites received their education in the Soviet Union and Russia. Organizations of civil society can play an important role in this field, while the government could lend its support for such projects.

The discussion involved **Yakov Berger**, Senior Research Fellow of the Institute of Far Eastern Studies, Russian Academy of Sciences; **Alexei Bogaturov**, Dean of the Political Science Department, Moscow State Institute of International Relations; **Alexander Lomanov**, Leading Researcher of the Institute of Far Eastern Studies, Russian Academy of Sciences; **Vassily Mikheyev**, Corresponding Member of the Russian Academy of Sciences; **Vladimir Portyakov**, Deputy Director of the Institute of Far Eastern Studies, Russian Academy of Sciences; **Alexander Lukin**, Associate Professor of the Comparative Political Science Department, Moscow State Institute of International Relations; **Victor Pavlyatenko**, Head of the Center for Japanese Studies of the Institute of Far Eastern Studies, Russian Academy of Sciences; **Gennady Chufrin**, Deputy Director of the Institute of the International Economy and International Relations, Russian Academy of Sciences; **Sergei Karaganov**, Chairman of the Presidium of the Council on Foreign and Defense Policy, host of the situation analysis, and head of the scenario group; **Fyodor Lukyanov**, Editor-in-Chief of *Russia in Global Affairs*; **Timofei Bordachev**, Research Director of the Council on Foreign and Defense Policy; **Dmitry Suslov**, Deputy Research Director of the Council on Foreign and Defense Policy.

The discussion was followed up by the 14th Assembly of the Council on Foreign and Defense Policy, held in March 2006.

The author expresses his gratitude to the participants in the discussions, whose comments added to the analysis.

The Rise of Asia, and the Eastern Vector of Russia's Foreign Policy

Sergei Lavrov

Russia's Foreign Ministry has recently been conducting an increasingly active and productive dialog with domestic political analysts. This dialog meets the fundamental task of involving civil society institutions into various spheres of state activity, and foreign policy cannot be an exception. This is in line with the general tendency in the development of international relations where nongovernmental organizations now play an ever-greater role, often generating forward-looking ideas and initiatives. Thanks to the contribution being made by civil society, Russia's role in international politics will grow, acquiring new facets and due depth. This is one of priority areas in efforts to bring the resource potential of Russia's foreign policy into line with requirements of the times.

I would like this article to be viewed as a contribution to the discussion, *The Future of Asia and the Policy of Russia*, held in early March of this year at the 14th Assembly of the Council on Foreign and Defense Policy, which regrettably I was not able to attend. Judging by pre-Assembly papers, Russia's political analysts differ greatly in their views on the above subject and other related issues. I believe that open and fair discussions will be useful to all and will promote better and deeper understanding of Russia's foreign policy inside the country and abroad. Yet several of our analysts hold views on Russia's Asia policy, as well as on particular

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aspects concerning the present development of international relations, which I simply cannot agree with.

MULTIVECTOR FOREIGN POLICY

First, I cannot agree with the idea that there is the possibility of an imminent conflict between the European and Asian vectors of Russian diplomacy. Equally unfounded are statements about "the preservation of a predominantly European orientation of Russia," which is also seen as a "guarantee" of the country's modernization in order to prevent its "inevitable return to Asia." (I guess 'Asia' here stands for 'backward and savage Asia' – a notion savoring of prejudice and quite out of line with the actual state of affairs.)

This opposition between different aspects of Russia's foreign policy is artificial and far-fetched. Multifaceted orientation is one of its key characteristics outlined in the Foreign Policy Concept of the Russian Federation, endorsed by the president in June 2000. Abiding by this principle means only one thing: each vector is valuable per se for us, and any mutually exclusive or 'compensatory' patterns are unacceptable. Using some partners in a game against other partners would be, to put it mildly, an unwise line of conduct – quite in line with Big Game politics, however, which no longer meets the nature of international relations in their modern perception: the factors that shape today's international relations include globalization with all of its contradictory consequences.

The rise of Asia and the rapid involvement of many countries – above all China, India and the member states of the Association of Southeast Asian Nations (ASEAN) – in the international economy and international politics was largely a result of globalization. (Incidentally, ASEAN, a key regional actor, was somehow ignored in the aforementioned pre-Assembly papers.) Both processes are interconnected; hence the phenomenon known as the "Asian face" of globalization. For this and other reasons, I consider an opposition between the two major vectors of Russia's foreign policy groundless.

Russia can join the integration processes in the vast Asia-Pacific region only through the economic growth of Siberia and the Russian Far East; in other words, the modernization of these regions is an axiom. Therefore, there does not exist any contradiction between the general vector of Russia's internal development, described as "the European choice," and the objectives of our policy in Asia.

I cannot pass over in silence statements to the effect that Russia's policy in Asia may contain some anti-Western or anti-American implications, or that some people in Moscow's corridors of power have yielded to the temptation to take advantage of the "weakening of America." I do not know how such suspicions, characteristic of certain political circles abroad, have made their way into expert opinion in Russia. Each vector of Russia's foreign policy presupposes the solution of specific tasks. However difficult its relations with the European Union might become, they cannot be substituted by relations with other partners. The same rule applies to all the other vectors, including the Asian and North American ones.

The opposition between different aspects of Russia's foreign policy is artificial and far-fetched.

As for the West, any attempts to restore the bygone trans-Atlantic unity as an isolated aspect of international life can have only partial success. The Western Alliance suffered following the end of the Cold War, and the last decade has seen developments that were of momentous importance for it: these included the consensus-based military operation of the North Atlantic Alliance against Serbia, the lack of NATO participation after the terrorist acts of September 11, 2001, and, finally, disagreements over Iraq. Most importantly, the very coordinate system of international relations has drastically changed. Additionally, following the disappearance of the 'Soviet threat,' there emerged political and philosophical disagreements between the United States and Europe on many issues, among them the Comprehensive Nuclear Test Ban Treaty, the creation of a Bioconvention verification mechanism, the Kyoto Protocol, the International Criminal

Court, and the death penalty. There is also disagreement between the stringent Anglo-Saxon model of economic development and the more socially oriented policy of Continental Europe.

This is only one of the numerous consequences of the "unfreezing" of international relations after the end of the Cold War. This is why Russia's foreign policy in the West cannot have only one vector; actually, at the present time there are several vectors. In particular, the presence of the North American and the EU aspects in Russia's foreign policy reflects the difficult reality that it is facing, and is not at all an attempt to "drive a wedge" into what has long ceased to be a monolith. (Formerly, the latter was bonded together by ideology, by an ideological confrontation.)

A BRIDGE BETWEEN CULTURES AND CIVILIZATIONS

It would be useless to try to scare us by various kinds of threats from the East. On the international scene we pursue a pro-Russian policy – not more and not less. We are guided by our own interests, as is done – and very effectively – by all of our international partners, which rely on their centuries-old experience. Russia's existence at the junction of different civilizations, through constant efforts to achieve inter-civilizational accord, in many respects has had a negative effect on its own development. Today, its role – which is not of a shield but of a cultural and civilizational bridge – is needed as never before. It not only organically fits in with the collective needs of the entire international community, but also meets our vital national interests and helps Russia to solve the task of its historical predestination. However, it is important that our partners should not view this only as a possibility to use the bridge to their own benefit, without taking our needs into account. Perhaps, 'bridge' is not the best word here. It would be more correct to speak of interfacing the interests of the West and the East for the purpose of solving acute problems of the present.

In the long run, this is the significance of, for example, Russia's contacts with the Hamas movement. In the situation where this movement has won elections in Palestine, recognized

by all as free and democratic, the international community's policy on the Middle East settlement – without initiatives like those made by Russia – may reach a deadlock, while decisions of the Quartet of international intermediaries may remain on paper. Flexibility, ensured by Russia's position, gives the Quartet's efforts a second wind. Democracy is a double-edged weapon and, simultaneously, a remedy for the wounds it inflicts. By bringing the agreed position of the international community to the notice of Hamas, we started the process of involving it into open politics – a process in which the Arab world actively participates. It is worth noting that many West European countries have supported Russia's efforts, and judging by our partners' reaction to the results of the Moscow negotiations with Hamas, none of them view it as an attempt to engage in an "independent game" at someone else's expense.

I think the problems concerning the perception of Russia's foreign policy are largely rooted in a lack of understanding of the essence of the disagreements over Iraq. If we analyze the events in the UN Security Council prior to the beginning of the war in Iraq (March 2003) from today's positions, we cannot but come to the conclusion that the role of Russia and China, however important it was, was not at all the only factor. The main factor involved the wish of two major European nations, France and Germany, to uphold their foreign-policy independence and to defend international law and order in accordance with their fundamental national interests. Here our positions coincided, as now do the positions of all members of the international community as regards the need to normalize the situation in Iraq as soon as possible, to stop the spiral of violence, restore the sovereignty of the Iraqis over their country, and prevent its breakup. This is why it has become possible to return to political work on Iraq in the United Nations and within the framework of other forums.

At the same time, however, the initial framework for political settlement in Iraq, set down unilaterally, has not seen any essential changes despite its obvious drawbacks. This explains the abnormal and even tragic situation where an overwhelming major-

ity of the world's leading countries are unable to actually influence the course of events, however much they wish to improve the situation. This is, perhaps, one of the reasons for the insufficient participation of China and India in the region's affairs, which was justly pointed out in the materials of the Council on Foreign and Defense Policy. I am confident that these two great countries will be ready to contribute to truly collective and equitable efforts for achieving a settlement – for example, in the event an international conference on Iraq is convened. The convocation of such a conference is becoming increasingly important.

On this point, it would be appropriate to mention the belief that continuous foreign military presence is ostensibly salutary and serves as an instrument of "social and political engineering." The very fact that coalition members continue to withdraw their troops from Iraq shows that these countries are drawing opposite conclusions from their practical experience and analysis of the situation. I am convinced that such instruments for pursuing one's national interests in international affairs are counterproductive. Such a foreign presence distorts the development of internal processes and creates the temptation to use force; ultimately, it underestimates the potential of political and diplomatic settlement.

As regards the situation in Iraq, we have no grounds not to trust the well-known opinion of the representatives of the conservative political elite in the U.S. (Brent Scowcroft, Zbigniew Brzezinski, etc.). Furthermore, it is correct that the "residual" foreign military presence in the region following the Gulf War of 1991 invited the breakup of the entire former geopolitical structure in the Middle East. The strength and efforts of the UN Security Council, implementing its unique legitimacy, help to remove a significant part of the negative effects of military force. By way of example, one can site Afghanistan where UN-mandated and NATO-led international security forces are deployed. But even in Afghanistan, despite UN support, the internationally agreed strategy of settlement and the absence of disagreements similar to those over Iraq, things have not been developing as

planned. Why, then, should anybody be surprised at what is happening in Iraq, where the settlement process began in an absolutely different situation?

In this context, there arises the issue of military bases of outside powers now operating in Central Asia. There is no pressure on Russia's partners in the antiterrorist coalition. But it is important to remember that the military presence was requested exclusively for the antiterrorist operation in Afghanistan. Attempts to use it for other purposes would radically change the situation. The countries that offered their territories for the military bases understand this issue precisely in such a way.

OLD ALLIANCES AND NEW ACTORS

The "old" alliances existing in new conditions are faced with the difficult challenge of transforming themselves. This fully applies to NATO. The former purpose of its existence no longer unites the members of such alliances; they must search for a new purpose. Even more difficult is to come to agreement in assessing and reacting to threats. Previous commitments, which no longer seem unequivocal, often turn into burdens.

Yet, here too, the fact that international relations are now free from the rigid bloc discipline of the Cold War years has a salutary effect on global politics. Old commitments do not prevent countries from finding areas where their interests coincide with the modern realities. It seems that the political analysts underestimate the phenomenon of the fundamentally new relations between Russia and those countries that are tied up by military and political bonds inherited from the Cold War. I am referring to Greece, Turkey, South Korea, Saudi Arabia, and other Gulf states. Our interests are successfully combined in each of these respective regions, thereby promoting the creation of a balanced regional architecture, be it the Black Sea region, Northeast Asia, or the Middle East. These are all visible signs of real change.

Former alliances can play a positive role in the modern conditions — in particular, by checking nuclear proliferation and combating terrorism and drug trafficking. In my view, NATO's sur-

vival in the modern conditions lies in its ability to transform itself in order to find answers to unprecedented threats and challenges. Simultaneously, it should establish contacts with new regional security organizations, such as the Collective Security Treaty Organization, especially since their efforts can be pooled, for example, in Afghanistan. Within the frameworks of the Russia-NATO Council we seek to advance precisely such cooperation, which meets the requirements of the times.

The globalization of the North Atlantic Alliance is a special issue, which encompasses the globalization of tasks (here it can and should act in cooperation with all other states and regional organizations) and the issue of membership in the Alliance. Potential candidates include even countries in the Asia-Pacific region. Is it really necessary in the present-day conditions? Such developments would hardly be welcomed in Asia, which has different traditions, and where even the faint resemblance of another's superiority, let alone the establishment of an 'axis,' is unacceptable.

In Russia's policy there is no anti-Americanism; this policy could not be otherwise. Russia has once and for all given up confrontational approaches in international affairs. The foreign-policy goals pursued by Russia and the United States, including in Asia, coincide in principle: we want more security and predictability in the world. If there are disagreements between us, they are primarily of a politico-philosophical nature and pertain to views on a new world order. This factor explains why we sometimes have more difficulty understanding each other's views on certain issues today than we did during the period of the "negative-stable" bipolar world order.

Now that we have learned the lessons from our experience with the Soviet Union, we cannot agree with the logic of "transformation," according to which the complex processes of building forms of political and economic life in various countries and regions are artificially and rapidly induced from the outside. Also, we do not believe in the possibility of achieving "absolute security" by trying to achieve manifold military superiority over any country in the

world. Formerly, these attempts only succeeded in introducing the Cold War. Our national interests will not necessarily coincide in some specific situations, let alone in competition in trade and economy. This is a natural thing, however, which does not stand in the way of our close interaction in a wide range of issues or prevent us from being allies in the antiterrorist coalition.

Another important factor is that the international role of all states is changing. Russia has already passed through this painful process; we had no choice: we were faced with the reality, and our only option was to recognize it. Other countries had more freedom of choice, while the United States probably had even more freedom than the rest. Nevertheless, the role of the American factor in global politics is being essentially modified as well – Henry Kissinger wrote about this in his book, *Diplomacy*, in 1994. These changes have resulted in the development of conditions for the formation of a global "orchestra" of the leading powers. This orchestra would be able to consolidate the collective principles in global politics and put an end to the practice of creating various kinds of balances of forces in the world. I am sure that collective leadership of this kind would be welcomed by an overwhelming majority of states.

There is yet another peculiarity in the Asia-Pacific region: developments there can be described by China's return to full-scale participation in regional affairs. For a long time its legitimate place was occupied by other actors, which now have to adapt to the new conditions. But this is an objective process accompanied by the establishment of economic interdependence between China and other countries; therefore it should not be considered a crisis-provoking factor. An overwhelming majority of countries in the region share this view. As everywhere else in the world, the Asia-Pacific architecture is undergoing a correction, which should be viewed not as a threat but as an opportunity to seize.

RUSSIAN STRATEGY

Asia is justly described as one of the main driving forces of global development, whose importance and role will keep growing in the

foreseeable future; hence, the importance of Russia's Asia policy. Moreover, our domestic and foreign policy interests converge in Asia as in nowhere else, because without economic progress there cannot be a solid foundation for our policy in this region. In turn, this policy directly depends on the social, economic, infrastructural and other development of Siberia and the Russian Far East.

Asia is highly resistant to various kinds of crisis. The economic growth in the region results in a higher demand for marketing outlets and, to an increasing degree, for modern technologies and energy resources. Energy security may well become an increasingly important issue in multilateral and bilateral interaction in Asia. These factors also determine Russia's contribution to the region's development, namely the development of manpower resources and the innovation sector of Siberia and the Russian Far East.

Rapid integration processes, both in sub-regional and pan-Asian formats, which often overlap and are mutually complementary, characterize today's Asia. The enhanced activity of multilateral associations in the region reflects the general tendency toward shared decision-making. By way of example, there are about a dozen authoritative institutions operating in the region, among them the Asia-Pacific Economic Cooperation (APEC), ASEAN, and the Shanghai Cooperation Organization.

The tendency toward broader and deeper integration processes in Asia will continue to increase. Unlike Europe, for example, the Asian space is not culturally, historically and politically homogeneous, and each sub-region there has specific features of its own. This factor explains the rapid and steady growth in the number of multilateral associations and the absence of an all-embracing organization like the Organization for Security and Cooperation in Europe. There are grounds to believe that the general trend toward multilateral processes in the Asia-Pacific Region will continue to dominate. Respective mechanisms will take upon themselves the ever-growing burden of addressing pressing regional problems, as well as creating effective patterns for cooperation among themselves and with outside actors. Russia took into account this objective tendency two years ago when the Tashkent initiative was put

forward at a summit of the Shanghai Cooperation Organization for establishing a partner network of multilateral associations in the Asia-Pacific region. Efforts to fulfill this initiative have already resulted in the creation of mechanisms for the SCO's interaction with ASEAN and the Commonwealth of Independent States. Furthermore, documents are being drafted for cooperation with the Collective Security Treaty Organization and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP).

While recognizing the objective nature of globalization, Asian countries hold that the "expenditure burden" of this process should not be borne only by them. For example, the APEC's activities, which some of its members originally sought to orient toward economic and trade liberalization to their own advantage, have taken forms that better meet Asian ideas and traditions. An overwhelming majority of Asian countries prefer gradual economic modernization, while preserving their social and political stability as a major condition of their national life.

After the Cold War, the security factor has not lost its importance for Asia. Moreover, new threats and challenges have come into the foreground: terrorism, extremism, drug and human trafficking, illegal arms trade, epidemics, natural disasters, and others. Combating these threats requires a joint effort, and the Asian countries justly argue that such interaction must not undermine their sovereignty. If we are against the use of double standards, then the same approach must be displayed toward the countries of Central Asia. In the same way, the Middle East states would also respond to the challenges of modernization on such a basis.

The above peculiarities of the Asian integration processes create an objective basis for Russia's effective integration into them. Russia has a powerful potential for finding solutions to practical problems in the region. At the same time, we consistently uphold the fundamental norms of international law, the principles of mutual benefit, recognition and respect for legitimate interests, national peculiarities and traditions of all members of the international community, and dialog between religions, cultures and civilizations. The latter

acquires special importance in the present conditions. The specific nature of that extensive region, including its cultural and civilizational diversity and unique methods of development, makes it a perfect place for building a comprehensive strategy model for keeping inter-civilizational accord in the world.

Russia's Asian partners understand that the relationship is a two-way street: Russia needs an economically mobile and politically stable Asia, while Asia is interested in a prosperous Russia. Meanwhile, there is a more pragmatic consideration: without Russia's energy, scientific, technological and intellectual potential, Asia will find it difficult to achieve its goal of general economic prosperity – the primary objective of Asian integration.

Naturally, foreign-policy efforts must go hand in hand with our own well-planned policies (social, economic, energy, migration, infrastructural and ecological in context) in the regions of Siberia and the Russian Far East. Such a strategy could become what is justly called a "new dash to the Pacific Ocean." Yet, there are occasional suppositions that this goal could be achieved only within the framework of a project for multilateral, investment-based development of Siberia and the Russian Far East. However, this internationalization of the country's internal development bears a strong resemblance to another epoch. And if it implies an attempt to initiate a partition of the "Soviet heritage," especially now that Russia is on the rise as a sovereign nation, this would sound like something from the domain of political fantasy.

I am convinced that we can fulfill this task on our own, while attracting, of course, investments from all interested countries of the region on a balanced basis. However difficult the task of developing the Asian part of the country may be, we will not renounce our sovereignty, nor share it with others. Only we can see to it that all of the resources of those territories, including manpower resources, are put to use and that the areas are developed, above all, in the interests of those who live or want to live there.

This is a fundamental issue, and no pseudo-geopolitical reasons can override it. We must not play a U.S. or Chinese card with regard to the access to our resources, as some political scientists

propose. Instead, we must clearly outline terms for cooperation in developing resources on the basis of Russian laws. It is for this consideration, rather than out of energy egoism, that Russia has chosen global energy security as the priority subject for its chairmanship of the Group of Eight – without giving up its legitimate rights, though.

The above considerations obviously suggest practical conclusions for Russia's policy in Asia. The main conclusion is that, while continuing to further develop neighborly partnership ties over the last few years, most importantly, with our immediate neighbors (our colleagues in the Commonwealth of Independent States, the Eurasian Economic Community, and the Shanghai Cooperation Organization, as well as partners in other associations), we should also step up our participation in promising multilateral organizations within the Asia-Pacific region.

Much has been done of late to fulfill this task. As regards the multilateral nature of our policy in Asia, it would suffice to mention some recent events. First, there is the start of practical cooperation in the fields of security and economic interaction among the member states of the Shanghai Cooperation Organization. Then, there is the raising of the Russia-ASEAN dialog to the summit level, Russia's initiative participation in the APEC, Russia's admission to the Asia Cooperation Dialogue as a member and to the Organization of the Islamic Conference (OIC) as an observer. Finally, Russia's head of state will participate in the first East Asia Summit.

To sum up, there are necessary prerequisites for adding a new quality to Russia's mutually advantageous partnership with the Asia-Pacific countries. The recognition of Russia's importance as a constructive factor in the Asia-Pacific region has brought about markedly new opportunities for regional integration and for consolidating the independent role of the regional states in global politics. At the same time, this partnership attests to Russia's genuine deep interest in Asia, which we belong to as well.

U.S.-Russia Relations Through the Prism of Ideology

Leon Aron

Charles de Gaulle once remarked that countries have no friends, only interests. He failed to specify, however, that those are interests interpreted by the elites (in authoritarian regimes) or, if we speak of democracies, by the elites and public opinion.

In turn, the interpretation of national interests stems from the ruling ideology, that is, the nations' leaders' view about how their country should live and what it should aspire to. This is why relations between countries, as a rule, reflect the very essence and internal political priorities of the regime and the place of other countries within these coordinates.

The present ties between the United States and Russia are no exception. The current deterioration of their mutual relations, which stems from their policies and which is likely to persist at least for the next three years, is not a result of a conspiracy or someone's ill will. The roots and dynamics of this process lie in the way the regimes in Moscow and Washington implement their strategic agendas, based on their ideologies, and in how they view – again through the prism of ideology – their partner's responses to their actions.

BROKEN AXIOMS

Washington's present ideology is based on two premises, two overlapping leitmotifs. First is the 9/11 tragedy. Since that fateful day, the White House has been gripped by anxiety about the

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threat of Islamic extremism, the likelihood of a new terrorist act, and the possible transfer of weapons of mass destruction (above all, nuclear weapons) to terrorists by unstable, fundamentalist, or Anti-American states.

Another "birthmark" of this administration is its neo-conservatism. There is much nonsense in the present talk about the almost conspiratorial, Bolshevik-like unanimity of the neocons, and their "puppeteering" control over the White House. The institute where the author of this article works is often called the "brain trust of neo-conservatism," and from the inside these conjectures look very far from the reality, to put it mildly.

Yet if there are any postulates of "neo-conservative ideology" in foreign policy, two are central. First, the interests and security of the United States are much easier to defend in a world of political freedom. Hence, the adoption, at least as an ideal, of President John Kennedy's inaugural address of 1961, long forgotten by his own party, the Democrats: "Let every nation know, whether it wishes us well or ill, that we shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, in order to assure the survival and the success of liberty." From this follows the second principle: for neo-conservatives, the link between the domestic and the foreign policies of states is of fundamental importance.

The evolution of U.S. Secretary of State Condoleezza Rice is very indicative in this respect. Her doctoral thesis was on the Soviet Army's suppression of the "Prague Spring" in 1968. Since then, military aspects of the U.S.-Soviet relations and arms control were among her main scholarly interests. Rice became a protégé of General Brent Scowcroft, a leading Washington "realist" and National Security Adviser to George Bush Sr., who eventually appointed Rice as his assistant on Soviet affairs. In August 1991, in response to Russia's national-liberation movements and the democratic revolution, Bush solemnly cautioned the Ukrainian people against "suicidal nationalism." Neo-conservative critics have since used his speech, which became known in political circles as "Chicken Kiev," as an example of the narrow-mindedness of the "realists" and their political and historical deafness.

Soviet poster of 1923 advertising American Hammer pencils

Scowcroft personified the idea of stability as a basic value and an objective of American foreign policy. And when in 1998, Rice began to advise the then governor of Texas, George W. Bush, on foreign policy, judging by Bush's speeches during the presidential campaign and signals from the White House in the first nine months of the new administration, a realist policy clearly prevailed. It did not really matter what kind of state Russia was: Soviet totalitarian, new democratic, authoritarian China-style, or even "failed," to use Rice's term. Sorting it all out would take too long and was unnecessary. The important thing was how many nuclear-tipped strategic missiles the Russians had. This seemed to be the only subject on the bilateral agenda. (Shortly after George W. Bush came to power, one of the architects of U.S.-Russian relations in the Bill Clinton administration complained with unconcealed irritation in a narrow circle of people that in the course of the transfer of power from Clinton to Bush, Rice demonstrated a pronounced disregard for Russia's domestic problems.)

September 11, 2001 blew up the axioms of realism. The maintenance of the status quo suddenly turned out to be an unacceptable risk. What happened was a change of paradigms. President Bush and his National Security Advisor became, rather unexpectedly, neo-conservatives.

America, the strongest and most self-sufficient power, which a year, a month or even a week before that terrible day had rested on the laurels of victory in the Cold War, fell from Olympus onto hard cold earth – injured, frightened, alone and searching for friends. Yes, friends, as opposed to mere business partners, like Saudi Arabia, which had nurtured 15 out of the 19 terrorists that attacked the U.S.

It was then that Russia burst upon the stage, crisply and competently, as if it had been waiting for that moment, and had done all the "homework." Vladimir Putin called George Bush minutes after the attack. Moscow consented to the use of Russian airspace by U.S. and NATO aircraft and the deployment of their bases in Central Asia; cooperation between Russian and Western special services; the sharing of Russian intelligence on Afghanistan and Russia's extensive ties to the anti-Taliban Northern Alliance. Moscow offered all of this without any preconditions, bargaining or demanding anything in return. (On top of this, Russia closed its naval base in Vietnam's Cam Ranh and shut down an eavesdropping station in Lourdes, Cuba.)

When the essence of particular regimes and their ideology suddenly became important for the newly fledged neo-conservatives from the White House (hence the slogan "If necessary, we will change regimes"), the situation in Russia also acquired new significance. The number of its missiles became a third-rate issue. It turned out that the Russia of the autumn of 2001 was not at all a China; Russia enjoyed political freedoms, the freedom of conscience, a multi-party system, a real (at that time) opposition, free press, and uncensored culture. Also, liberal reforms in the economy were conducted in earnest, competently and on a large scale.

It was this concurrence of basic values and many vital national interests (although far from all) that laid the grounds for a long-

term, strategic alliance between Russia and the United States. However, following a paradox, so liked by History (and Friedrich Engels), this triumph already contained the seeds of defeat. The same neo-conservative approach to defining U.S. national interests that earlier had brought about the closest rapprochement between Moscow and Washington since the end of WWII and President Putin's visit to the Bush's family ranch in Crawford, Texas, became the cause of strain in the relations between the two powers, when the Kremlin changed its domestic and, as a result, foreign policy priorities.

MOSCOW'S NEW LINE

In the second half of 2003, it became more and more obvious that Putin was not set upon mending the "mistakes" of the 1990s, while continuing with Boris Yeltsin's strategic line, albeit in a more consistent, "cleaner" and "more civilized" way. On the contrary, one had the impression that the dominant ideology was informed by the shame for the "chaos" of the 1990s, above all, in the weakening of the state. The simple wisdom that chaos and weakened statehood accompany all great revolutions was either unknown to or dismissed by the authorities.

In this perspective, domestic and foreign policy was viewed as a result of a conspiracy, as a product of refined political technologies paid for by the oligarchs, as opposed to being the result of conscious and free choice by the majority of the Russians. The choice, although not perhaps implemented in the best way, was confirmed by the election of Yeltsin as president of the then Russian Soviet Federative Socialist Republic (RSFSR) in June 1991; by the April 25, 1993 referendum; by the crucial presidential election of 1996; and by the still free election campaign of 1999, when the leftist "popular-patriotic" majority in the State Duma was buried for good. Returning in force were the traditional maxims of the Russian statehood: the state equals society; everything that is good for the state is a priori good for the country; the strengthening of the state is the strengthening of society. Only two leaders in Russian history, Alexander II and Boris Yeltsin, realized that a

weaker state could – in certain circumstances and only in the long term – strengthen society. Peter the Great and Joseph Stalin brought the opposite tendency to the extreme.

Ergo, the bureaucracy (naturally, educated, intelligent hard-working and, of course, incorruptible) is a much more effective and reliable agent of progress than the free press (corruptible, focused on sensations and caring only for profits, instead of state interests), the average voter (so naïve, uneducated and unpredictable), independent judges (such bribe-takers) or, God forbid, private businessmen.

If so, the Kremlin must have concluded, the decentralization of state policy and economy, carried out in the 1990s, was inadequate in principle and in many respects even harmful. Thus, the state must reanimate its role, seize the "commanding heights" in the economy, and return the "diamonds" of the country's economic crown to the rightful owner: the state. Most importantly, it was deemed necessary to establish the executive's control over the other branches of government and reassert the Kremlin's dominant role in politics.

Changes in foreign policy followed logically. The Kremlin no longer viewed the generally pro-Western policy of the previous regime as the consequence of a commonality of interests, as a search for ways toward "universal values" and the "European home" or for a place in the union of "civilized" states. These ideals, designed by Mikhail Gorbachev, Alexander Yakovlev, Eduard Shevardnadze and Boris Yeltsin and rooted in the era of glasnost, were now subject to an ideological revision. The breakup of the Soviet Union was described as the biggest geopolitical disaster of the 20th century. Hence, the new imperatives in Russia's foreign policy: not to speed up the pace of the integration into "the West" and make no sacrifices for its sake (for instance, with regard to political freedoms inside the country, or relations with pro-Russian dictatorships in the Commonwealth of Independent States). Wherever possible, Russia will seek to restore and strengthen its former ties on the territory of the former Soviet Union. Those new states that assist this process will be rewarded, while those standing in the way will be punished.

Of course, this is not a return to the policy of the Soviet Union. After all, stability of borders and friendly, or better yet, vassal regimes along the perimeter was an imperative of national security of all great continental powers, from ancient Babylon, Persia, China and Rome to the U.S., at least through the 1970s. This objective naturally fits into the meta-goal of restoring the unity of the post-Soviet space (and Russia's superpower hegemony in the region). Hence the Russian equivalent of support for "our sons of a bitch" – a phrase taken from the pages of U.S. foreign-policy vocabulary [former President Franklin Delano Roosevelt, when speaking of Nicaragua's dictator Anastasio Somoza, said, "Somoza may be a son of a bitch, but he's our son of a bitch." – Ed.]. The Kremlin's support for the "last dictator in Europe," Alexander Lukashenko, evokes irritation and incomprehension in the White House. Moscow knows much better than Washington the odious nature of the Belarusian regime, let alone the personal qualities of its leader; yet apparently it considers the worsening of its relations with the West an acceptable price to pay for the advancement toward the goal.

Unlike the Soviet Union, Russia's foreign policy shows obvious signs of pragmatism, that is, the wish to have its hands free and be above the fight, as well as a striving for classical Realpolitik. In other words, it does not want to bind itself by abstract principles (e.g., "Western civilization," "freedom" and "human rights") but to have the freedom to maneuver; not to enter ideological alliances but to work with countries mainly on a bilateral basis. Long-term results are less important than the nation's role today and the dividends it yields now. As Leon Trotsky used to say, "The end is nothing; the movement is everything."

Russia resorts to tactics known in business as 'asset leveraging,' that is, the most effective placement of assets. The emphasis is made on areas of "comparative advantages," be it nuclear technologies, advanced conventional arms systems or, most importantly, energy. Another integral part of the new Russian foreign policy is the diplomatic equivalent of arbitrage, i.e. attempts to earn a profit from structural defects of the pricing mechanism responsible for the dif-

ference in prices on the same products on different markets. In other words, maneuvering on the knife blade (and the sharper, the better).

The use of comparative advantage is behind, for example, the arms supplies to China, which represents the largest market for Russian military technologies: new aircraft (including the giant IL-76 cargo plane and the IL-78 refueling aircraft), ships and submarines. In August 2005, Russia and China held their first-ever joint military exercise, which involved over 10,000 troops. There is irritation in Washington, which has de-facto pledged to defend Taiwan from an attack by Beijing. There is also the danger of selling weapons to Russia's geopolitical rival (which has never recognized the "unequal treaties" of 1858 and 1860, under which Russia acquired huge areas in Siberia); and the possibility that China will achieve nuclear parity with Russia within the next decade. Yet Russia seems to believe the risk is outweighed by her eliminating the mistakes of the 1990s: acquiring "independence" on the global scene, prestige and billions of dollars.

Another example can be found in Russia's deal with Syria, a totalitarian regime supporting terrorism, to supply it with SA-18 tactical air defense systems. To Russia, this agreement is a way to restore its former positions in the Middle East, which it lost after the breakup of the Soviet Union.

The invitation of Hamas leaders to Moscow was, among other things, an attempt at arbitrage in the hope of achieving important concessions (for example, renunciation of the permanent war against Israel) and, as a consequence, establishing Russia's reputation as an indispensable mediator in conflicts between the East and the West. As Napoleon (and later Lenin) used to say, "On s'engage et puis on voit!" (First engage in a serious battle and then see what happens).

Perhaps the best example of the "New Line" in Moscow's foreign policy is its relations with Iran, which have caused the most serious Moscow-Washington conflict to date. Since the resumption last December of conventional arms supplies to Teheran, suspended by the Gore-Chernomyrdin Commission at Washington's insistence in the summer of 1995 (over five years

before that, Russia had sold to Iran aircraft, battle tanks and submarines worth about $2 billion), Moscow has supplied Iran with the Tor-1 mobile air defense missile systems, MIG-29 fighter aircraft, and coast guard ships; in total, these purchases cost about one billion dollars. As Russia's gold and hard currency reserves now stand at about 300 billion dollars, profits are certainly not its main objective here. Rather, it is using the situation with Iran as a way for achieving the same meta-goal. According to Moscow expert Radzhab Safarov (and as the Kremlin architects of this policy seem to see it), Iran offers Moscow a "unique and historic chance to return to the world scene as a key actor and as a superpower reborn. If Russia firmly upholds Iran's interests in this conflict, it will immediately regain prestige in the Moslem world and globally. And no financial offers by the United States will be able to change its strategy."

Hence the tactics used by Russia in the negotiations between the five permanent members of the UN Security Council (Britain, Russia, China, the U.S. and France) plus Germany and Iran: postponing "the moment of truth" as long as possible, while defending the status quo and delaying the sale of the "goods" (Russia's support) in order to raise their price. As for public statements by Iran's leader that he believes the 12th imam will appear after a global catastrophe (that is, nuclear war), and that Israel must be wiped off the face of the Earth, these statements seem to be interpreted in the Kremlin as daydreams, out of sync with the reality of our times.

UNRELIABLE ANCHORS

In a different time, Moscow's present policy would probably not cause serious problems in its relations with Washington. After all, the U.S. has become accustomed (although, not without irritation, of course) to the diplomacy of France, which, after the loss of its status as a great power after WWII, also practiced pragmatism and diplomatic arbitrage in its relations with the main blocs in the Cold War. But times – and values – have changed. Even with America bogged down in the Iraqi quagmire, such an approach is

anathema to the American foreign-policy establishment (except for the fringe isolationists on both flanks of the political field). The U.S. "post-September 11" activism – with the emphasis made on freedom and democracy as central elements of national security and on the "proliferation of democracy" as a major way to ensure it – has bumped up hard against the post-Soviet and post-imperial restoration of Russia, whose essence is economic and political re-centralization and Realpolitik abroad.

Due to their difference in values, Russia and America have started to drift in opposite directions; the great ships have begun moving away from each other. But they have not yet lost visual contact. This is due to special "anchors" – the main assets of one side that meet the strategic interests of the other.Russia's assets are of major importance for the fulfillment of four long-term and strategic tasks facing Washington: achieving victory in the global war against terrorism; preventing nuclear proliferation; ensuring energy security; and developing commonality of interests vis-à-vis China, a future conflict with which seems inevitable to many among the U.S. foreign-policy elites.

Incidentally, it is the conflicting estimations of the importance of these Russian assets as compared to the "liabilities" of the Kremlin's domestic policy that cause frictions inside the U.S. administration, as well as Washington's inconsistency concerning its Russia policy, which so often irritates Moscow, – not the personalities: for example, Dick Cheney, Condoleezza Rice and Eric Edelman, on the one hand, and George Bush and Thomas Graham, on the other. In this inevitable ambivalence of Russia's image in Washington, one of the two positions prevail: the geopolitical, which is centered around interests ("anchors"), or the neoconservative, which attaches particular importance to etatist tendencies inside Russia. In Moscow's first-priority strategic interests, America is primarily viewed as an ally in the struggle against Moslem terrorism, including Chechen militants. Second, Moscow expected from the United States understanding of its "special role" (and hence special interests) in the post-Soviet space, which is populated by 25 million ethnic Russians and supplied (until

recently essentially on credit) with Russian gas, oil and electricity. Third, Russia hoped for support for its integration into the global economic system, starting with the WTO.

But perhaps the most important American asset, the most valuable thing that the United States can give Russia, is respect and equality. However much semi-official propagandists may denounce America in pro-Kremlin newspapers and TV channels, and however much they may speak of a "change of guidelines" – Europe, Asia or Eurasia – to ordinary Russian people and the elites alike parity with America (no matter in what area: in armies, continental missiles, satellites, meat, corn, democracy or economic growth rates) and its respect for Russia has always been one of the main legitimizing factors in its domestic policy. This was equally applicable during the rule of Lenin, Stalin, Khrushchev, Brezhnev, Gorbachev and Yeltsin. No other country or region – Europe, Asia, Germany, China, France or Japan – come ever close to America.

This list of vital mutual interests is nothing new, of course. What is new is that in the last few years, these assets have no longer been sustained or burnished by ideological commonalities and, as a result, have begun to rapidly depreciate. The anchors' chains are beginning to rust. What formerly would be an easily solvable technical problem is becoming a source for deep and persisting resentment and serious conflict. The number of such problems is growing with every new round of this vicious circle.

In particular, from Washington's point of view (together with American public opinion, which is much more important in the long term), Russia's image as an ally in the counterterrorist struggle has been seriously compromised over the last year by Moscow's efforts to establish special relations with the Hamas movement, as well as by the shipments of missiles to Syria and MIG-29 fighters and Mi-24 helicopters to Sudan, a nation which uses terror and even genocide (in the Darfur region) against its citizens.

As regards the non-proliferation of nuclear weapon, the hopes that Russia would be able to assist the settlement of the North

Korean crisis by influencing its former client, Pyongyang, have not materialized. This disappointment, however, pales in comparison with the consequences of Moscow's position on the Iranian issue. One gets the impression that Moscow underestimates the risks involved in its relations with the U.S. (and, by now, with Europe as well) as it plays the role of a diplomatic advocate and supplier of advanced conventional armaments and civil nuclear technologies to a regime that openly calls for attacks against the United States. Furthermore, this is a government that finances, arms and trains terrorists, and one that publicly declared its plans to start enriching uranium, the primary component for nuclear arms production.

Perhaps Russia has already passed the "no-return point" and, to borrow language from the world of business, no amount of hedging can save it from serious losses from the liquidation of the market positions it staked out. In the long run, in order not to jeopardize the Group of Eight summit, Russia is likely to vote in the UN Security Council for sanctions against Iran (or at least to abstain). The latter will almost certainly respond by a withdrawal from the non-proliferation regime, thus provoking further sanctions against it. These sanctions may include a ban on cooperation with Teheran not only in civil nuclear engineering but also in spheres related to conventional armaments, finance, and investment in non-nuclear engineering (gas). Russia has invested in all these areas more than any other country, including in the construction of a nuclear reactor in Bushehr, at a price tag of over one billion dollars. Whatever actions Moscow decides to take in this crisis, it will hardly avoid long-term losses of prestige (not to mention material losses).

Next is the issue of America's energy security. When the Kremlin vetoed the construction of a private pipeline from Western Siberia to Murmansk, even despite heavy lobbying at the Cabinet level, Washington's hopes for a partial substitute of oil imports from the Persian Gulf with direct supplies from Russia vanished. Anxiety over the reliability and, most importantly, stability, of the growth of Russian oil exports increased after the YUKOS and Sibneft oil companies fell under state control. The

move resulted in a decrease in output growth rates from eight percent on average in the previous seven years to two percent in 2005. For the first time since 1999, the volume of Russian oil supplies to the world market decreased in absolute figures.

No sooner had the West "digested" the short-term suspension of gas supplies to Ukraine, accompanied by a drop in pressure (due to gas siphoning by Ukraine) in pipelines transporting gas to the European Union, than in April 2006 Moscow made a series of menacing statements that reverberated in the West like machine gun volleys from the strategic heights of Russia's energy and political sectors. Thus, Moscow said it might cut oil and gas supplies to Western Europe in favor of Asian customers if the EU barred Gazprom and Russian oil companies from entering the European retail market. Statements to this effect were made in Moscow by the CEOs of Gazprom and Transneft, Alexei Miller and Simon Vainshtock respectively, and two days later by Vladimir Putin in Tomsk. (Vainshtock even mentioned the amount of oil – 30 million tons a year – which could be exported to the East instead of the West.)

In response, Condoleezza Rice, during a visit to Turkey, expressed fears over Russia's gas monopoly and called for the construction of a gas pipeline bypassing Russia and running parallel to the Baku-Supsa-Ceyhan oil pipeline. Setting aside the neo-conservative principles, the White House received Ilham Aliyev, who has inherited the "throne" in Azerbaijan, while Vice President Dick Cheney, on a visit to Kazakhstan's capital Astana, extolled the bilateral "strategic partnership," while addressing the country's seemingly president for life, Nursultan Nazarbayev, who received 91 percent of the votes in the latest elections. (After the elections, agents of the Kazakh special services killed one of Nazarbayev's main political rivals, and another was arrested.) Yet, despite Washington's advances, Astana still does not transport oil by the Baku-Ceyhan pipeline and, like Ashgabat, has displayed no interest in a gas pipeline that would serve as an alternative to Gazprom's.

Finally, as Russian policy toward China continues to emphasize arms sales and priority energy supplies, American-Russian cooperation in restraining the 'Celestial Empire' looks illusory, even if one

takes with a big grain of salt Moscow's and Bejing's declarations of eternal friendship and joint opposition to a unipolar world.

The erosion of American assets in Russia has been just as obvious. Moscow has the impression that Russia's special interests in the post-Soviet space are deliberately ignored, instead of being met with a degree of understanding. The Kremlin perceives anti-authoritarian "colored revolutions" in the Commonwealth of Independent States as being directed against Russia, and blames Washington for these activities. Following the rapid granting of NATO membership to the Baltic States, plans to speed up NATO membership to Ukraine and Georgia are viewed by Moscow as a frontal attack on its interests. It is as if the Kremlin has completely forgotten the recent history of its country and is unable to imagine true popular protest, not one that is conspired and paid for from abroad. Such political cynicism is characteristic of all restorations, be it the epoch of Charles II of England or Napoleon III of France.

Moscow's hopes for at least moral support from the U.S. in the counterterrorist struggle on Russian territory have been disappointed as well. Instead of providing assistance or at least keeping silent on the issue, the Department of State, nongovernmental organizations and the mass media continue to criticize human rights violations in Chechnya and refuse (like the majority of Russians) to view the policy of "Chechenization" ("Kadyrovization") of the conflict as a reliable way out of the impasse. Besides, following the example of Great Britain, the United States has clearly shown its unwillingness to cooperate with Moscow in extradition of people accused by Russia of aiding and abetting the Chechen terrorists.

The third strategic asset of the U.S. – providing assistance to Russia with integrating into the global economy – has proven to be an even less reliable factor in Moscow's eyes. Moreover, America has turned out to be, perhaps, the largest roadblock on Russia's way to WTO membership. Moscow blames Washington for this predicament, although the Bush administration does not set the tone here but obviously follows in the footsteps of power-

ful business interests. American companies demand effective measures to be taken to combat the large-scale theft of intellectual property, especially music, films and computer programs. In 2005 alone, this piracy cost U.S. copyright owners about two billion dollars. Furthermore, banks want to be given the right to open not only affiliate offices but also branch offices.

The ongoing problems with admission to the WTO have reopened Moscow's old wound inflicted by the Jackson-Vanik amendment which has been aggravating relations between post-Soviet Russia and the United States for almost 14 years now. The amendment forbids the granting of "most favored nation" treatment to countries with a non-market economy which restrict the right of their citizens to emigrate. Although post-Soviet Russia has lifted all restrictions on trips abroad and emigration and has for at least ten years produced most of its gross domestic product in the non-governmental sector (unlike China, which was granted this status in 2000 despite obvious violations of both conditions), this affront to Russia's national dignity continues, in essence in violation of America's own laws.

All of these unfulfilled expectations are undermining an asset that is the most important for Moscow: the realization of parity with America and respect on its part. And now even Russian liberals are calling for the accelerated development and deployment of Topol-M (SS-25) strategic nuclear missiles with multiple re-entry vehicles – mainly in order to make America resume negotiations for mutual reductions of nuclear potentials! Commenting on this position, one of its main advocates, expert Alexei Arbatov, said frankly: "Of course, no one is planning to attack Russia, yet no one wants to negotiate with it, either." After the Russian president delivered his address to the Federal Assembly two months later, this approach seemed to have become part of official state policy.

A STORM AHEAD?

The alienation between Washington and Moscow will most likely continue to increase until at least 2009 when new administrations

will come to power in both countries. But even then the dynamics is not likely to change in less than a year or two.

This flare-up of tensions is connected to the political calendar: both the United States and Russia will almost simultaneously launch presidential campaigns in which foreign policy, as a rule, ceases to be an esoteric area dominated by the highbrows and breaks out into a political fist fight.

In America, which "loses" Russia every four years since 1996 (later, after the presidential elections, it is "found" again), the attack on the incumbent White House will start earlier than usual: the United States will scrutinize the elections to Russia's State Duma in December 2007 under the microscope. It is difficult to imagine a situation where there will not emerge numerous unpleasant instances from the point of view of democratic procedures.

Besides, Moscow is very unlucky as far as the personalities are concerned. The most popular Republican candidate for the U.S. presidency today is Senator John McCain, who made the issue of the "lost Russia" a catchphrase of his election campaign in 1999-2000 and whose critical ardor has since been only growing. McCain (like all the other candidates) needs Russia in order to demonstrate his knowledge of foreign-policy matters, as well as the attachment to the moral component of the U.S. behavior in the world. The latter factor has been an indispensable condition of all successful presidential campaigns over the last 25 years, from Ronald Reagan to Bill Clinton to George Bush Jr. (The underestimation of this factor in 1992 was one of the main reasons for the defeat of George Bush Sr, who was accused by Clinton of "coddling the butchers of Tiananmen Square.") In this context, Cheney's provocative comments on May 4, 2005 in Vilnius can be interpreted, at least partially, as internal political tactics: a preventive attack intended to let off steam as well as serve as a lightning rod. In other words: Better we attack two months before the G8 summit in St. Petersburg than let John McCain do it two days before it.

But criticism by McCain, who will have to "hold his horses" because of party loyalty, will hardly compare with the storm that

will be brought down on the "pro-Russian" White House by the Democrats (most likely by ex-Virginia governor Mark Warner and certainly Hillary Clinton). This will be done in the same way the Republicans did it in 1998-2000, when the subject of Russia was used as a cudgel against Clinton. The refrain of the future Democratic attack is easy to predict: in the 1990s, under Bill and Boris, Russia followed the right path and we were friends, but then along came the neo-conservative Republicans and spoiled everything; now Russia is "lost" as it has come off the democratic rails and instead of warm friendship we now have, at best, "Cold Peace."

For his part, the Kremlin's official nominee for the presidency (as well as other candidates) will have to return fire by adding to the dose of anti-Americanism that will be initially prescribed by political consultants for his campaign.

Yet, a head-on confrontation and a new Cold War are highly unlikely, at least for four reasons.

First, despite their erosion, the aforementioned geo-strategic "assets" are far from being depleted and continue to serve as a kind of frame outlining the basic relations between the two countries.

Second, the objectives of Russia's foreign and defense policies, set in 1992-1993, remain unchanged. They are: Russia as a regional superpower; Russia as a global nuclear superpower; and, most importantly for America, Russia as one of great powers (but not a superpower that would politically compete with the United States worldwide). Although these objectives may irritate Washington now and again, they will hardly evoke its deep anxiety about America's vital interests.

Third, despite the Kremlin's inclination to flex its muscles, Russia, unlike the Soviet Union and contemporary China, is not a "revisionist" power that constantly seeks to change the global balance of forces in its own favor. Such efforts require an ideology and, as a result, a system of priorities, which Moscow does not have today and will hardly have in the future. What ideology can we speak of when Russia, while passionately defending Iran's right to the "peaceful development of nuclear

energy" and a resistance to "pressure through force," simultaneously launches a rocket from its Far Eastern space launch site Svobodny that is carrying an Israeli spy satellite intended to monitor Iran's efforts to develop a nuclear bomb!

The share of the GDP spent by Russia, now rolling in petrodollars, on defense (3 percent) is even less than it did in 1992-1997, after the Russian Federation had inherited an absolutely empty treasury from the Soviet Union, and at least ten times less than the Soviet Union did in 1985. On the basis of its purchasing power parity (in absolute figures estimated for 2005), Russia's defense spending ($47.77 billion) is more than eleven times less than the outlays on defense in the U.S. ($522 billion).

Yet, the most important factor of counteraction to a new Cold War is the one that the Kremlin strategists have long dismissed with contempt – namely, public opinion. Neither Americans nor Russians will support any confrontation plans of their elites, as they will not view them as necessary.

What did Americans know about the Soviet Union? They knew that it was not allowed (or dangerous) to believe in God and go to church there; that a person making "seditious" speeches or reading banned books could be imprisoned; that this country was a dictatorship in which people could not vote the way they wanted, could not organize a political party, stage public protests, go on strike or go abroad; that Moscow occupied Eastern Europe and was preparing for war against the West. This knowledge was enough for the elites to receive a mandate to wage the Cold War and sacrifice billions of dollars and even the lives of Americans and their allies. Ordinary people did not go to the root of the matter, content to leave that for the elites.

In the late 1980s-early 1990s, ordinary Americans learned that the situation in the Soviet Union had changed. Today, contrary to Russia's inexplicable qualification in various kinds of "freedom indices" (for example, in frequently quoted annual reports by Freedom House, Russia, since 1994, has been assigned the same category as North Korea, Iran, Saudi Arabia and Libya), Americans know that it is still a long way before

Russia would turn into an enemy. They know that Russians can go to church or synagogue; travel abroad; write, publish, read and say anything they like. They can participate in demonstrations, go on strike, and vote for anyone they like; no one threatens Eastern Europe, while former members of the Warsaw Pact and even former Soviet republics have entered or are about to enter NATO. The remaining issues are for the elites and have not yet formed a critical mass necessary to change the post-Soviet stereotypes that shaped public attitudes toward Russia almost 15 years ago. According to a February 2006 public opinion poll in the U.S., Russia ranks tenth among 22 most popular countries: 54 percent of Americans had a positive attitude toward the country (France received as many votes), while China received 10 percent less votes. Last year's poll conducted by the Harris firm showed that only 8 percent of Americans considered Russia an "enemy."

In Russia, the situation is actually the same, despite recurrent upsurges of anti-Americanism brought about by the developments in Iraq, the Olympic Games, or various colored revolutions. While Russians continue to be very critical of U.S. foreign policy, according to a March 2006 poll by the Levada Center, 66 percent of Russians expressed a good or very good attitude toward the U.S. (against 17 percent whose opinion was bad or very bad). This proportion has not changed since December 2001. (In America, the number of people who have a very good perception of Russia has been exceeding 80 percent since February 2000.)

So the ship will not sink. Yet be prepared for some heavy rolling, pitching, rocking and seasickness. Put on your life jackets and try to stay calm.

After the Road Map

Alek D. Epstein

The Palestinian-Israeli conflict – which may also be described in the broader sense as the Arab-Israeli conflict – has for decades been one of the driving forces of modern geopolitics. The victory of the Hamas movement in the recent Palestinian elections added more complexity to the situation and it is certain that the Middle East standoff will remain one of the major headline-making issues which pose a threat to the global collective security system. This conflict has involved the most influential international players, including Russia as a member of the UN Security Council and initiator of a number of crucial resolutions, such as Resolution 1515 of November 19, 2003, which endorsed the Road Map peace plan. For example, cooperation between Russia and the Moslem states in the field of military technologies, on the one hand, and the presence of an influential million-strong community of immigrants from Russia in Israel, on the other hand, predestine the huge import that the conflict has for Russian politics and diplomacy.

American and Russian diplomats insist that the Road Map plan for a peaceful settlement to the Israeli-Palestinian crisis, which the U.S. Department of State published on April 30, 2003 on behalf of the Quartet of international mediators (Russia, the U.S., the

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UN and the European Union), is a fundamental document capable of bringing the sides to a breakthrough in peace negotiations. And yet it seems that the document has proven its practical insolvency over the last three years.

DEMOCRATIZATION AS A PRELUDE TO ISLAMIZATION?

The political rise of Hamas, the extremist Islamic movement, within the Palestinian National Authority (PNA), together with the consequential overturn of the entire system of Palestinian-Israeli relations, have been so far the only real effect of the Road Map plan.

The Palestinians' "free, open, and fair elections," which were organized according to the precepts stipulated in the Road Map, "in the context of open debate and transparent candidate selection/electoral campaign based on a free, multiparty process," thrust open the doors of the PNA for forces that do not recognize the very right of Israel to existence.

While the second Intifada was still in progress, Hamas became the chief engineer of terror against Israeli targets. From October 2000 through to March 2006, its shaheeds carried out more than 50 terrorist attacks, killing 269 civilian Israelis and 27 security servicemen, and leaving over 1,700 people wounded.

More than that, the Road Map broadly extended the authority of the Palestinian government. In a bid to neutralize – or, alternatively, to minimize – the clout Yasser Arafat enjoyed as the head of legislative and executive branches of power, the Americans demanded that the PNA be turned into a kind of a parliamentary republic in which the Prime Minister, and not the President, would hold power and control the security and military forces. A corresponding reform was carried out, but in a situation where the radical-minded Prime Minister Ismail Haniyeh stood in opposition to the moderate President Mahmoud Abbas, it played into Hamas' hands. Thus, the negotiating process retreated a few decades.

Israeli officials had maintained permanent contacts with Palestinian leaders since 1991, when a delegation of the West Bank

and the Gaza Strip, with Dr. Haidar Abdel Shafi at the head, joined the Madrid international conference on the Middle East. Israel did not suspend these contacts even after the second Intifada broke out in September 2000. The public negotiating process came to a halt due to the collapse of the talks in Taba in January 2001 and Ariel Sharon's coming to power in Israel, but relations with the Palestinians continued in the realms of the economy and security even during the Israeli government's boycott of Arafat.

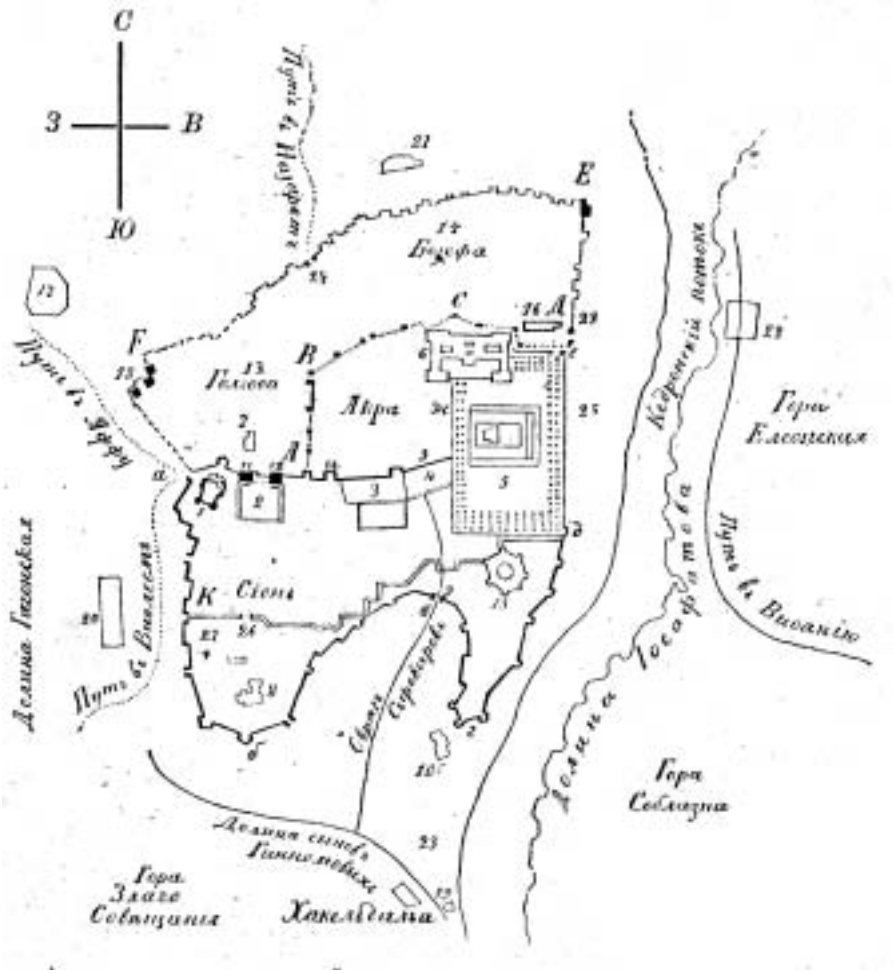
In spite of Hamas' election-day victory on January 25, 2006, the Israel Defense Forces coordinated actions until the end of March with Palestinian security forces that were guarding the Gaza Strip's border with Israel and Egypt. However, as control over defense and security forces in the PNA officially went over to Hamas on March 30, and the new Interior Minister Saeed Siyam took the ministerial powers over from General Nasser Yusuf (getting control of the police, security agencies and civil defense machinery), Israel decided to stop any cooperation or coordination of actions with Palestinian official representatives.

Previously, Israel criticized the leaders of the Palestine Liberation Organization and the Palestinian National Authority for holding talks and steering terrorist attacks against Israel, or simply overlooking them. Arafat's team would predictably reject the accusations of foul play (usually delivering their statements in English, not Arabic) and stressed its willingness for "peace of the valiant." Today, the leaders of the Palestinian government – one-party and only comprised of Hamas activists – do not speak of peace with Israel in any language. Instead, they have been openly declaring their clear goal of erasing the State of Israel.

CAPTIVE TO DEADLINES

Formally, the Road Map was to be in effect from May 2003 (the first stage) till late 2005 (the third stage).

The authors of the Road Map fully replicated the mistake made in the 1990s by the diplomats who drafted a Declaration of Principles on Interim Self-Government Arrangements, commonly known as the Oslo Accords, which the then Israeli



Russian map of Jerusalem, 1890

Foreign Minister Shimon Peres (Israel's Deputy Prime Minister now) and Mahmoud Abbas (then a member of the PLO Secretariat) signed on September 13, 1993. The document said: "The aim of the Israeli-Palestinian negotiations within the current Middle East peace process is, among other things, to establish a Palestinian Interim Self-Government Authority, the elected Council [...] for the Palestinian people in the West Bank and the Gaza Strip, for a transitional period not exceeding five years." The transition period began with the Israeli forces' with-

drawal from the Gaza Strip and from the Jericho area in the West Bank. With the expiry of that period of time, the Oslo Accords and the term of powers of the Palestinian Legislative Council, elected on January 20, 1996, would expire automatically as well. In other words, the Oslo Accords neither established mechanisms for an extension of the allotted time bracket, nor specified actions to be taken should the sides fail to reach agreement – within the designated five years – on more complex issues pertaining to permanent status. As history shows, events took precisely such a turn.

By the same token, the Road Map does not contain provisions for a possible prolongation or for its replacement by any other document if the measures it spells out fail. And that was exactly what happened.

Russia's official diplomacy has noted the discrepancies between the Road Map and the real situation. "We should have reached creation of a full-fledged Palestinian state by the end of the year but actually we're still in the beginning of the Road Map's first phase. It's not possible to meet those deadlines. So let's not put a good face on the matter," said Alexander Kalugin, Russia's special envoy for Middle East peace settlement, on August 18, 2005. Since then, Palestinian-Israeli relations have deteriorated, while the Road Map's legal effect has expired.

DISREGARDING MAIN PROBLEMS

The Road Map does not provide for any specified solutions – even provisional – to the two most acute problems of Palestinian-Israeli relations, specifically: the status of Jerusalem and the fate of the refugees. It only repeats the errors found in the Oslo Accords which predetermined that document's failure. When representatives of the two sides held a summit in Camp David in July 2000, they discussed these issues without any prior preparation at the stage of a "provisional" settlement. Those talks collapsed, triggering the second Intifada. The issues that the sides put off "until a better day" eventually served as a time bomb, which set the entire Middle East process ablaze.

The Road Map only makes a brief and vague mentioning of both issues. It says: "Parties reach final and comprehensive permanent status agreement that ends the Israeli-Palestinian conflict in 2005, through a settlement negotiated between the parties based on UN Security Council Resolutions 242, 338, and 1397, that ends the occupation that began in 1967, and includes an agreed, just, fair, and realistic solution to the refugee issue, and a negotiated resolution on the status of Jerusalem that takes into account the political and religious concerns of both sides, and protects the religious interests of Jews, Christians, and Muslims worldwide, and fulfils the vision of two states, Israel and sovereign, independent, democratic and viable Palestine, living side by side in peace and security."

This provision is nothing more than an act of wishful thinking, especially since Israelis and Palestinians understand it differently. Former U.S. Secretary of State Henry Kissinger commented: "The treatment of the refugee issue in the 'Road Map' is a good example. It calls for an 'agreed, just, fair, and realistic solution.' To the Palestinians, 'fair and just' signifies a return of refugees to all parts of former Palestine, including the current territory of Israel, thereby swamping it. To the Israelis, the phrase implies that returning refugees should settle on Palestinian territory only" (*The Washington Post*, February 27, 2006).

It is impossible to comprehend why the Road Map authors reversed to the lame logic of "don't wake up a sleeping dog" that underlay the Oslo Accords concept. It is not surprising that the fruits of the Road Map were even more lamentable: having endured a bitter experience and realizing perfectly well how the negotiations on Jerusalem and refugees will end, the sides did not even seek discussion of these issues.

STEPPING ON THE RAKE A THIRD TIME?

There is no sense trying to guess what chances the Road Map may have after the new leadership's accession to power in the Palestinian National Authority. Haled Mashal, who heads Hamas' Damascus-based Political Bureau and who is viewed as its most influential figure, said in an interview with the Italian

daily *La Repubblica* that all the talks beginning with Madrid, Oslo and so on had led to nothing. He noted that the peace process was stagnant, while the Palestinians' life had deteriorated and the Israelis continued building the security wall that was swallowing ever more Palestinian lands. Mashal also said the Road Map was unacceptable since it set forth detailed conditions to the Palestinians like disarmament, arrest of the *mojaheddins*, and the renunciation of resistance. However, the plan was too obscure when it came down to the Israelis' responsibilities, Mashal claimed. He insisted the document did not say anything about Jerusalem, the plight of refugees and expansion of the 'colonies' [the term the Palestinians apply to Jewish settlements in the West Bank]. Hamas' position, supported by a big majority of Palestinian voters, is clear-cut: talks are senseless if they ignore the status of Jerusalem and the destiny of the Palestinians who became refugees, together with their descendants, beginning in 1948. As for the Road Map, the very document that helped Hamas come to power, Mashal calls it 'unacceptable'.

In this context, Kissinger's proposal to sign "an interim agreement of indefinite duration," in the course of which "both sides would suspend some of the most intractable claims on permanent borders, on refugees and perhaps on the final status of the Arab part of Jerusalem" is utopian. The picture of some future peaceful coexistence as drawn by the former Secretary of State is idyllic: "Israel would withdraw to lines based on the various formulas evolved since Camp David and endorsed by American presidents. It would dismantle settlements beyond the established dividing line. The Hamas-controlled government would be obliged to renounce violence. It would also need to agree to adhere to agreements previously reached by the PLO. A security system limiting military forces on the soil of the emerging Palestinian state would be established. State-sponsored propaganda to undermine the adversary would cease."

In the meantime, the whole story spins around a movement that, according to a keen remark by Russian orientalist Grigory Kosach, "has not abandoned its main objective of restoration of

the Palestine stretching from the River [Jordan] to the [Mediterranean] Sea as an inalienable Islamic wakf [property], i.e. its objective of liquidating Israel, which Hamas tried to implement fairly recently in Israeli cities with the aid of suicide bombers." It is precisely this organization that Kissinger expects to denounce terror and recognize earlier political agreements between the PLO and Israel. As he passes the imaginary for the real, the patriarch of U.S. diplomacy actually calls for repeating once again the error already made twice in the past. It is impossible to understand the motives of people who believe that all the attempts that have failed over the past three years can suddenly become successful now.

THE SHORT-TERM MEMORY OF THE DIPLOMATS

The current situation in the region calls for a revision of the presumptions that the Road Map is based on and for a dismissal of that document as failing to meet the new realities. It is also important to remember that the political situation in Israel has changed dramatically. Since the establishment of that state, leaders of the "right-wing" Likud or "left-wing" Labor Party have occupied its key posts. Today the country is governed by the centrist Kadima party, which is not bound to past obligations.

In the past year and a half, the Israeli government has been building its policies on the principle of comprehensive ethnic and territorial disengagement with the Palestinian Arabs, instead of clinging to the principle of "territories in exchange for peace" espoused by left-wing parties in the past. Nor is there a desire to "create a Jewish state over the entire territory of the former Palestine Mandate," which was the goal of the right-wing parties. The Israeli government says it is ready to withdraw from the West Bank territories that are inhabited by a predominantly Arab population, although it realizes that such steps cannot bring about a peace settlement.

Many failures of international diplomacy concerning the solution of the Palestinian-Israeli conflict arise from the fact that Israel's retreat behind the so-called Green Line has been viewed as an essential prerequisite for a peace settlement. The Green Line

is Israel's border before the Six-Day War of June 1967 or, more specifically, the ceasefire line established in 1949 by armistice agreements between Israel and the neighboring Arab countries. Specifically, Paragraph 2 of Article V of the Israel-Egypt Armistice Agreement (February 24, 1949) says: "The Armistice Demarcation Line is not to be construed in any sense as a political or territorial boundary, and is delineated without prejudice to rights, claims and positions of either Party to the Armistice as regards ultimate settlement of the Palestine question." All other bilateral agreements contain such paragraphs as well.

Suggesting that Israel's retreat to its pre-1967 borders is the main condition for achieving peace is as hopeless as supporting the demagogical statements by the U.S. Department of State on its commitment to the Road Map. Let us recall that even at the time when the Green Line was Israel's state border the Arab countries refused to recognize it.

It is also important to note that those agreements left out the Palestinian Arabs and fully ignored the UN General Assembly's Resolution 181, which stipulated a simultaneous creation of the Jewish State of Israel and the Arab State of Palestine. The aggression against Israel that was launched right after its creation in May 1948 and was provoked — to a great degree — by Jerusalem's Mufti Haj Amin al-Husseini, resulted in a defeat of the Arab armies. The situation hit the Palestinian Arabs especially hard: large numbers of Palestinians fled the country, and their state never came into existence. The problem of Palestinian refugees has not been solved till the present day. Moreover, only Palestinians living in Israel and in Jordan have citizenship. Especially difficult is the position of refugees in Lebanon (more than 95 percent of them are descendants of the people who were forced to emigrate in 1948). These refugees have been living in the south of Lebanon for almost six decades deprived of any political rights. Therefore, the international community must exert stronger pressure on the Lebanese government for improving their position.

Clearly, Israel's return to the Green Line will not solve the Palestinian problem. Furthermore, it may provoke a civil war in

the country. Israel's Arab population increased fourfold since 1967 and now exceeds 1.3 million people. The attempts to fully integrate them into Israeli society have failed – those people do not feel part of the Jewish state even though they are its citizens. On the other hand, more than 250,000 Jewish settlers now live on the territories of the West Bank – Judea, Samaria, and Jordan Valley – where there had been no Jews before 1967. Naturally, they do not link their future with the Palestinian National Authority.

GROUNDS FOR HOPE

Russia has a unique opportunity for playing a successful role in the Middle East negotiation process. On the one hand, it has especially trustworthy relations with Arab and Moslem countries (for example, the latest meeting between President Vladimir Putin and Mahmoud Abbas took place on May 15, 2006). On the other hand, it supports normal working relations with Israel both in the political sphere (reaffirmed by Putin's visit to Israel in April 2005) and in defense cooperation (the Israeli spy satellite Eros B1 was launched on April 25, 2006 from the Svobodny Space Center in the Russian Far East). Officials of the highest rank are considering supplies of Russian natural gas to Israel. Joint efforts in fighting Islamic extremism may play the role of a bridge in the system of Russian-Israeli bilateral relations.

Russia's growing importance in world politics and economy helps it assume a more independent role in international policies in the Middle East. Specifically, Russia should come up with its own proposals on the Middle East issue, taking into account the causes of the failure of past initiatives. Moscow has partners to negotiate with in both Israel and the PNA, especially considering that many of them speak Russian: apart from Palestinian President Mahmoud Abbas, one in nine members of the Israeli parliament Knesset communicate in this language.

Russia (possibly in cooperation with other international mediators) could offer a new diplomatic initiative for scaling down tensions in the Palestinian-Israeli conflict. This may occur if it bases its incentive on the principle of 'demographic disengagement' of the Israelis and Palestinian Arabs. The initiative may proceed as follows: Israel

annexes – by accord from the international community – regions on the West Bank beyond the Green Line that are populated exclusively by Jews (including Ma'aleh Adumim, Ariel, Givat Ze'ev, Gush Etzion, Modiin Illit, and Beitar Illit, each of them having populations between 10,000 and 32,000). As compensation, Israel will transfer over to Palestine's jurisdiction – on proportional terms – those lands that have a predominantly Arab population located on the sovereign territory of Israel within the Green Line (primarily, the so-called 'Triangle', in which the Arab towns of Al-Tira, Umm al-Fahm, Baka al-Garbiya and some others are located).

As regards the problem of Jerusalem, a possible solution could be an "umbrella-type" municipality, in which the Jews and Arabs would work together, as was the case during the British Mandate over Palestine. A municipal body of this type may be formed with each of the city districts, including Arab ones, delegating its representatives to a united municipal assembly – as an alternative to the regular municipal elections. This innovation could break the 40-year situation where Arabs, who now account for one-third of Jerusalem's population, boycott municipal elections and are reluctant to take part in managing the city. In the medium and long term, Jerusalem, too, should be delimited on the demographic principle, under which separate Arab districts of Jerusalem, such as Shuafat and Beit Hanina, would be included in the Palestinian state, while Jewish Jerusalem (districts currently populated by Jews) would be recognized as Israel's capital.

Contrary to widespread erroneous belief, Washington does not support Israel in its conflict with the Arabs in many of the vital litigious issues. The U.S. has not recognized Jerusalem (even its western part, to say nothing of a united Jerusalem) as Israel's capital, and hence it has not moved its embassy there. Not a single statement has ever come from the U.S. that would reaffirm Israel's right to deny the readmission of the Palestinian refugees of 1948, or their successors. On the contrary, one of the five possible solutions to the refugee problem that Bill Clinton came up with in December 2000 implied their return to Israel. In particular, the proposal involved those people who live

in refugee camps in Lebanon. Since many of them have relatives in Galilee, Clinton suggested that Israel should readmit them, proceeding from the principle of reunification of families and humanitarian considerations.

The U.S. vehemently opposes the establishment or expansion of Jewish settlements. It has not recognized Israel's annexation of Eastern Jerusalem or the Golan Heights. Even the closest political advisors to Prime Minister Ehud Olmert do not harbor illusions concerning the possibility of getting U.S. consent to the Israeli annexation of any territories on the West Bank, whatever arguments there may be for a 'consolidation program.' A completely absurd situation may take shape: Israel may abandon sizable territories that will go over to the Palestinian National Authority, and yet the border between the two states and nations, separated by the security wall, will not be recognized, thereby turning from a factor of stability into a new source of tension. This is exactly a situation where other international mediators, including Russia, could have considerable input.

The collapse of the Oslo process and the Road Map, against the background of Israel's revamped relations with Egypt and Jordan, shows that the only way to peaceful coexistence between Israelis and Arabs is found in a model of interstate relations built on recognition of borders between countries. In the future, it is extremely important to think out the best possible pattern of cooperation between the Palestinian National Authority and Jordan. The possibility should not be excluded that the Palestinian National Authority fails to be politically and economically viable. In such a situation, its federation with Jordan may appear as the best possible option for all the parties involved in the conflict.

It is critical that the Israeli-Palestinian border be built according to the current state of affairs as opposed to past realities. The more comprehensive and impermeable the delimitation of territories between the two nations becomes, and the sooner the international community recognizes the border between them, the greater the chances that the Middle East will cease to be a source of persistent tension for the entire world.

Azerbaijan – Between America and Iran

Arif Yunus

The crisis situation over Iran's nuclear program has drawn international attention to its immediate neighbor, Azerbaijan. Iran is connected to this country through the many ethnic Azerbaijanis living on its territory, as well as through a history of difficult relations.

In the past, Azerbaijan and Iran were one state, and for centuries Teheran regarded Azerbaijani land as its own. However, the 1828 Turkmenchay peace treaty between Russia and Persia placed North Azerbaijan (about one-third of all Azerbaijani territory) under the jurisdiction of St. Petersburg.

From then on, the history of the divided people developed along two lines. South Azerbaijanis remained within the Islamic and broader Eastern civilization, while North Azerbaijanis began to join Russian, and through it, European culture. It was in the north that the national consciousness of the Azerbaijani ethnos awoke with the eventual emergence of political parties.

After the disintegration of the Russian Empire in 1918, the local elite declared the establishment of the Azerbaijan Democratic Republic – the first republic in the Moslem East. Iran refused to recognize the independent state, and in the spring of 1920 Russia, now ruled by a Soviet government, regained control of the region, using a bloody conflict between Baku and Yerevan over the Nagorno-Karabakh territory as a pretext. Yet the 23

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Tabriz. The summer of 2006

months of independent existence have left a trace in the nation's memory — as has the negative role that Russia, Armenia and Iran played in the destiny of the young democratic republic.

After Nazi Germany attacked the Soviet Union in 1941, Soviet troops invaded Iran and throughout the war controlled South Azerbaijan. Moscow planned to annex the occupied territory and in December 1945 played a role in establishing a republic there under the leadership of Seyyed Jafar Pisheveri. His government included many people from Soviet Azerbaijan. Actually, the Soviet Union planned to unite both parts of Azerbaijan under its control. However, after the Soviet army left Iran, its authorities brought down the republic. Thus was missed the chance to restore the integrity of the Azerbaijani people.

Decades later, beginning in the late 1980s, more and more people in North Azerbaijan began to call for the reunification of the Azerbaijani lands. On December 31, 1989, thousands of Azerbaijanis, inspirited by the first possibility in many decades of uniting with fellow Azerbaijanis in Iran, crossed the Aras River,

bypassing barriers on the Soviet-Iranian border. Today, this date is officially celebrated as the Day of Solidarity of Azerbaijanis in the whole world.

TEHERAN, BAKU – STRAINED RELATIONS

The collapse of the Soviet Union and the emergence in 1991 of the sovereign Republic of Azerbaijan populated by eight million people brought back a situation in the region similar to that of 1918-1920. Once again a conflict broke out between Azerbaijan and Armenia over Nagorno-Karabakh, while relations between Baku and Moscow seriously worsened. After Azerbaijan gained independence, its foreign policy acquired a strongly pronounced pro-Western – primarily pro-American – nature. (This policy line, pursued by the Popular Front government led by President Abulfez Elchibey, continued after Heidar Aliyev came to power.)

The changes in the country could not but tell on its relations with Teheran, particularly in view of the fact that the number of ethnic Azerbaijanis who lived in the north of Iran, according to a 1986 census, stood at 11.5 million – more than 25 percent of the entire population of Iran. (In 2006, Iran's Ambassador to Azerbaijan, Afshar Soleymani, said the number of ethnic Azerbaijanis in Iran now exceeds 35 million.) Ethnic Azerbaijanis in Iran played a particularly notable role in the Army and government bodies.

Iran tried to channel these developments to its advantage assisting in the settlement of the Nagorno-Karabakh conflict. At Iran's proposal, the leaders of Armenia and Azerbaijan met in May 1992 in Teheran. However, this first and only attempt of mediation ended in a disaster for Iranian-Azerbaijani relations. Official Baku received assurances from Teheran that Armenia would not start any military operations. However, even before the negotiations were over, Armenians stormed and invaded Shusha, the main stronghold of Azerbaijanis in Nagorno-Karabakh. This event in many respects became a turning point in the war, and Iran bears full moral responsibility for it.

In 1994, under Washington's pressure, Baku refused to include Teheran among members of an international consortium for the development of oil and gas fields in the Caspian region. Two years later, almost all Iranian religious, humanitarian and public organizations were banned in the country, while the leaders of the pro-Iranian Islamic Party of Azerbaijan were arrested and convicted of espionage on behalf of Iran. The Azerbaijani diaspora in Iran joined in anti-Iranian activities, raising the issue of ethnic Azerbaijanis in Iran at all international Azerbaijani congresses held regularly since 1997.

The official status of the Caspian Sea and its energy resources represents yet another stumbling block in relations between Azerbaijan and Iran. In July 2001, the two countries were on the verge of war after Iranian fighter aircraft and ships interfered with the development of oil fields near the Iranian border. In August 2003, Iran accused Baku of militarizing the Caspian Sea. The accusation was provoked by an Azerbaijani-American naval exercise in the Caspian Sea, in which 18 U.S. servicemen and the crews of two Azerbaijani combat helicopters and two patrol boats practiced how to defend oil-and-gas sea platforms from terrorists.

Following the presidential elections of 2003, government power in Azerbaijan was handed over from the ailing President Heidar Aliyev to his son Ilham. The presidential administration of George W. Bush chose to ignore numerous cases of blatant election rigging and reprisals, which accompanied the election campaign, and recognized the official election results. Washington's stance angered even those forces in Azerbaijan that were particularly pro-Western. Oppositional media outlets carried screaming headlines, such as *Oil for Democracy; Farewell, the West!* and *Short-Sighted Policy of Washington*. One of the most radical pro-Western newspapers, Yeni Musavat, published an article headlined *If an Election Like That Suits America, Then Long Live Bin Laden?*

Amidst the hypocritical position of the West, the Azerbaijani population began to learn news about the situation in their own country from Iranian radio and four Iranian television channels,

above all the private TV channel Sahar-2. As a result, pro-Islamic sentiments began to grow fast in the country.

THE AMERICAN FACTOR

After American troops invaded Afghanistan and Iraq, Azerbaijan decided its time had come in the confrontation with Iran, especially after the United States declared Teheran as one of the main threats to international peace. Thus, Americans began to pay more attention to ethnic minorities in Iran, especially to Azerbaijanis.

In 2002, high-ranking American officials received the leader of the South Azerbaijan National Awakening Movement, Mahmudali Chohraganli, a professor of Tabriz University who had been expelled from Iran. After the meeting, the politician said in an official statement to the mass media: "The goal of our organization is the creation of a democratic secular state with a federative system in Iran, and South Azerbaijan will receive the highest status of autonomy in it." After that, Chohraganli said later, negotiations began in the U.S. for the unification of all opposition forces in Iran. The Americans insisted on preserving the territorial integrity of Iran as a secular and democratic state, in which the Azerbaijanis could hope for the creation of an autonomous republic with the capital in Tabriz. On July 2, 2003, Chohraganli told a press conference in Baku that the struggle for "a new life for South Azerbaijanis" had begun and that 18 months later Iran would become a federation.

Washington did not expect any problems in its relations with Baku. However, the situation made it impossible to achieve an unequivocal choice in anyone's favor. Ilham Aliyev, who took over the country's helm at the height of the American struggle against terrorism, had to maneuver between Washington, Teheran and Moscow. Additionally, Azerbaijani society, stung by Washington's reaction to the results of the presidential elections in Azerbaijan, was no longer unanimous toward the deployment of American military bases in the country. Sensing the change in public sentiment, Aliyev said in the spring of 2004 that Azerbaijan should not rush in its decision to join NATO.

High-ranking officials from the Pentagon and the Department of State made visits to Baku. In March 2004, Azerbaijan's Defense Minister Safar Abiyev paid a visit to Washington at the personal invitation of U.S. Secretary of Defense Donald Rumsfeld. The parties discussed the deployment of American troops in Azerbaijan and other military-technical issues related to the reconstruction and modernization of military airfields.

In the autumn of the same year, there surfaced reports about a possible U.S. attack against Iran, which sparked heated debates in Azerbaijan. Pro-Western politicians in the country pinned much hope on that hypothetical attack since they believed it could help reunite North and South Azerbaijan. However, a majority of local analysts warned that a deterioration in U.S.-Iranian relations might have very negative consequences for Azerbaijan. Teheran added fuel to the tensions by declaring it might deliver a preventive strike against Azerbaijan if the latter was used by American troops as a bridgehead into Iran.

In November 2004, Azerbaijani mass media reported that over 50 U.S. servicemen had arrived as "advisers" to an airforce base near the Chukhanly village in the Salyan Region, not far from the Iranian border. Then followed reports that airfields in Nakhichevan and near the villages of Chukhanly and Nasosny (north of Baku), as well as a military proving ground at Garaeibat, had been completely modernized and met NATO standards. At least seven airfields were practically ready for delivering air strikes against Iran. Analysts pointed out that the military base at Chukhanly had an outlet to the Caspian Sea, and that Americans had begun the modernization of Azerbaijan's Navy. The threat of a U.S. attack against Iran was beginning to look serious, especially after President George Bush hinted at such a possibility on the eve of his second inauguration.

These developments drastically changed Iran's policy. In November 2004, after a decade of vain efforts by Baku, Iran gave the green light to the opening of a general consulate of Azerbaijan in Tabriz. In December, a special envoy of the Iranian president for Caspian Sea issues, Mehdi Safari, Health Minister Masoud

Pezeshkian, Security Minister Ali Yunesi, and Defense Minister Ali Shamkhani visited Baku. In order not to give cause to Azerbaijan for turning into a bridgehead for American intervention, Iran sought to solve all outstanding problems between the two parties.

The "Iranian season" was crowned by an official visit to Teheran by President Ilham Aliyev on January 24-26, 2005. The parties signed nine documents on cooperation in various social and economic spheres, simplified procedures for crossing their mutual border by citizens of the two countries, and declared plans to open a Baku-Tabriz air route in the near future. Also, Iran said it would give Azerbaijan $1 million in aid for the development of the Azerbaijani economy. Yet the main result of the negotiations was that Iran publicly declared its support for Baku's position in the Nagorno-Karabakh conflict, condemned aggression on the part of Armenia and spoke in favor of the territorial integrity and sovereignty of Azerbaijan. Another important result was the serious concessions that then President Seyyed Mohammad Khatami made on the Caspian Sea status issue with Baku.

In exchange, Teheran asked for guarantees that Azerbaijan would not allow its territory to be used by the United States for preparing and launching military operations against Iran. It also requested that Baku serve as an intermediary in settling its disagreements with the U.S. Aliyev avoided giving a direct answer but emphasized that his country advocated a peaceful solution to all regional conflicts and would not allow the deployment of foreign troops on its territory.

PROBLEM SOLVED?

Aliyev's visit to Teheran and the noticeable warming in Iranian-Azerbaijani relations caused irritation in the U.S. After the spring of 2005, Americans sharply stepped up contacts with the Azerbaijani opposition, and a sense of an "orange" revolution was in the air, especially considering parliamentary elections scheduled for the autumn of the same year. In early April, Pentagon chief Donald Rumsfeld made a sudden visit to Baku where he planned to meet with President Aliyev. What happened next was like developments in a cheap detective story: hours before Rumsfeld

arrived in Baku, Aliyev made an "urgent" departure for Pakistan. Rumsfeld learned about this at the Baku airport and immediately left for Pakistan as well. Despite the absence of official information about their meeting, sources close to the government said that the parties did speak about American military presence.

Immediately after that, the Azerbaijani political circles began to discuss the imminent appearance of NATO bases in the country. Moreover, according to reports from abroad, some high-ranking officials in Washington, including NATO's Supreme Allied Commander in Europe, General James Jones, spoke about the emergence of a full-scale NATO base on Azerbaijani territory as a decided issue.

Starting from the middle of 2005, in view of the approaching elections, the issue of military bases fell into the background, although, according to some sources, secret negotiations between Baku and Washington continued. Since the Azerbaijani president did not enjoy unconditional public support, nor in his own administration — especially among members of his father's former team — the Americans' tone gradually changed to harsher criticism. Angered by Washington's reluctance to invite him for a personal meeting with President George Bush, Ilham Aliyev delayed a decision on the issue of an American military presence.

Suddenly, new developments in Uzbekistan, which were followed by the strict demand by Uzbek President Islam Karimov that the U.S. withdraw its troops from the country, made Washington change its plans. The deployment of American bases in Azerbaijan would be the most obvious solution to this problem. However, Baku continued to evade a final answer.

In early August 2005, the U.S. invited Azerbaijan's Foreign Minister, Elmar Mamedyarov, for a visit. According to information from opposition circles, during that meeting the American side — in the form of an ultimatum — raised the issue of deploying its military bases and asked the Azerbaijani side to inform it of its decision before August 20 — the date of a planned visit to Baku by Defense Secretary Donald Rumsfeld. The meeting would take place only if Washington received a positive answer.

Contrary to expectations, Rumsfeld never arrived in Baku. On August 24, Aliyev told journalists that Azerbaijan was not conducting any negotiations for the deployment of American bases in the country. The U.S. Ambassador to Azerbaijan, Reno Harnish, reacted by warning that in case the results of the parliamentary elections were rigged, the United States and the West as a whole would take a much tougher position. Baku regarded this statement as an undisguised threat.

In reply, Aliyev made a series of friendly gestures toward Russia. The Lider TV channel, which belongs to the Azerbaijani president, lashed out at "the U.S. policy of neo-colonialism in the region." There appeared publications in the mass media close to the government, calling into question the prospects for the deployment of U.S. and NATO bases in Azerbaijan. In late August, the Ray (Opinion) sociological center conducted a poll in 33 towns across the country, which revealed that 54 percent of the respondents were opposed to U.S. bases, while only about 21 percent did not object to their deployment. Asked how they would react to Azerbaijan's participation in a conflict between the United States and Iran, a majority of the respondents (58 percent) said they would not support it, and only 11 percent gave a positive answer.

In September 2005, the U.S. embassy softened the tone of its statements that urged Azerbaijan to carry out democratic reforms. On September 20, the Defense Minister of Azerbaijan, Safar Abiyev, made an urgent visit to Stuttgart, Germany at the invitation of General Charles Wald, Deputy Commander at the Headquarters of U.S. European Command. The negotiations in Germany focused on two issues: the deployment of American troops and the constructions of several defense facilities in Azerbaijan. In order to avoid accusations from Russia and anti-American forces in Azerbaijan, U.S. military bases were defined as temporarily deployed mobile forces, whose presence, however, would be long-term and would become a factor in strengthening U.S. military control over energy resources of the Caspian Sea.

Official Baku denied all reports about the negotiations. But suddenly, a "bomb" exploded: on September 21, Reno Harnish

told journalists about the construction of two radar stations — one at Astara near the border with Iran, and the other near the border with Russia, in the Caucasian Mountains, not far from the town of Hyzy. The ambassador said the construction was part of the Pentagon's plan for defending the Caspian Sea resources.

The ambassador's statement shocked the press service of Azerbaijan's Ministry of Defense. At first, it declined to comment on the news, but later the press service chief declared: "The Ministry of Defense has no information about the construction of two radar stations with the assistance of the U.S." The Foreign Ministry hurried to deny the reports as well.

Naturally, no one believed those statements. Moreover, whereas the country did gain from the modernization of seven airfields, the construction of two radar stations at once seemed pointless to many — all the more so considering Russia's Daryal radar station in Gabala. Thus, Azerbaijan would have three such facilities, owned by two foreign states. Of the two U.S. radar stations, one would be directed against Russia, the other against Iran.

The United States realized that it would not achieve its goals in Azerbaijan until the Nagorno-Karabakh problem was solved. Therefore, in early 2006, American diplomacy stepped up its efforts in this field and offered Baku a new plan: Armenians must withdraw from six regions (according to a 5+1 formula) on condition that Azerbaijan agreed to hold a referendum on the status of Nagorno-Karabakh in 10 to 15 years.

The Azerbaijani public interpreted this proposal as an intention to annex part of the country's territory for the sake of U.S. strategic interests, as the plan was actually based on the principle "occupied lands in exchange for Nagorno-Karabakh's independence." Aliyev understood perfectly well that any concessions on the Nagorno-Karabakh issue might backfire on him. It is little wonder, then, that the February 2006 meeting between the presidents of Azerbaijan and Armenia in the Rambouillet Castle near Paris ended in complete failure.

Having recovered from the shock, the U.S. returned to this issue, doing its best to have Aliyev agree to the proposed plan for settling

the Armenian-Azerbaijani conflict. Additionally, Washington demanded that Baku join a planned anti-Iranian coalition. The Americans hinted that otherwise they would use various kinds of levers to exert pressure on Azerbaijan: for example, they would raise the issue of human rights and democracy in the country. The authorities of Azerbaijan found themselves in a very difficult position. Aliyev partly admitted as much when he said in public: "We must be able to withstand pressure on our country on all sides."

However, the crisis over Iran grew increasingly acute — and, accordingly, so did the importance of Azerbaijan. A failure to settle the Nagorno-Karabakh conflict could thwart U.S. plans with regard to Iran. So in late April, the American administration, quite unexpectedly, invited Aliyev to visit the U.S. — something that Aliyev had been unsuccessfully striving for since his first days in power. This news alarmed the authorities of Iran, and on the eve of Aliyev's departure, Iran's Defense Minister Mostafa Mohammad Najjar paid an urgent visit to Baku. Then, several days after Aliyev's return to Baku, he met with Iranian President Mahmoud Ahmadinejad. During those meetings, the Iranian party unequivocally warned the president of Azerbaijan about the actions that would be taken against his country if Americans were allowed to use Azerbaijani territory.

The president of Azerbaijan found himself between a rock and a hard place. He himself admitted that, and after the negotiations with George Bush he said that Baku continued to advocate a peaceful solution to the Iranian crisis. He repeated this during his negotiations and meetings with the Iranian officials. Nevertheless, many analysts in Azerbaijan believed that, most likely, Aliyev had given his consent to the unofficial use of Azerbaijani territory by the Americans.

MAY PROTESTS IN SOUTH AZERBAIJAN

The situation in the region grew even more complicated after ethnic Azerbaijanis held protests in Iran in May. The demonstrations showed the strength and growth of separatist sentiments among local Azerbaijanis, as well as the presence of really serious problems among them. The protests were provoked by

the publication of cartoons in the government-controlled newspaper *Iran* on May 12, which were offensive to Azerbaijanis. A few days later, almost the whole of North Iran was swept by protests of indignant Azerbaijanis. The protests were particularly large in the unofficial capital of South Azerbaijan, Tabriz. The wave of popular indignation was so strong that the majority of Persians that lived in Azerbaijani-speaking areas of North Iran, especially civil servants, chose to immediately leave the region, which paralyzed for some time many institutions.

The authorities of Iran quickly realized the danger stemming from this situation and apologized to the Azerbaijanis, simultaneously arresting the newspaper's editor and the author of the cartoons. At the same time, President Ahmadinejad announced that "foreign, above all American and Israeli, special services were behind the disorders in South Azerbaijan." Turkey, too, aroused Iran's suspicions. Simultaneously, Iranian authorities declared that the instigators of the protests included the leader of the South Azerbaijan National Awakening Movement, Mahmudali Chohraganli. During the protests in Tabriz and other cities in the north of Iran many demonstrators chanted his name.

However, moves by Teheran failed to stop the protests, which in some areas outgrew into inter-ethnic confrontation. In late May, South Azerbaijanis began to wave flags of independent North Azerbaijan. These events did not leave indifferent the population of North Azerbaijan. Rallies of protest were held one after another outside the Iranian embassy in Baku. Realizing that the situation was getting out of control, the Iranian authorities ordered the Army and other security agencies to suppress the protests. In late May, almost 50 protesters were reported killed and more than 1,000 injured. The number of arrested people reached 11,000.

Characteristically, the authorities of Azerbaijan kept pretending that the developments in Iran were not their concern and were solely an internal affair of that state. Moreover, when reports about the brutal massacre of Azerbaijanis in Iran appeared in Baku, President Ilham Aliyev declared again, "Azerbaijan will not support a military action against Iran." Simultaneously, the U.S. embassy in

Azerbaijan denied American involvement in those events. Azerbaijanis did not overlook the fact that the protests in Iran were not covered by the mass media in many countries in the West, as well as in Russia. The contrast was especially striking against the coverage of recent events in France, when people of non-French origin demanded respect for their civil rights. Occasional reports in the Western press about the developments in Iran were brief and presented those events only as a reaction to the cartoon scandal.

In early June, it became clear that the Iranian authorities succeeded in suppressing the protests by the ethnic Azerbaijanis. Then came a detective story involving Mahmudali Chohraganli, which added to the pessimism among the leaders of South Azerbaijanis, as well as in the North: on June 5, Chohraganli left the United States, where he had lived for several years, for Turkey in order to be closer to the protesters in Iran. However, on June 9, the Turkish authorities unexpectedly arrested him – only to deport him to Azerbaijan. The authorities explained their actions by the threat of a terrorist act that Iranian extremists allegedly planned to commit against Chohraganli. On arriving in Baku, Chohraganli had another unpleasant surprise in store for him: he was detained again by law enforcement bodies, which, without taking the trouble of giving any explanations, simply put the visitor on a plane leaving for Dubai, from where he was sent to the U.S. These events caused heated debates in Turkish and, especially, Azerbaijani societies, and stirred accusations against the local authorities that chose not to have problems with Iran.

ALARMING PROSPECTS

The last few years have seen a sharp increase in the number of Iranian citizens buying real estate in Baku. This tendency resulted in an almost 30-percent rise in the prices of apartments and other real estate in the spring of 2006, as well as the higher cost of building materials. In February 2006, Iran's Ambassador to Azerbaijan, Afshar Soleymani, said with irritation: "We will repulse aggressors, while the movement of 40,000 to 50,000 of our citizens to Azerbaijan will not change anything." But the

Azerbaijanis realize perfectly well that what is happening is actually migration, and the urgent purchasing of real estate in Azerbaijan is obviously connected with an impending war — especially as most of the "newcomers" are not Azerbaijanis but Iranians, including relatives of the ruling circles of Iran.

The Iranian issue has divided Azerbaijani society, as shown by frequent public opinion polls. For example, the Center for Economic and Political Studies (FAR CENTRE), with the help of the American National Endowment for Democracy, conducted a poll in April and May in 11 cities in Azerbaijan to find out what people thought of the crisis over Iran. The poll showed that 34 percent of the respondents supported Iran in the international conflict over its nuclear program, while only 20 percent supported the United States and the West as a whole. Only 9 percent said they expected benefits for Azerbaijan in case of a military operation against Iran, while 7 percent expressed the hope that South and North Azerbaijan would unite. Simultaneously, the poll showed a fall in the popularity of the United States: only 11 percent placed the U.S. among countries that are the most friendly toward Azerbaijan (compared with 30 percent in 1999).

Nationalist movements, which have become more active of late, do not hide their satisfaction with the approaching war. They hope that in case of Iran's breakup, the United States will support the independence of South Azerbaijan, as Secretary of State Condoleezza Rice has allegedly promised. The Popular Front and other pro-Western organizations held a round-table meeting in March in Baku to discuss the situation concerning Iran. All the speakers at the meeting emphasized that a war against Iran was inevitable and that Azerbaijanis must be ready to use the chance of re-uniting into a single state.

However, the majority of the population and experts have a different opinion. Many fear that, once combat actions begin, hundreds of thousands of Iranian refugees will flood Azerbaijan, and this will provoke further growth in the price of real estate, foodstuffs and other consumer goods. At the same time, there will be a growth of social tensions and crime. Simultaneously, the

influence of Islam will increase as well, considering the high number of the faithful throughout the Iranian population.

The opponents of war warn that it would bring about an ecological disaster in Azerbaijan as extensive spills of oil and oil products caused by bombings would pollute water supply sources and bio-resources of the Caspian Sea. Furthermore, the use of modern weapons would sharply aggravate the seismic situation, especially around the capital. Supporters of Azerbaijan's integration into Western structures fear that, if Iran fulfills its promise and starts bombing residential quarters in Baku, there would be numerous victims among the civilian population, and anti-American sentiments in society would grow.

Finally, a protracted war would further destabilize the situation in the region, while the United States would hardly allow the creation of a unified Azerbaijan. Meanwhile, strong disillusionment with Washington's policy could facilitate the propagation of pro-Islamic sentiments and bring radical forces to power in Azerbaijan.

Aware of the grave consequences that an American attack against Iran may have, especially considering the use of Azerbaijani territory by the U.S., an overwhelming majority of Azerbaijan's population realizes the bitter truth that their country will hardly avoid involvement of some kind in an American-Iranian crisis.

Metamorphoses

Gostinny Dvor and the State Duma building on Nevsky Prospect, St. Petersburg. Engraving, 1890

“The history of old Russia, oriented toward expansion and preservation of the empire, ended with the breakup of the Soviet Union. So there is good reason to talk about a “new era” in Russian history. However, unless this “new era” sees the evolution of a new historical quality that is capable of securing the country’s consolidation and development, it could eventually mark the start of a new disintegration.”

Time to Decide on Russia's Identity

Alexander Akhiezer, Igor Klyamkin, Igor Yakovenko

Post-Soviet Russia has been confronted with a number of formidable challenges, especially the problem of self-identification. The search for a "national idea," which began under Boris Yeltsin, can be seen as an attempt, albeit subconscious, to acquire a new "civilizational identity." Yet the sheer fact that no such idea has ever been formulated highlights the depth of Russia's identity crisis.

The East European countries and the Baltic States were not confronted with any such problems. From the very start they oriented themselves toward integration into modern Western civilization and its institutions, so other "national ideas" were not seriously discussed. Many East European countries quickly joined NATO and the EU, while others are waiting their turn. Post-Soviet Russia has already made a few steps in this direction. This refers not only to its G8 membership, but also its accession to the Council of Europe, as well as its recognition of the jurisdiction of the European Court of Human Rights.

The Russian Constitution, ratified in 1993, was based on a new civilizational strategy regardless of the designs of its architects. It

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broke with the old concepts of force, faith and law as embodied in the relevant institutions of government. The Constitution not only declared the universality of the law and the equality of all before it, but also effectively blocked the arbitrary use of force. By proclaiming the primacy of natural rights and freedoms with regard to the state, and expanding their boundaries to include the people's right to elect the head of state, the 1993 Constitution rejected faith in the former politico-ideological role. By rejecting its atheistic/Communist past, Russia also abandoned the use of religion to legitimize state power. At the same time, after centuries of subjugation to the state, the church became free and independent again.

All the above reforms speak of a nationwide movement toward Western values; yet, Russia never gave up its search for an identity.

This search is largely driven by Russia's internationally recognized status as the successor to the Soviet Union and nuclear power, which suggests the prerequisites for restoring its "great power" identity.

Thus, unable to formulate a "national idea" under Yeltsin or Putin, Russia has ended up at a civilizational crossroads.

"POWERISM" AND HISTORICAL TRUTH

The history of old Russia, oriented toward expansion and preservation of the empire, ended with the breakup of the Soviet Union. So there is good reason to talk about a "new era" in Russian history. However, unless this "new era" sees the evolution of a new historical quality that is capable of securing the country's consolidation and development, it could eventually mark the start of a new disintegration.

Such a scenario is quite feasible if Russian statehood is interpreted as a combination of its old identity models – Orthodox-Christian and imperial. It would be appropriate to recall that Russia's recognized achievements along its "unique historical path," which enabled it to acquire and maintain its status as a great power, went hand in hand with national catastrophes, the latest one being its territorial disintegration. It is also important to

remember that the Orthodox-Christian and imperial forms of identity, which contemporary Russian *pochvenniki* (traditionalists), driven by the patriotic idea of "reviving Great Russia," are attempting to see through, failed to be combined and never actually existed in history.

Indeed, Rus [old Russia] owes its Orthodox Christian identity to its consolidation during the Tatar yoke, liberation from the yoke, the expansion of the Moscovy Principality, and its unification in the fight against non-Christians during the first Russian Time of Troubles. Still, the Moscovy Principality was unable to attain an imperial/great-power status during the reign of the Riurikovich dynasty: it failed to become a "Third Rome." Attempts by Ivan the Terrible to move in that direction ended with a defeat in the Livonian War (1558-1583). Nor did the experiments by the early Romanovs, who attempted to introduce Western military-technological achievements to Russian soil, together with the administrative consolidation of the Orthodox identity through the forced introduction of canonical Byzantine liturgy, produce any results. In fact, these attempts only caused a backlash and religious schism. It is therefore difficult to understand exactly what the post-Soviet traditionalists mean when they talk about the need to restore Russian powerism as a spiritual-religious foundation of the Holy Rus.

Other post-Soviet traditionalists recognize the continuity between their politico-ideological arguments and note the great-power experience from the times of the first Russian emperor to the first Communist general secretary. Yet this position, while convincing at first glance, offers more questions than answers.

First, Peter the Great's idea concerning the progressive development of the Russian Empire, and Stalin's idea of the avant-garde development of Soviet Russia, do not correspond very well with appeals to the Orthodox Christian identity. In real history, the imperial/great-power identity evolved regardless of religious-Orthodox identity, as under Peter the Great, or even contrary to it, as under Stalin.

It is noteworthy that many modern proponents of Russia's "great power" identity prefer to dissociate themselves from both

Peter the Great and Joseph Stalin. This is hardly surprising since these two rulers enforced not religious (Orthodox) but secular statehood in Russia – atheistic in the latter case.

Second, military-technological modernization undertaken by Peter the Great and Stalin were based on militarizing the lifestyles of both the elite and the population at large. If post-Soviet traditionalists propose repeating the experience of enforced reforms under the present conditions, then such a "project" requires substantiation, which they have yet to provide.

Third, the reforms implemented by Peter the Great and Joseph Stalin did not overcome ***the domestic tradition of extensive development*** but only shifted it to a new technological level. Those were one-time borrowings of foreign achievements that enabled the country to close its military-technical gap with the West. This program failed, however, to create a favorable environment to stimulate innovation within the country and therefore could not safeguard it from periodic lags. One distinguishing feature of the current situation is that old methods cannot eliminate the technological gap that became apparent even during the Soviet era. The urgency of the problem is somewhat blurred by the existence of nuclear weapons, which guarantee state sovereignty and security, as well as by the availability of raw materials that ensure national survival. Nevertheless, nuclear missiles, oil and gas reserves cannot meet all of the modern strategic challenges, while it is still not clear how calls for the restoration of the Russian great-power tradition can help in this situation.

The potential for extensive development was exhausted during the Soviet era, which in fact became one of the main causes for the breakup of the Soviet Union. An extensive development plan impedes the formation not only of an innovative economic culture but also a pragmatic and effective political culture. It does nothing to stimulate common interests (except for defense from external military threats) that must consolidate the ruling authority, the elite and the general public. It also fails to facilitate the creation of legal mechanisms, streamlining the relations between them, and helping combine individual freedom with state discipline and responsibility.

The economic and cultural rise of Kievan Rus shows how opportunities for extensive development can be used, while its demise, which began long before the Tatar-Mongol invasion, shows the helplessness of the state when these opportunities are exhausted. This problem, which proved insoluble for Kievan Rus, has never been resolved since – either during the reign of Peter the Great, the Soviet Union, or in today's political environment. The approach of the traditionalists, who focus on the country's former grandeur, effectively ignores the problem. Meanwhile, without resolving it, Russia risks getting stuck in the past forever.

A plan for extensive development, both in terms of territory and population, assumes a permanent state of war. For its part, war can only be successful with a rigid vertical chain of command with just one person at the top. Following the country's liberation from the Mongol yoke, the trend toward extensive development, which prevailed during the Kievan period, strengthened even more. Given that Moscow was concerned not only with annexing new territories, but also defending against external threats to the territories that were already under its control, the phenomenon of rigid Russian autocracy appears to be not just the result of the political insanity or the excessive ambitions of Ivan the Terrible, but as a natural outcome of historical logic. Unsurprisingly, great-power rulers like Peter the Great and Joseph Stalin saw Ivan the Terrible as their predecessor.

The authoritarian-Orthodox ideal was adapted to serve historical inertia.

Under an extensive development model, the diversity and interplay of private interests erode its stability, which compels the rulers to seek the monopolization of power. The pre-Mongol era is a good case in point. In authoritarian-Orthodox Moscovy, the problem of balancing individual freedom and state discipline was resolved not by legislative regulations but by the complete elimination of freedom – both ideologically and physically, by threat or use of force.

Modern traditionalists typically ignore this trend, which struck deep roots during Moscovy Rus. They are only concerned with the

fact that a national identity evolved during that era. Meanwhile, this period is also important in that it laid the groundwork for the deadlocks that the country has yet to escape from.

The authoritarian-Orthodox ideal was adapted to serve historical inertia, not the needs of dynamic historical development. It was no accident that Russia was confronted with the challenge of military-technological innovation that had come from Europe. It responded to that challenge with a unique modernization program during the reign of Peter the Great, which was accompanied by the replacement of the authoritarian-Orthodox model of statehood with an authoritarian/utilitarian model. Yet Peter the Great's autocracy, modernized and strengthened by achievements borrowed from the West, turned out to be as inadequate for its purpose as anything before. So Peter's political legacy, as well as the legacy of his follower, Joseph Stalin, belongs to history, not modernity.

What is relevant today is not what Peter the Great or Stalin did, but what happened after them. Specifically, this was the demilitarization of Russian life. State ideals were also transformed to include liberal and democratic components – in other words, the Europeanization of those ideals as such.

"CIVILIZATIONAL VECTOR"

Whatever form they may happen to take, Orthodox-imperial ideas are irrelevant because they fail to provide responses to the challenges of the modern era. Today, the outlook for the imperial project is even worse than it was in the 19th-early 20th century when it showed its strategic infeasibility.

First, the imperial and Orthodox Christian forms of national-state identity in the last two centuries were not as weakened as compared to the period after the disintegration of the Soviet empire, which had imposed atheism on the country and deprived the Church of its traditional function, that is, the legitimization of supreme authority.

Second, the historical – and even hypothetical – prospect of Russia's leadership in the Orthodox Christian world as successor

to Byzantium has also disappeared. The Ottoman Empire is history now, while the majority of Orthodox Christian nations today are oriented toward integration into Western civilization.

Third, after the liberation of the Slavic countries in Eastern Europe from Soviet imperial influence, which was followed by their incorporation into NATO and the EU, the pan-Slavic ideology has lost any basis in reality. Invoked in the last decades of the Romanovs' rule to help Orthodox Christian ideology, in 1914 this ideology was responsible for dragging the country into a world war that eventually caused the disintegration of the state. As for post-Soviet Russia, it is unable in principle to return to this path since there are no prerequisites for civilizational unity in the Slavic world today, while Russia's military strength is clearly inferior to the aggregate strength of the West.

This suggests that the application of the old "unique civilization" model to the new realities of the modern world is encountering insurmountable obstacles. Furthermore, an appeal to the basic principles of the "Western project" – which demands the supremacy of the law and the priority of human rights and freedoms over state interests – indicates that the idea of a self-sufficient civilization, alternative to Western civilization, is deeply flawed. As a result, the attempts to adapt the "unique path for Russia" idea to modern realities have led to the emergence of a Russian state that is ***quasi-democratic and quasi-legal***.

The ambiguity of the "civilizational vector" betrays not only Russia's domestic policy, but its foreign policy as well. It includes the preservation and consolidation of Russia's military might and hence its role as a center of influence. This policy calls for Russia's leadership in the post-Soviet area, as well as being the engine for the economic and military-political integration of the Commonwealth of Independent States, together with its orientation toward integration into the European community. Dictated mainly by pragmatic considerations, but lacking in civilizational distinctness, this policy is clearly vulnerable.

The problem is not only that the quasi-democratic and quasi-legal nature of post-Soviet Russian statehood impedes its integra-

tion into Europe, but also that Russia has retained its influence in the post-Soviet area mainly because the state systems that exist there remain essentially the same. Such influence, however, cannot be long-term. Nuclear weapons and military superiority are not enough for maintaining Russia's influence. Instead, Russia's influence should be based on the rule-of-law principle, which means the denial of an "independent civilization identity" integration project and integration, together with the West, into the Second Axial Period [this is the time of universal knowledge and great spiritual awakening; according to Swiss historian Karl Jaspers, at the center of history is the [first] axial period (from 800 to 200 BC, the time of the birth of major world religions), during which time all the fundamental creations that underlie man's current civilization came into being.—Ed.].

The modern challenge to Russia's great power ambition is the challenge of civilization. Therefore, until Russia finds an effective response, its influence in the world will continue to decline. Its political confrontation with the West in 2004, during the presidential election in Ukraine, was above all a clash of civilization principles; geopolitical ambitions were only secondary. The Orange Revolution, which was an attack against the bureaucratic and quasi-democratic electoral procedures, showed that not only the Ukrainian political class but also a substantial part of Ukrainian society gravitated toward the global civilization of the Second Axial Period. Ukrainian society demonstrated its readiness to move from a quasi-democratic and quasi-legal statehood to a truly democratic statehood based on the rule of law.

Russian society is showing no such signs. This enables its political class to maintain a traditional imperial/great-power orientation. So when Western civilization begins to expand by absorbing parts of the former Soviet empire, the logic of civilization is replaced by the logic of geopolitics. This was the case at the end of the Yeltsin era, when in response to the latest round of NATO enlargement with the Baltic States, Yevgeny Primakov, then foreign minister and subsequently prime minister, put forward the idea of a tripartite alliance — Moscow-Beijing-Delhi — that would be capable of standing up to

the "unipolar world order." That was also the case during the political standoff with the West over the events in Ukraine, when President Putin put the same idea forward.

Unsurprisingly, in the foreign-policy realm the Orthodox/Slavic civilization alternative, as opposed to the one forwarded by the united West, could only result in rhetoric.

During the NATO air strikes against Yugoslavia, which provoked severe and justifiable criticism by Moscow, Yeltsin chose to remind then U.S. President Bill Clinton that Russia was a great nuclear power that had to be reckoned with. Yet with the line-up of forces that had evolved in the wake of the breakup of the Soviet Union, such statements, together with the calls from the Russian political class for admitting Yugoslavia into the Russia-Belarus Union, amounted to nothing.

President Putin has repeatedly proclaimed these foreign policy guidelines. For example, in his address to the Federal Assembly in May 2003, the president, referring to "our entire historical experience," said: "A country like Russia can only live and develop within the existing borders if it is a strong power." Nor does he have any doubts that Russia's "main foreign policy priority" lies in the post-Soviet space. At the same time, the president sees Russia's historical choice in a "broad rapprochement and real integration into Europe."

Nonetheless, such geopolitical projects, as opposed to the Western project, only underscore Russia's difficulties in discovering its civilizational identity.

A STATEHOOD OF LAW

Today, the ideological thrust of Russia's traditionalists is not based on constructive long-term solutions, but on the complete rejection of the liberal-democratic project, which naturally resulted in yet another enemy stereotype. This approach ideally fits in with the bureaucratic/authoritarian (and for this reason corrupt) 'vertical chain of command' that is built by blocking liberal-democratic objectives on the administrative and propaganda level, but at the same time, preserving liberal-democratic rhetoric. Yet,

as mentioned earlier, such a culture cannot create a long-term statehood – it only allows for a timeserving statehood.

We have many grounds for arguing that a strategic alternative to the present timeserving statehood can only come in the form of liberal-democratic statehood based on the rule of law and its accountability to civil society. We also believe that any other scenario will keep the country stuck in the rut of extensive development, which in the 21st century would be tantamount to stagnation and regress. ***Orientation toward statehood based on the rule of law is an orientation toward the acquisition and consolidation of a new civilizational identity.*** This implies a conscious choice in favor of Western civilization of the Second Axial Period.

This choice, contrary to allegations by post-Soviet traditionalists, does not represent either the loss of state sovereignty or subjugation to Western interests. It does not even mean mandatory accession to international structures, like NATO or the European Union. Strictly speaking, integration into European (Western) civilization merely presupposes a consistent application of the legal principles that are recorded in the Russian Constitution. If this task is not seen as a priority, and if priority instead is given to the search for "national ideas" that are meant to secure Russia a "special place and a special status in the world," the effect will be (and already is) the opposite to the one intended: a system that does not follow the principles that it proclaims but only pretends to follow them, paying lip service to them, while containing no incentives for development.

Nor does the formation of a Western civilization identity mean the devaluation of the former identity of a Russian Orthodox state (although the loss of its imperial component is a foregone conclusion). Greece's integration into the European community did not destroy the Greeks' Orthodox Christian identity. Nor will it destroy the Russian identity. Furthermore, the assimilation of a European civilizational identity and European civilizational standards in a multi-confessional Russia would help consolidate various groups without the need to resort either to the reanimation of old and ineffectual methods (for example, proclaiming Russian

Christian Orthodoxy as the dominant state religion) or to ideological innovations (Russian ethnic nationalism). The implementation of such attempts will only deepen the split along religious and ethnic lines, eventually bringing the country to catastrophe. This is especially important as sociologists are now recording a significant rise in nationalist sentiments among the Russian majority, which can produce radical/populist leaders appealing to ethnic identity. The historical price that nations pay for such experiments is well known, as are their consequences.

As for a strong-state identity, which has been preserved due to the country's nuclear status and self-sufficiency in natural resources, it will not be weakened by Russia's integration into European civilization. On the contrary, it will open up additional opportunities for its ***intensive*** development.

Over the past one and a half centuries, Russia's political tradition has undergone substantial changes: the idea of statehood as an intrinsic value in and of itself was gradually – and not without much backtracking and backsliding – complemented with the ideas of civil rights, freedoms and the supremacy of law. The main landmarks here were the following: Peter III's edict on liberties of the gentry, Catherine II's patents of nobility, the Manifesto on Emancipation of the Serfs, the October 1905 Manifesto, the convocation of the State Duma, and the Stolypin reforms. Thus we can see that the acquisition of a European identity is not a break with the past but the restoration of Russia's historical continuity.

Thus, impediments to the implementation of the liberal-democratic project arise not so much from Russia's cultural-typological differences with the West, as was the case in the early 20th century, as from ***its historical lag behind the West against the background of the non-essential differences.***

Russia's acquisition of European identity, and its integration into Western civilization, corresponds to its strategic interests, just as it does to Western interests. The Western civilizational project, which lays claim to being universal – i.e., as a project of the Second Axial Period – is coming up against formidable counter-challenges from the non-Western world where the majority of

mankind lives today. In fact, the Western project has already been confronted with an ideological alternative in the form of Islamic fundamentalism, which is adapting the religious universalism of the First Axial Period to modern conditions.

The West has yet to come up with a response to this new challenge. For example, its attempt to inculcate democracy in Iraq by force of arms as a pre-emptive move has failed to receive widespread support even within the Western community since such a strategy was, essentially, a deviation from its own civilizational principles and values. The novelty of the international situation, which became apparent in the wake of the September 2001 terrorist attacks in Washington and New York, and intensified during the Iraq conflict, makes the West vitally interested in seeing a country like Russia integrate into Western civilization.

Of course, Western civilization is not universally regarded as being perfect. Even some major Western thinkers believe that already in the 21st century the West will exhaust its resources for further development. These forecasts may not be entirely groundless; but if this is the case, Russia will be faced with a serious dilemma: either start looking for an alternative development model, or integrate into Western civilization and deal with the impending crises together with this civilization while having its achievements rather than lacking them.

The latter scenario seems to be the most reliable, if only because the former has been repeatedly tested without allowing Russia to acquire its own civilizational quality.

In Defense of the National Idea

Sergei Markedonov

The very survival of the Russian state could very well hinge on the question of its national self-identification. And the lack of answers to this "damned conundrum" makes the country's political stability, not to mention the progress and well-being of its people, almost impossible. Russians talk incessantly about more efficient economic models, doubling of the Gross Domestic Product, curbing poverty and reforming the education system and the Armed Forces, but all these endeavors will eventually prove futile. The majority of social, economic, political and managerial decisions taken per se – void of ideological content – are essentially getting us nowhere.

A government official who is not aware of his country's national interests is nothing more than a glutton for the taxpayers' money. Similarly, a well-equipped and well-trained soldier who is unaware of the reasons he bears the heavy burden of military service is nothing more than cannon fodder or a common brigand. Even the excitement that the sportsman feels will amount to nothing if the sense of the homeland disappears. (Perhaps this is the reason that the World Cup football championships involving national teams draw much greater enthusiasm than the heavily financed European Club Championships?)

Affiliation with one's homeland and state does not simply unite millions of people together in a human community. It

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unites them in a shared perception of their common history, common sentiments, and a common faith in the prospects for the future, or, likewise, a shared disbelief in the possibility of a common future. After all, the Soviet Union and Yugoslavia disintegrated because of mass disenchantment with the Communist idea and its promise of a bright future, and not because of the Belovezha Forest "scheming" [a decision by Russian, Ukrainian and Belarusian leaders made in the Belovezha Forest preserve in Belarus in 1991– Ed.], plotting by the Americans, or "Jewish-ridden mason lodges."

The life of an individual who has the sense of belonging to a community has a meaning that is hard to understand at the rational level. How could one possibly explain by rationalistic logic the fact that thousands of Russians – who enjoy access to all the benefits of Western civilization and are potentially capable of engaging in successful commercial or research activity abroad – choose to live in Russia and are ready to go through the outrages of "managed democracy." The people show a readiness to stay with their nation "right where it, unfortunately, is," or "right where it will, fortunately, be." The government receives millions of opinions from members of this community called 'Russia.' These sentiments are out there floating in the air in the form of mass notions, perceptions and emotions. The government must simply collect these opinions, summarize their messages, and express the people's collective will at the level of rationale – with the aid of laws, legislation and practical policy instruments. This means that, apart from furnishing people with answers to questions such as, 'Who are we,' 'Where do we come from,' and 'Where are we going,' a national policy must explain the historic and practical import of the country's existence. Without an intelligently conceived and comprehensible national policy, it is impossible to understand what force has brought together the Russians, Tatars, Yakuts, Kalmyks, Jews, Armenians, and others, on a territory that takes up one-eighth of the land surface of the Earth. It will remain unclear why they should continue this unity, what price they should pay for it and what sacrifices they should make if need be.

Answers to these questions are the real identification marks of any nation-state.

But do the one hundred and forty-five million people living in the Russian Federation know for certain which of those marks really express their will? Furthermore, what meaning does the state assign to its existence? How does it justify it? I dare say there is no clear system of identification marks even in the minds of those who must have it by virtue of their occupational duty. In fact, they mull over several such systems. The problem is that no one system provides for the image of Russia as a young and democratic state that rose from the bourgeois democratic revolution of August 1991. At the same time, however, there exist some mythical images of Russia.

Russia's national policy designed at the turn of the millennium took no account of the importance of supra-ethnic principles in nation-building.

Myth number one pertains to the image of the Soviet Union, which the people cherishing that period associate with a golden age "when people lived like gods knowing no grief but serenity." How do they look at today's Russia? They view it as a pitiful vestige of the great Soviet Union, a deficient state that is not worth defending.

But was it not the Soviet Union that split into fifteen separate entities along the ethnic principle? Was it not Soviet policy that suppressed the freedom of all citizens without exception and brewed the resounding ethnic conflicts in Nagorno-Karabakh, Abkhazia and Transniedstria, while verbally proclaiming the hitherto unheard-of rights of all constituent peoples? Moreover, was it not the Soviet leadership's stubborn refusal to democratize the country that eventually let the various nationalistic forces pulling the country apart join a powerful anti-Communist movement?

Myth number two is the Russian Empire whose "historical continuity we must restore," as the propagators of this concept proclaim. But such logic would also necessitate the restoration of classes, the monarchy, and the Jewish Pale of Settlement [a prohibition that demanded the Jews live beyond a certain internal border – Ed.]. Thinking along these lines, we may go as far as a return to

serfdom. But was it not the Russian Empire's archaic autocratic regime and the policy of ethnic limitations that paved the way to the Red Turmoil of 1917 and the empire's eventual ruin?

Myth number three talks about Russia's "rebirth" or "return to its roots." This idea is extolled by leaders of ethnic nationalist movements in Russia's constituent republics and by all kinds of regional movements (the Cossacks, for example). The masterminds behind the "rebirth" project underline the exclusively ancient origins of their ethnic groups and bluntly claim property rights to "indigenous lands." They seem to be undisturbed by the fact that restoration of the past will necessarily bring back the problems of the past. While they are making claims, we are becoming witnesses to the re-emergence of abreks [old-time brigands] in Chechnya and in the entire North Caucasus, to nepotism raised to the level of government policy, to restrictions on businessmen "of alien blood," and to demands to deport "aliens" or non-indigenes from the "indigenous lands."

Remarkably, the creators of these three myths angrily condemn one another, yet their seemingly different slogans are basically similar: today's Russia does not exist as a reality for them and is of no interest to them. They detest the new historical community that is taking shape in the public consciousness of our compatriots. This historical community represents the nascent civil-political Russian nation. Had this realization not entered the mind of the average citizen, this country would have followed the path of the former Soviet Union or Yugoslavia. Numerous opinion polls indicate that even the Chechens, Russia's most problematic ethnic group, mostly link their future to the Russian Federation, which means they welcome Russian citizenship. Add to this the number of immigrants to Russia, people who failed to settle in their historic homelands (Germany, Greece and Israel, for example), and chose to live in Russia. There is an increasing tendency for people to choose Russia over their "land of kinship by blood." Now, can you imagine the Abkhazians associating themselves with Georgia, or the Armenians living in Nagorno-Karabakh with Azerbaijan?

Of course, the subconscious assimilation of an individual as a Russian does not suffice for forming the Russian nation. Thus, the government must work hard toward the eventual rise of a civil-political community that will incorporate, as Alexander Pushkin put it, "all tongues in her [Russia's] use."

Yet the elaboration of an ideology as a set of values to be shared by all Russian citizens has so far failed to win the attention of the Russian government. The formation of a new Russian national identity has been pushed to the sidelines of the political agenda by issues of power and property control. The fact that Russia is a multi-ethnic and multi-religious country is realized by all segments of the social and political forces. However, mere affirmation of this fact is insufficient for a successful national policy. A united social, economic, political and legal space will become a reality – not a proclamation – only if all the inhabitants of Russia develop an understanding that they belong to their nation by virtue of shared civil and political identity, and not through the bonds of blood.

Such an approach does not deny ethnic identity as such, nor does it call for dropping ethnic identity in favor of political loyalty to the state. Like any individual who has private interests, together with interests shared with the community, members of each ethnic group in Russia may continue their affiliations with their narrow group/corporate interests and also supra-ethnic common values. This approach will affirm the fact that Moscow is the national capital and the Russian tricolor, the national standard. This approach implies the practical materialization of Ernest Gellner's formula, which argues that a nation is a fusion of good will, culture and statehood.

In the meantime, Russia's national policy designed at the turn of the millennium took no account of the importance of supra-ethnic principles in its nation-building. On the contrary, Russian national policy planners stressed the importance of rendering support – political, financial, social or humanitarian – to the so-called ethnic/cultural autonomies. In reality, this meant supporting the elites of various ethnic groups – from Russians to indigenous

peoples of the North. In fact, national policy was replaced with a folklore/ethnographic policy. Its set of instruments was mainly comprised of heavily budgeted feasts and festivals of folk cultures, as well as innumerable "dialogs" and roundtable conferences involving spokespeople from ethnic communities and diasporas.

Furthermore, in Russia's constituent republics this policy was conceived as granting the representatives of titular (indigenous) ethnos preferential positions in government agencies and business. As a result, in those regions the principle of "blood kinship" took root in the social, economic, political and human-resource practices, and suppressed the rise of civil society institutions. Affiliation with a titular ethnic group acquired greater importance for these people than did their association with Russia in general, the Russian state or society.

It is quite obvious that this dilemma cannot be solved by a return to monarchy or the Communist ideology. Consequently, a new supra-ethnic national idea should rely on different principles – democracy, loyalty to civil society, and patriotism toward the Russian state. However, if those people who are currently trying to discredit democracy are ultimately successful, their efforts will not rebuild the Millennium-Old Russia or Holy Rus. Indeed, their efforts will bring the Russian state to ruin.

Russia's effective Constitution clearly defines the country's political and legal foundations as democratic in nature. Thus, any renunciation of democracy, to say nothing of officially fixing that renunciation, would be tantamount to destroying the foundation of the edifice of a renovated state. It is equally obvious that the development of supra-ethnic national policy principles will not be a one-step action. Such a policy cannot be decreed since it will require new conceptual and technical approaches – from unification of education principles (in humanities, in the first place), to changes in the information policies of government-controlled mass media. Indeed, how long shall we continue printing textbooks in which the Sumerians and Etruscans are described as the ancient ancestors of the Tatars, Bashkirians, Ingushes and other ethnic groups?

The Concept of State National Policy, the only document specially devoted to Russia's ethnic problems has, for a variety of reasons, failed to become a guideline for action. Right after its adoption in 1996, the document stirred argument among political analysts; the debates still continue today. However, it is important that the Concept, good or bad as it was, appeared during Boris Yeltsin's epoch. This was a time when Russia was just starting its new nation building, and its territorial integrity hinged on buying – openly or covertly – the loyalty of regional elites.

Today, the concept of Russia's national policy requires revision, but this must not boil down to simply rewriting certain paragraphs so that they agree with transitory changes in the Kremlin. First, we need a document with an entirely new set of notions. Second, it must not be some sort of a bureaucratic epistle, but a clear message to Russian nationals of different ethnic origins and religious affiliations. Third, it should contain an ideological project that is oriented toward the integration of peoples, as opposed to maintaining a "civilized" form of apartheid.

Russia's national policy has been operating with a language that is based on archaic Stalinist conventions. Russian politicians continue to equate 'nation' and 'ethnos,' while they interpret the concept of 'nation' as a "historically-formed community of people that arose from a specific language, territory, economic practices and psychological mold and manifest in a common culture." This means that state policies are targeted at ethnically formed nations, i.e. collective entities, not individuals. Hence the state assigns little value to civil and human rights, giving priority to the rights of ethnic groups as opposed to individuals. This approach produces the notion that an ethnic group has rightful claims to a territory denoted as "national republic." On the face of it, a new concept of national policy should regard 'nation' as a civil and political society, an association of Russian citizens irrespective of their ethnic or social origin as a source of sovereignty.

The issue requires more, however, than a mere change in terminology, or the simple redefinition of the word 'nation.' It amounts to giving a new content to national policy. Karl

Deutsch's concept of nation as a society that has acquired the state machinery and put it to its service could become an ideological and political formula of a revamped national policy. If Russia fails to overcome the "cult of blood kinship" and form a civil society that would replace the vertical bureaucratic structure, it will be doomed to an existence that is fraught with the specter of civil war and a permanent search for friends and foes.

The formation of Russia's new national policy is taking place amidst the broadening global crisis concerning the concept of the nation-state, which is instigated by the confrontation between globalization and ethnic separatism. Russia has a unique opportunity to reconsider and reformulate particular values of the nation-state that have long turned into axioms in Europe and the U.S., where they have lost novelty – and sometimes even adequacy. As a young state in search of identity, Russia has a chance to offer a new efficient model for national relations – both for its own good and the good of the world.

To Save and Protect

Svetlana Babayeva, Georgy Bovt

The idea of maintaining Russia's territorial integrity is being discussed these days with an air of solemnity that may appear strange to the politically disinterested man on the street. Indeed, the nation's current economic situation is fairly satisfactory, the government shows stability and there are no cataclysms in sight that should bedevil us. Nor are there external foes plotting a perfidious invasion to seize Russian oil and gas. The political changes due in 2008 do not yet hold any unpleasant surprises; at least there are none on the horizon at the present time. So unless one considers the situation in Chechnya or the North Caucasus, the skies over Russia look fairly bright and clear.

Why then all the talk about the need to preserve the country's integrity? Against today's background, this debate seems to betray a stark lack of confidence in the future.

More surprising, the apocalyptic protests about impending threats to the country's unity are heard amidst absolute public silence. After all, one would expect that the loud debate be followed by some detailed proposals on how to confront the problems.

So, if one listens carefully to the complaints, what are they really about?

There is definitely some stir in the government. It is arguing over the inflation levels (although differences over them fit into

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the 3 percent margin); infighting continues in the Gref-Kudrin-Fradkov triangle; there is much talk about the need to decide how to use the Stabilization Fund, as well as the Investment Fund.

The long-awaited national projects have been made public, and unless one questions the practical technicalities of their implementation (and nobody does), the projects look unquestionable. It is hard to imagine that, given the projects' support from the big guns of the mass media, they may suddenly appear to be a losing effort on the part of the government.

One gets the impression, however, that the main propaganda pitch in support of the national projects has been reserved for 2007 and 2008 in order to create a favorable background for the election. Otherwise, if the projects are announced prematurely, the anticipated grandeur of the plans may be overshadowed by the pale reality.

Half-hearted talk of reform in municipal housing and utilities, taken together with problems plaguing the Armed Forces, corruption, wild bureaucracy, impoverishment and variegated social problems are all under the authorities' ideological control and out of the opposition's reach. And even if the latter did attempt to make these issues instrumental, society does not show much concern about them anyway.

DEAFENING SILENCE

Human rights and civil freedoms have long been driven to the sidelines of public debate. Despite the West's attempts to infect the Russian people with their concerns, as, for example, with the recent law on non-governmental organizations (Western quarters believe this legislation dramatically restricts NGO's powers and opportunities in Russia), Russian society remains immune to these apprehensions; it accepted the controversial law nonchalantly.

Even corruption produces a rather feeble reaction, which is heard in idle conversation throughout the town. In Russia, corruption does not limit itself to the upper class only. It has permeated all social strata. The country has long lost the habit of living according to the law and has begun to co-exist with the condition.

And if one looks at the situation from a broader angle, today's Russia does not have a single commonly stated national problem that could awaken society for a serious nationwide discussion and, consequently, for a real political opposition.

Opinion polls indicate that increasingly more Russians are developing a preference for a one-party system. Also, fewer Russians are interested in elections as a means for choosing substantive programs, on the assumption that the big shots will decide everything all the same.

The phrase "the bosses will decide without us anyway" sounds rather hopeless amidst the public silence. It overburdens no one and poses no problems. Is it a manifestation of "Russia's special path?" Does this attitude signal that what other peoples view as hardship and encroachment on their lives is to Russians a harmonious and comfortable way of existence?

THEY JUST DON'T CARE

Political dormancy and indifference have engulfed the people who have turned their energies to the realm of material rather than political ambitions. The consumer boom is rolling through the country, in some places energetically – occasionally even glamorously. Those immersed in this new lifestyle have no propensity for political ruminations, while the high-browed experts claim these people simply "got tired of politics." However, it is these people – the very middle class – that were supposed to highlight the dreams and hopes for acquiring a guarantor of stability and efficient democracy at the start of the reforms. It appears, however, that the more populous this class becomes the less it craves that democracy. What it cares for is the simple joys of life and pleasure-making. While understanding the meaning of "the rights of consumers," these people cannot logically link this notion with "human rights." Nor do they make a logical link between their own material status and the realization that it cannot exist outside of the social system that is wrapped up in public apathy.

There are also people who were not overtaken by the consumer boom, who are trying to cope with the new reality, relying most-

ly on bare subsistence and floundering desperately in poverty and alcoholic degeneration. Experts classify them as individuals "struggling for survival" who have no time to care for politics. This is rather strange, since history knows many instances where the marginalized were interested in the political scene.

Faddei Bulgarin, a Russian man of letters, wrote in the *Syn Otechestva* magazine 150 years ago: "There are mutually accepted terms between the Czar and myself. He protects me from external enemies, from internal villains, from fires and floods, he tells me to lay cobblestones on the pavement, clean the streets and turn on street lamps. In return, he expects me to sit quietly. So I do." But one thing history teaches us is that such sitting does not last forever. General history develops in cycles, while Russian history tends to move forward in leaps. At this point Russia may be standing on the threshold of such processes. They have latent forms yet, but it does not mean that the Russian scene is totally free of nascent developments of some kind. Add to this the obvious setbacks that the government has had in paving streets with cobblestones, turning on street lamps and – the most unfortunate part of all – in protecting the people from internal villains.

In the wake of it, the popularity of a single-party system is growing and the popularity of elections is declining.

TAKE TO RED SQUARE?

Given this environment, some Russian political experts have bred amazing ideas about the indicators of democracy in this country. "Why do you say we don't have freedom of speech? Look at the discussion taking place in the mass media. (What discussion, where and who ever saw it?) Look at revelations in the Internet and at NGO's statements," they tell us reproachfully, giving up the role of analysts for the role of propagandists. Their arguments, ostensibly confirming pluralism in the country, bring to mind an old Soviet-era joke: Everyone in this country has the freedom of coming to Red Square and shouting out "Reagan is a fool!" These "experts" either do not know or simply prefer to ignore the truth that shouting in public in other parts of the world means influ-

encing decision-making, not just rending the air. In Russia, there has formed a belief that shouting with no practical effect attests to democracy. That is why even words uttered by people at the top have turned into senseless pounding gums. A person may debate an issue by yakking on the web endlessly, but this yakking will not affect whatsoever final decisions.

Words are losing value. When people have to say something in the absence of anything to say, all talk transforms into demagogy. At this point, words come to veil essential developments. They stop meaning the things said. Words stop entailing deeds, and the deeds become as shallow and frothy as the words.

A Russian has always lived with a feeling that says: "I know much more than others."

As a result, a whole class of redundant people, frustrated over empty chatter, drift away from reality. Then, when the time comes for this class to be called upon, it will not believe the calls. It will not rise to support them. History knows of instances when such departures from the scene helped to generate an alternative elite that would later return to the levers of decision-making, for example, during the reign of Russian czars Alexander I and Alexander II. Yet history knows of other instances, too, when a departure from activity brought about a gradual collapse of the system.

TO FUTURE ADVANTAGE?

But why all this talk about threats to national sovereignty, on the one hand, and the endless protests that upset our official optimists, on the other hand (for example, concerning the "inadmissibility of postponing reforms, growing problems with infrastructure, stagnation," etc.)? Perhaps this is just an objective process of consolidation of what was gained during the boisterous reforms of the 1990s? Or is it possible that the huge country – an endless wild wagon train – is dragging to the point that has already been reached by the vanguard of Russians (for instance, residents of megalopolises who have already secured their niches in the new market reality)? Or maybe

stagnation of some kind is really necessary so as not to make our feet sore in the long march? Would it be better not to jeopardize the affluence of the booming oil prices by some risky reformations? And is it worthwhile to subject society to reforms at the present time?

History has hardly any precedents where reforms would be procured for the future. In an overwhelming majority of cases, they were necessitated by reality. Or else they would be demanded by lower walks of life, which suddenly realized their existence had grown unbearable. So why is it possible to demand now that the Russian government invalidate history and start spitting against the wind? And do all phrases like "Look, the country's swerved from the right course" mean anything more than a jaundiced desire to vex the authorities that have built this blessed stability?

Some will explain it by a Misgiving; others will claim the air is filled with a lack of confidence in the future. Still others will speak of the feeling of insecurity, that the country has no firm ground and may fall to pieces if swayed. Let's be serious. It's not normal to accuse others of being the cause of your fears, or to perceive those fears as someone's guilt. But why then is everyone focused on today, reluctant to look at tomorrow? And what does the future have in store for us?

GOING ONE'S OWN WAY

After several years of meandering along the Western path, and then wasting time in an attempt to find some way to combine traditionally Russian and European traits, Russia seems to have decided to return to life as it was in the Soviet Union – quiet and familiar. And it's useless to point at the big shots that ostensibly goaded the country into this state. The decision to revert to the Soviet past came from those who showed solidarity with the government and were prepared to be led there by the hand. At a certain moment, the people wished to have a government of that sort. The motive was a craving for tranquility where there is no personal responsibility and where one can always place responsibility on the upper echelon. It is much easier to live along the servile "what-can-we-do-for-you" policy than to

invent something new, prove your worth to others, create or deny something. Living by the Soviet Union formula and having enough money ensures the simple joys of life. What more can a man dream of?

The nation's retreat into a state of vegetative placidity is expressed in opinion polls as a "return to conservative values." "People got tired of revolutions and mimicking the West," the advocates of the new life claim. But is it true? Do Russians really know what Western values are? And what do they mean by saying "conservatism?" One may get the impression that after less than two decades of painful jumbling of Western values misinterpreted by local "experts," after years of rushing side to side in a complicated economic and political environment, the country failed to find instantaneous happiness; it became disillusioned and reverted to the past.

Let us clarify one thing, though: no one ever bothered to explain or implant any new values. No one ever tried to set reference points for moving forward. There was only a period of trivial robber baron capitalism, an outrage of the strong and powerful, and the helplessness of the weak. The powerful side stuffed itself with things inaccessible hitherto, be it money, power, sneakers, or BMW vehicles. But there was little else aside from it. Most dramatically, there was no understanding of where we wanted to go or whom we wanted to transform into. Our historic memory was anchored in the Soviet past. Thus, the best thing Russia proved able to invent was a coming to terms with itself and reverting to the past. Youthful days always arouse warm memories, even if they were passed in a shantytown.

A NEW RUSSIAN PATH

When people start waving banners that declare for the defense of national sovereignty and the maintenance of territorial integrity, more often than not they are referring to some preservation measures against something coming in from abroad, against cultural or civilizational influences. Their vigilance shot up markedly after the Orange Revolution in Ukraine.

Undoubtedly, the present tactic of annoying the West by little pinches does not compare to campaigns against cosmopolitism waged in the past, while sporadic efforts at spy-hunting resemble petty pranks compared with the scale they might have acquired had the political elite, a progeny of the Soviet past, let loose its deep-rooted instincts.

There are individuals who are scratching their heads in search of a scientific terminology to explain the phenomenon; they are attempting to formulate what they call "Russia's own path." Their arsenal of arguments is anything but platitudes. They have been used and proved workable in other countries, and that is why many have an illusion that the arsenal will show its worth again after being mended and revamped. And what if their conviction is erroneous?

The planners of this road to sovereignty are marking it off with signposts carrying slogans like "Sovereign Property and Capital," which implies, for instance, a subtle "no" to foreign capital, since it carries alien values. The idea has already had an impact on legislation, witnessed by attempts to erect administrative mechanisms for protecting Russian car manufacturers and aircraft builders, or to single out "strategic industries." If someone is tempted to think this will defend Russian capital, he should not forget that it would remain Russian capital, indeed, but not private capital. It will definitely turn into a capital for the bureaucrats, slightly disguised by a formula of private-state partnership — in its specific Russian interpretation. The system has clear contours that Marxist theory classics ascribed to the Asiatic method of production — a marvelous theory, although never fully shaped.

Fierce criticism of the vices of oligarchic capitalism, however late it came from the intellectual viewpoint, has finally begun to take an ideological slant. It stresses the benefits of comprehensive nationalization. References to regulated prices are now on the lips of even those who designed liberal economic mirages of the future in various research centers less than a decade ago. Now they confess the bankruptcy of their ideas, with eyes cast down. They look as if they are quoting a Soviet-era philosophic song: "How young we were in those days, how much we believed in ourselves...."

Humans are humans, and it is easy to understand them. Russian capitalism has demonstrated extreme cynicism, social irresponsibility and corruption, and any person concerned about the country's future often slides into despair watching the events as they transpire. The situation may seem hopeless, and hence the question: How should people without a Harvard School of Business background feel if the only thing they saw in their life was the functioning of the administrative resource, supervised diligently by men with "ardent hearts, cold minds and [more or less] clean hands," as the founder of the Soviet KGB, Felix Dzerzhinsky, would say. Such a life experience makes the nationalization of any functional assets left in this constantly robbed country more useful than anything written by Adam Smith or the Chicago School of Business. It soon turns out, though, that as finance swells in someone's clean hands, they tend to get increasingly dirty. The ardent hearts get icy, too, and dreams of miraculous riches and unbridled capabilities agitate the one-time cool thinkers. The consequences turn out totally different to what was visualized initially. Circumstances may overpower the best intentions.

The political superstructure of this system was tailored on "vertical power control" and contained the same dual source of origin. First, there was frustration over the cynicism, hypocrisy and inefficiency that virtually all institutions of democracy and civil society, including the free mass media, had shown on Russian soil. In other countries, the very same institutions work smoothly and without ugly deviations. The second factor logically arises from the first one. Since everything is glaringly dysfunctional on the lower tier of society, it must have been set into motion from the upper tiers. This requires an all-embracing control, without trust in anything or anyone.

Yet, whatever process is attempted, be it from above or below, it must not be confined only to the aspects of life that the builders of the new system now focus on. It must spread beyond the infrastructure and overhaul the manufacturing sector, for example, or, spark technological breakthroughs. The process must do more than just reverse the economy's dependency on oil exports.

It implies more than just national projects with the purpose of invigorating the social sector. And it certainly means more than the consolidation of government institutions; such attempts will be doomed unless they acquire a new content that is moral, ethical and humanistic in the broadest sense. The same goes for all other spheres of our life.

This country needs a national humanistic project that is moral and spiritual in nature much more than it needs a doubling of the GDP. The great British economic historian, Arnold Toynbee, said that civilization – Western or Chinese, or any other (and Russia is not an exception here) – is determined by its secular and sacral culture every bit as much as its territory, borders, infrastructure and even government institutions. We must rebuild the integrity of culture above all other things today. The nation has become too alienated from culture, and the problem cannot be ignored at the state level anymore. In terms of the consequences, cultural alienation is far more ominous than the decaying infrastructures that we inherited from the Soviet Union. The problem is that few people acknowledge it.

A NEW HUMANISTIC PROJECT

It is scarcely possible to draw up a complete list of steps that could comprise the essence of a new humanistic project. It is obvious, however, that arguments about a pro-Western, Oriental or some other special pathway for Russia make no sense until a qualitatively new basis appears for choosing any of the three pathways. This does not mean, however, the state, its individual institutions or other forms of ownership. It means the people who populate its territory, their aggregated culture, the moral footing of society and the principles of people-to-people and people-to-government interactions.

First and foremost, the humanistic project demands a revolution, not just reform, in the field of education. Occasional financial injections will hardly help; even teachers' monthly salaries raised to 10,000 rubles to 15,000 rubles will mean nothing. The social and material status of the education system must rise to a level where the government attaches more significance to it than military defense. Otherwise Russia, while continuing to keep up with the

technological race for some time – in space exploration, ballistic missiles, or fifth-generation fighter jets – will lose the civilizational race. The reason is simple: the human products that our education system is churning out are not competitive in today's world.

A government must lead a concrete, and not merely formalistic, dialog with the nation. This envisions a rebuilding of people's trust in the institutions of power and their actions, which must be transparent. The actions may be not very popular, yet the authorities must know how to explain them in easily understandable terms. Take, for instance, changes in the Traffic Regulations; these should not be amended instantaneously, without preliminary explanations. Otherwise, it will just lend proof to the idea about the upper echelons' disregard toward everyone whose car roofs are not outfitted with flashing sirens. Also, the government should not attempt to replace tax and fee discounts by "subsidiary monetary remuneration" as it did last year – in a manner that a superior race would choose to communicate with lowly aborigines. Nor should it tout new tax benefits as some kind of benevolent handout: "freebies" given to some members of society are not a sign of the government's supreme virtues, but rather the redistribution of public wealth created by other members of society. The state is not God the Almighty; it is only a distribution agent.

Civilization does not boil down to notions like territory, borders, infrastructure, or even state institutions. It relies, above all, on secular and sacral culture. This is true for absolutely everything – from tax regulations for businesses to the work of passport offices to the issuance of benefits to enfeebled babushkas. There can be no reward in igniting the feeling that the people-to-government dialog resembles instead a dialog between a conquered population and occupation forces. There must be decency, accessibility, openness, and a common language that people find comprehensible. Speak in the format of national logic, commonly accepted by the government and the people; regulations and laws, for example, must become universal for everyone regardless of official status. Today, the absence of this universality erodes the country

much more effectively from the inside than any phantom external foes or orange-colored enemies.

The Russian establishment keeps speaking about consensus even in areas where consensus has never existed. Meanwhile, the ruling elite forgets that consensus is reached in society, not in political back rooms. Politicians are oblivious of society and only operate within a specific political field, i.e. opportunistic interests groups with narrow vision and espousing servile goodness. But the field is deceptive, and the reality is different from this deceitfulness. Even if the rank-and-file are endlessly stuffed with obnoxiously silly talk shows, recipes of culinary fads and cataclysms taking place "somewhere over there," it does not mean that all of the important questions simply vanish. Viceversa; the piling up of unanswered questions eventually makes people frustrated that it is impossible to get straight answers anywhere. Questions hang in the air and make it muggy. As a political scientist said recently, "the air in Moscow has little oxygen, yet this is not a reason to stop breathing." Then some people get suffocated, while others seek to fling open the windows.

There are few techniques capable of making the Russian man change. One way is to show him the colorful diversity of the world and not to restrict his freedom of choice and scope of vision, as was done for centuries. Being aware of a different mode of life and different methods of building life, one can learn the art of comparison. An ability to note and to compare things is the primary asset of living fully alive. A Russian, be he a slave or a master, a government official or a worker, has always lived with a feeling that says: "I know much more than others." New elements in a panorama of the world will first confuse his vision – and will stimulate his curiosity and willingness to know more about "things over there." Why kill that curiosity intentionally by lauding the so-called "third way?" Comparisons and reflections can give birth to new ideas and solutions.

No doubt, this approach has validity only for people who have curiosity, yet keep it suppressed. The ones without curiosity can be offered other solutions. For instance, you can breed in them a

revulsion against filth. This is not a problem since this is a reflex that can be made automatic in individuals with a perennially dormant mentality. Punitive measures and good examples can over time breed a culture of protests against the baser manifestations of human nature. Mean instincts are found in all ethnic groups, and there is no nation that is without sin. Yet the countries we refer to as "civilized" have managed in the past 50-150 years to devise mechanisms of pressing those manifestations of negative behavior down to acceptable levels. We witness it in the everyday life of the European countries where many drivers observe traffic regulations out of respect for the people around them, or maybe the fear of video cameras or road police. Or consider Singapore, where harsh penalties persuaded people to refrain from the habit of spitting and littering on the streets. Such measures are usually matched with the principles of tolerance in society and, as a result, a country forms a habit of abiding by at least a minimum of written rules.

As for the Russians, the Bolshevik revolution wiped out the class that carried the principle of tolerance, and subsequent Soviet bureaucracy would rather indulge in a policy of conformism and hypocrisy and would not get imbued with respect for itself or for others. A situation where neither the national character nor the external environment is conducive to mutual tolerance makes outbursts of violence imminent. This is what regularly happens, for example, during brawls involving football fans, skinheads, commuters on the highways – even between dacha owners and farmers from nearby villages. Violence permeates Russian society – and not just in the literal sense (between individuals or between people and institutions of power). Violence is occurring increasingly more at the theoretical level where it turns into a tool of solving problems – be it international disputes or litigious issues between corporations. This in itself is an ominous phenomenon.

The situation may worsen further in a not-so-distant future given the weakness of the law enforcement institutions and blatant omnipotence and impunity of the "power people" – from power bureaucrats to street criminals. And the aftermath from this scenario will not be confined to inter-ethnic rampages alone. As

Georgy Shchadrovitsky said during the Soviet years, "Russia is a strange country, horrifying and amusing at the same time, where non-existent things spring out of nowhere and get to the highest imaginable positions."

However utopian this may sound, there is one more way of counteracting all those vile instincts, and that is to stimulate benevolence, which was readily found in Russia in previous centuries. Since Russians are still famous for this quality, various power and state institutions must further encourage a degree of kindness in the people. Why not support and promote beneficiary activities and philanthropy and why not exempt it from all taxes? Why not stimulate – from the higher echelons, by setting personal examples – care for orphan children? Do this in earnest, not in the spirit of "preventing foreigners from adopting our children." Why not promote assistance to the sick and disabled? Why not make blood donation, for example, a program of action for all those mushrooming pro-government movements short of ideas but not money?

WHAT WE MUST SAVE

At the present time, few encouraging things are happening. It looks like time has stopped and is even lurching backwards. The re-emergence of phenomena like the Young Guard organization of the World War II era, events resembling the Soviet-era Socialist Competition at factories, documentaries about state bosses who passed away decades ago, and the re-emergence of Soviet lexicon along with the restoration of "the image of the foe" (it does not matter who the foe is – Ukraine, Georgia, Latvia, the West in general, or the still extant internal "opportunists"), are all signs of a struggle against time.

The contemporary Russian philosopher and writer Dmitry Prigov says in this connection: "Not a single country except Russia is trying to unite its people on the basis of the past." This sounds like a verdict as time will swallow either the actors or the fruits of their actions, and Russia will again rush into a rejection of its own past. Russia has seen too many periods when it dis-

carded its own past: almost every new ruler began his rule by destroying what his predecessor had done. This is exactly what happened during the rule of Nicholas I who succeeded to Alexander I, as well as with the reign of Alexander III who came after Alexander II. It also followed from the leadership of Stalin, Khrushchev, Brezhnev, and Yeltsin. It is the same way now. But there is also another problem: we have run out of the resource of durability, as well as the necessary stock to be crushed.

In essence, today's agenda has only one task. It is simple but has paramount importance over a doubling of the GDP, maintenance of territorial integrity, nationalization of property, beefing up the country's international competitiveness and all other things along those lines. The whole country, no, all of Russian civilization that took shape over centuries is really faced with a danger, one that is more threatening than any of the above-listed dangers, though.

The ones crying out for sovereignty and territorial integrity are making a horrendous mistake. They are trying to save the body, and what we need is salvation of the soul. Let us learn how to be kinder and more decent.

Soviet Legacy

“Attempts in Ukraine over the last 15 years to revise its history have been painful and contradictory. Meanwhile, Kiev still does not have an official or prevailing concept of its national history. There are many reasons for this, but primarily it is because contemporary Ukraine is made up of several large regions, each having a history of its own.”

History and Myths

Roi Medvedev

The breakup of the Soviet Union 15 years ago presented the newly independent states with numerous difficulties in economic development, state building and problems related to national and historical self-identification.

Successful self-identification within the post-Soviet states often involves taking a new look at one's national history. Not all titular nations in the CIS had states of their own in the past, but all of them had a history on which to build their national self-consciousness. Admittedly, it is a difficult task, and its fulfillment is only beginning. I will cite here just a few examples to show how this process proceeds.

In **Russia**, the analysis of Russian and Soviet history has undergone drastic changes in the last 15 years. The history of the Soviet Union was studied from the angle of the Communist ideology and included the history of the Russian Federation and all the other Union republics. Today, the history of the Soviet Union is part of Russian history of the 20th century; the historical science in Russia has been freed from ideological dictatorship. Practically all archives have been opened for study, and there are no more taboo subjects in domestic or foreign history, and it is even possible now to study foreign historical schools. Russian historians enjoy freedom in their studies and no longer have to follow political instructions or meet the demands of censors.

This new look at Russian history has not changed its main points but has changed many judgments. Thus, there have emerged

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Roi Medvedev is a famous Russian historian.

monuments to Alexander II and Nicholas II, and postage stamps devoted to the reign of Catherine the Great and Alexander I. The remains of Nicholas II and his family were buried in a formal ceremony in the burial-vault of Russian emperors in the Peter and Paul Fortress in St. Petersburg, and the Church on the Blood has been built at the site of his execution in Yekaterinburg. At the same time, attempts to reject the achievements of the Soviet times have failed. Russian history is full of contradictions; it is not simple and still is filled with many dark pages. Yet it is a great history of a great people, and its lessons are important.

Turkmenistan, a Central Asian republic with a small population and poor even by Soviet standards, was caught unawares by its independent status, which arrived like a bolt from the blue. Yet it has found support in its natural wealth, together with a new interpretation of its history.

The Turkmen lands were the last in the region to come under the authority of the Russian Empire. Having suppressed the resistance of the "rebellious *Teke* [the dominant Turkmen tribe – Ed.]," Russia established the administrative Transcaspian Region, with a population of less than one million. These semi-nomadic people, mostly from poor villages, almost lost their ancient culture. Islam failed to strike deep roots there; as of 1991 there was not a single mosque in Turkmenistan's capital Ashgabat. Furthermore, the Koran was never translated into Turkmen, while liberal concepts popular to the West were not known in Turkmenistan, either. Out of this environment emerged the idea of *Rukhnama* – a new "Holy Book" for Turkmenistan and the Turkmens, written by President Saparmurat Niyazov, also known as Turkmenbashi ("Father of all Turkmens"). In an effort to avoid claims and encroachments from abroad, peaceful and resource-rich Turkmenistan has chosen a path of ideological and political isolation and neutrality. Newly constructed mosques contain inscriptions on their walls, but these are not quotes taken from the Koran but from the *Rukhnama*, a mythologized history of Turkmenistan and its people. (Formerly, it was believed that the first state entities appeared on the territory of modern Turkmenistan in the 6th or 5th centuries B.C. By the

authority of Turkmenbashi, and according to excavations in the Kara-Kum desert, the time of the emergence of civilization and the written language in the region was put at several thousand years ago. Along with the four centers of ancient civilization — Mesopotamia, India, China and Egypt — scholars in Ashgabat now rank as a fifth center the ancient civilization of Margush, a country that emerged several thousand years ago on what is now Turkmenistan.) *Rukhnama* is an epic, yet it is void of the aggression that permeated *The Short Course in the History of the Soviet Communist Party (Bolsheviks)* — the sacred book from which I studied the history of the Soviet Union at the Leningrad University in 1946-1951.

Another hotbed of history is **Armenia**, which has always been keen on its past, while embracing many national myths. The myth that Armenians are a "peculiar people" is understandable but a bit wide of the mark. Closer to reality are the images of a "Christian people in a hostile environment" and "the primacy of the Armenian Christianity." In Armenia, many works are published on the history of the Armenian Gregorian Church. The Armenians have survived as a nation not so much due to their language and culture as to their independent Church: Armenia adopted Christianity in 301 A.D.

In the late 1980s and early 1990s, Armenian historians focused on the subject of Nagorno-Karabakh and Armenia's historical right to that territory. The independent nation, together with its large Armenian Diaspora, devoted much attention to the 1915-1916 massacres of Armenians during the reign of the Ottoman Empire, which represented the first case of genocide in the 20th century.

Armenia boasts probably the richest collection of ancient manuscripts and books in the world, which is kept in the residence of the Catholicos of All Armenians in Echmiadzin. Over the last ten years, many textbooks on Armenian history have been written anew in the country. Their authors emphasize the huge positive effect of the inclusion of East Armenia into Russia, which "saved the Armenian people from extermination."

The opposite sentiment prevails in modern **Georgia**. (During the early decades of Soviet rule, all major textbooks on the history of Georgia, both in the Russian and Georgian languages, required the

personal approval of Stalin.) Like Armenia, Georgia was repeatedly attacked by Arabs, the Seljuk Turks, Mongols, Iranians, and again Turks. Yet Georgia enjoyed periods of long independence and even the "Golden Age" of a feudal state. Georgian historians have not revised their assessments of events pertaining to the period from the 4th century B.C. to the 17th century A.D., but they have pushed Georgian history further into the past. Several years ago, under President Eduard Shevardnadze, the nation celebrated 3,000 years of Georgian statehood, followed by the 2,600-year anniversary of peaceful coexistence between the Georgian and Jewish peoples. Previously, however, it was believed that the first state in Transcaucasia, Urartu, appeared on the territory of Armenia in the 9th century B.C.

Georgian scholars have drastically changed all assessments of Georgian-Russian relations, and one may get the impression that Russia forced Georgian czars and princes to accept Russian rule. Contemporary Georgian historians argue that, along with Iran and Turkey, Russia was a "historical enemy" of Georgia; some of these historians now argue that, had Georgia joined the Muslim empires, it would have experienced a lesser evil because "the other historical enemies of Georgia would never had encroached on Georgian statehood per se."

In 1918, the Democratic Republic of Georgia was established; it existed for just three years. Those years are now described as the most heroic period in the 20th-century history of Georgia. May 26, the day of the proclamation of the "First Republic," is now the main national holiday in Georgia. Most Georgian leaders describe the entire Soviet period in Georgian history as a time of humiliation, occupation, oppression, shame and Russification, and deny there was any success and development at that time. Russophobia was so intense in Georgia that by 1991 the local Supreme Soviet (parliament) abolished the traditional Soviet holidays of May 1 and November 7, and even Victory Day of May 9. Later, Shevardnadze asked the parliament to reinstate Victory Day as a national holiday, but his proposal was turned down. Last year, Georgia's current president, Mikhail Saakashvili, declined Russia's invitation to attend celebrations of the 60th anniversary of Victory Day in Moscow, saying: "This is not our holiday."

Apart from Russophobia, Georgian scholars now propagate the concept of Georgia's historical and cultural superiority over Russia. No one disputes the fact that the Georgian Kingdom was established much earlier than the Moscow Kingdom, or that the city of Tbilisi was founded 400 years earlier than the establishment of Kievan Rus. Yet today, at the beginning of the third millennium, one could propose many other criteria for assessing the viability or non-viability of a nation or state.

In the Middle Ages, the territory of present-day **Kazakhstan** was part of the Mongol Empire; the Kazakhs were nomads. The Kazakh Khanate, established in the early 17th century, is believed to be the first Kazakh state. The Kazakhs began to develop as a nation only by the end of the 19th century, and the first attempt to write their own history dates to the 1920-1930s. The first textbook, *The History of the Kazakh Soviet Socialist Republic*, was issued in 1945.

The government of independent Kazakhstan supports historical studies in the country: the horrors of collectivization, dispossession of the kulaks, famine and reprisals in Stalin's times are no longer hushed up. During Stalin's rule, members of many ethnic minorities – Germans, Chechens, Ingush and Kalmyks – were deported en masse to Kazakhstan where they were forced to live in hundreds of special settlements, or placed in dozens of concentration camps. Later, the Soviet government launched a program for using Kazakhstan's vast steppes for agricultural purposes. Thousands of people from around the Soviet Union were sent to Kazakhstan to carry out the program. Yet politicians and historians of Kazakhstan do not describe the Soviet period only as a time of oppression and reprisals. It was in those difficult decades that the Kazakh nation consolidated, culture developed, the forms of statehood emerged, and the mining of its natural resources began. Kazakhstan takes pride in the contribution it made to the victory over Nazi Germany; May 9 is recognized as a national holiday, and the main street in the new capital of Astana is named Victory Avenue.

Kazakhstan carefully studies its past, while, at the same time, looks into the future. It is the only state in the CIS to have a painstakingly planned strategy for developing the country, which

looks into the future until 2030. History in Kazakhstan is not used as an instrument of contention or a source of various kinds of phobias. President of Kazakhstan, Nursultan Nazarbayev, wrote: "The unity of Kazakhs, based on a careful – I would even say reverent – attitude to their historical past, can and must become a powerful creative force and a reliable means for solving difficult social and economic tasks." Kazakh scholars apply this point of view to the study of difficult issues, for example, relations between nomadic Kazakhs and farmers from among Russian Cossacks, who invaded the vast Kazakh steppes to defend Russia's frontiers and settle in the region. One of the most famous Cossacks, named Yermak, is no longer viewed as a hero but an anti-hero in the Kazakhstan's new history. Soviet President Mikhail Gorbachev ranks as a historical figure who is not remembered kindly in the country.

Then there is **Uzbekistan**, a country with an ancient history. Irrigated agriculture began there about 3,000 years ago, while the first towns appeared before Christ. The area between the Amu Darya and the Syr Darya rivers, known as Maverannahr, was the best-developed part of the region, which was repeatedly invaded by other peoples. It is believed that the formation of the Uzbek nationality was completed in the 12th century. In those times, Maverannahr was a center of Moslem culture and learning, where many renowned poets, scientists and wise men of the East lived. These individuals wrote in the Persian and Arab languages. In the early 13th century, Mongols conquered all of Central Asia. Their empire was not unified, however, and in the middle of the 14th century one of the local rulers, Tamerlane, known also as Timur, founded a new powerful empire with the capital in Samarqand. Tamerlane is historically known as one of the greatest and cruelest conquerors, still remembered unkindly in the Caucasus, Asia Minor, India and China. But it was Tamerlane who helped Russia to free itself from the Mongol yoke. In three military campaigns (1389, 1391, 1394-1395) he defeated the Golden Horde and plundered its capital Sarai Berke. The dynasty of Timurids reigned in Samarqand for over 100 years, which is now considered to be the Golden Age of Maverannahr.

Uzbekistan has a rich history, although by the time it was conquered by Russia this region was already in decay. Soviet power was established there with the help of Revolutionary Committees and violence and became strong only by the 1930s. Uzbekistan did not have a revolutionary history of its own, while Moslem values were of no interest to Communists. However, the Bolsheviks built a system of mass education in the republic, which produced the Uzbek intelligentsia.

The development of the republic within the Soviet Union was rapid yet uneven. There were few ethnic Uzbeks in the Communist Party and government elite; therefore, many cultural figures in the Soviet Union viewed Uzbekistan as a remote province and a cultural periphery. Since the republic gained independence, however, it has done much for the development of its economy and culture. Uzbekistan seeks to regain the status as an education and science center in Asia, as well as a center of Moslem learning.

The country began the revision of its national history with several symbolic gestures. In the Soviet years, a monument to Karl Marx stood in a public garden in downtown Tashkent, which was similar to the one in Moscow. One day the monument disappeared, and it was replaced by a monument to Tamerlane, depicting a horseman with his arm stretched out forward. An inscription on the pedestal cites the words, which, as legend has it, were the conqueror's motto: "Force and justice." On another square in Tashkent, a monument to Lenin has been replaced with a huge globe depicting an enlarged relief image of Uzbekistan.

Despite these changes, however, no one in Uzbekistan denounces everything with a connection to Soviet history, however critical one's attitude may be. Such an approach helps to better assimilate the Soviet legacy; Uzbekistan has even taken a new look at the so-called "cotton affair" of the 1980s. Like the Kazakhs who still esteem their former Communist Party leader, Dinmukhamed Kunayev, Uzbeks show deep respect for their former leader, Sharaf Rashidov. Uzbekistan today closely studies its own history and the history of the entire Moslem East, while Tashkent has become an important center of Oriental studies in

the world. Uzbekistan has canonized Tamerlane as a key figure in its national history, yet it does not reject the social achievements and cultural heritage of the Soviet period, as well as the values of socialism. Thus, in the heart of the Islamic world, new Uzbekistan is being built on these seemingly incompatible concepts.

This brings us to **Belarus**, where even before the breakup of the Soviet Union, there was a small yet very active group of deputies in the local Supreme Soviet who accused the Belarusian nation of forgetting its own language and history. This nationalist group, led by the ethnographer, poet and photographer, Zenon Poznyak, argued that the Grand Duchy of Lithuania, a feudal state of the 13th-16th centuries, was the original Belarusian state. In fact, however, the ruling dynasty and the larger part of the aristocracy in the Grand Duchy of Lithuania were not of Slavic origin, but Lithuanian.

When the Belarusian lands later became part of the Rzeczpospolita, the Belarusian people were Polonized and the Belarusian gentry converted from Orthodoxy to Catholicism. After the division of Poland, the Belarusian lands were then made part of Russia. In those times, the peasants were oppressed both in Belarus and in Russia, but the Polish Catholic influence was still strong among the Belarusian gentry and the small middle class. Individual groups of Belarusians participated in the Polish uprising of 1794; many others joined Napoleon's army in 1812 or the Russian army commanded by Barklai de Tolli. Belarusians participated in one more Polish uprising, this one in 1830-1831, while Kastus Kalinovsky, a Belarusian, was one of the leaders of the Polish uprising of 1863-1864. He was executed in 1864, but has always been remembered by all generations of revolutionaries, including all generations of Belarusians, who honor him as a national hero. And yet, the majority of the Belarusians accepted the assimilation of their lands into Russia not as a national catastrophe but as the joining of two fraternal Orthodox peoples.

Unlike in Ukraine, Soviet power was established in Belarus without a civil war. And it was only within the Soviet Union that Belarus acquired initial forms of statehood, while Belarusians received the status of titular nation of a Union republic. In the 20th

century, World War II made the most significant contribution to the national consciousness of the Belarusians: the memory of their joint struggle and a difficult victory. Attempts by radical nationalists to almost completely revise the history of Belarus failed to win the support of its people and the intelligentsia. Belarus has preserved a common state ideology, which has retained all major signs of the Communist ideology. The history of the country is an important part of this ideology, and its key concept is social justice. The last in a series of textbooks on this subject – *The History of Belarus from Ancient Times to the Present* by P.G. Chigirinov (Minsk, 2004, 667 pp.) – is characterized by an unbiased approach and a non-aggressive tone. Moreover, it does not separate the history of Belarus from the general history of Russia and the Soviet Union. November 7 and May 9 are still national holidays in Belarus, while April 2 is marked as Day of the Unification with Russia.

By comparison, attempts in **Ukraine** over the last 15 years to revise its history have been painful and contradictory. Meanwhile, Ukraine still does not have an official or prevailing concept of its national history. There are many reasons for this, but primarily it is because contemporary Ukraine is made up of several large regions, each having a history of its own: Galicia, Transcarpathia, Poltava, the Crimea, the Donets Basin, Kiev, Kharkov, Odessa, Lvov, Sevastopol – all these and many other regions and cities of Ukraine have different histories that do not seem compatible. Thus, credit for the present borders of Ukraine should be awarded less to Bohdan Khmelnitsky, than to Peter the Great, Catherine the Great, Lenin, Stalin and Khrushchev.

"Ukraine was created by God who worked through the hands of our enemies" – this is how some Ukrainian historians now explain the country's history. This interpretation has given rise to many myths. One argues, for example, that the history of Kievan Rus, together with its entire legacy, belongs only to Ukraine and does not include Russian or Belarusian history. Kievan Rus, according to the myth, was the "Golden Age" of Ukraine, while *The Tale of Igor's Campaign* is an ancient Ukrainian epic. It is universally known, however, how the Tale was discovered: not in

Ukraine. At the same time, the best-known Russian epics about Russian heroes, including Prince Vladimir of the capital city of Kiev, were preserved only in the northern Arkhangelsk land, which was not hit by the Mongol invasion. All those regions were a single Old Russian space, one root from which many offshoots grew.

Ukrainian historians are faced with many problems when they try to describe and assess the period of "hetman rule" and the fate of the Zaporozhye Cossacks. Bohdan Khmelnitsky and Ivan Mazepa remain national heroes of Ukraine; their portraits are depicted on the five-hryvnia and ten-hryvnia banknotes. The poem *Poltava* by Russian poet Alexander Pushkin is no longer studied at Ukrainian schools, and Pushkin himself is a foreign author there. The attitude to Ukrainian-born, Russian-language writer Nikolai Gogol is certainly different. Yet even ex-president Leonid Kuchma expressed his regret that Gogol never wrote at least some of his stories in the Ukrainian language, which he knew as well as Taras Shevchenko did.

Historians in Ukraine devote very little attention to the history of their lands when they were part of the Russian Empire, although that period lasted for more than 250 years. Instead, they focus on the events of 1917-1920 when a sovereign Ukrainian state – the Ukrainian People's Republic – was allegedly established, and later attacked and destroyed by the Bolsheviks. Meanwhile, the real events and the real lives of many political figures, such as Mikhail Grushevsky, Symon Petlyura and Nestor Makhno, were a far cry from how they are depicted today in Ukrainian history textbooks. These textbooks say almost nothing about the establishment of the Ukrainian Soviet Socialist Republic within the Soviet Union, for example, or the development of the general education system and national culture in Ukraine. Much is written about the horrible famine in Ukraine in 1933, but it is depicted only as a "Ukrainian famine" or, moreover, as genocide against the Ukrainian peasants. Meanwhile, it was a tragedy that hit all grain-producing areas in the Soviet Union, including Kazakhstan, the Volga, Don and Kuban regions – not just Ukraine. Ukrainian nationalists speak of the famine as a crime of "Russian Communism." However, Communism had no national coloring

then. Besides, in the 18th and 19th centuries Ukraine was not a colony of Russia, but part of the imperial mother country.

The most difficult problem today for Ukraine's politicians and historians is the image of Stepan Bandera and his army, as well as the Organization of Ukrainian Nationalists (OUN) and the Ukrainian Insurgent Army (UPA), which Bandera and his members established. The OUN was a paramilitary nationalist organization, which in 1934 opened its headquarters in Berlin; that move presupposed cooperation with Gestapo. The fighting groups of the OUN moved immediately behind the German Army. On June 30, 1941, they jointly entered Lvov, just abandoned by the Red Army. The Act on the Restoration of the Ukrainian People's Republic, proclaimed that very evening, emphasized "close cooperation with the National Socialist Great Germany which, guided by Adolf Hitler, is building a new order in Europe and the world and which helps the Ukrainian people to free themselves from the occupation by Moscow." At the same time, the OUN had conflicts with the Nazis, and Bandera remained in custody throughout the war, while maintaining ties with the OUN. Unlike the SS division "Galitchina," and several other Ukrainian battalions within the German regular army, the UPA, established in 1942, was an underground army and, according to Ukrainian nationalists, waged war both against the German and the Soviet armies.

However, documents on the UPA activities, issued in Kiev in the last few years, do not contain any proof that the UPA was engaged in serious operations against the Nazis. The only active operations the UPA waged took place in 1944-1948, but they were conducted against the Red Army or Soviet special services. The two organizations were responsible for the bloodshed of both soldiers and civilians – comprised of Russians, Ukrainians and Poles – many of whom lived in Western Ukraine.

In 2004, the Our Ukraine party in the Verkhovna Rada (Ukrainian parliament) proposed a bill recognizing the OUN and the UPA "warring parties." If approved, the bill would recognize members of those organizations as war veterans and would equate them to veterans of the Soviet Army. The newly elected president

of Ukraine, Victor Yushchenko, allowed the few surviving veterans of the UPA to hold a mini-parade in Kiev on October 15, 2005, despite public protests. Ukrainian police and Special Forces closely guarded Kreshchatik, Kiev's central street, during the parade. The reconciliation between the opposite veteran organizations, so much sought by Yushchenko, never took place.

Ukraine's press is versatile and free, expressing most different kinds of concepts and points of view. But this diversity of views is blatantly lacking in Ukrainian school textbooks, which are written according to the recommendations of the Ministry of Education. Russian researchers Lyudmila Moiseyenkova and Pavel Martsinovsky, at the request of Germany's Friedrich Naumann Foundation, have read and analyzed about 20 textbooks on the history of Ukraine, issued in 1995-2002 in various Ukrainian cities in the Russian and Ukrainian languages. Their common conclusion is: "We see that Russia and everything related to it is depicted in Ukrainian school textbooks as the source of the historical tragedy of the Ukrainian people, as the center of evil and Asiatic insidiousness. Relations between Ukraine and Russia are described as continuous confrontation, sometimes even military confrontation. Throughout their history the Ukrainians are portrayed as fighters for independence. The Ukrainian people have overcome all hardships, survived and preserved their culture and individuality despite the difficult occupation by the Russian/Soviet Empire; they have not lost their aspirations for freedom, independence and statehood."

The researchers went on to say, "The main objective of the authors of these textbooks is to eliminate the students' perception that Ukrainian history is a part of Russian history: this connection never existed in the past, and will not exist in the future." This is a deliberately chosen point of view of people who want to reject the entire complex and multicolored picture of the history of Russia, Ukraine, and Europe. It is regrettable that millions of children, teenagers and young men in Ukraine now study the history of their country from such textbooks.

The Evolution of the Russian Diaspora in Independent Ukraine

Boris Zazhigayev

Ukraine's independence, which it acquired in the early 1990s, came as a total surprise to the republic's political elite. Kiev's path to independence began when it jumped on the sovereignty bandwagon that – much to the bewilderment of the Ukrainian people – was set in motion by its huge northern neighbor. On June 12, 1990, the First Congress of People's Deputies of the Russian Soviet Federative Socialist Republic (RSFSR) adopted the Declaration of State Sovereignty; Ukraine reacted to the "Big Brother's" move only a month later: On July 16, 1990, the Supreme Council of the Ukrainian Soviet Socialist Republic passed, by an overwhelming majority of votes (97 percent), the Declaration of State Sovereignty of Ukraine. Its content hardly matched its title. The provisions of the Declaration, however, only indicated the republic's ***intention*** to become an independent state and readiness to sign a new Union Treaty.

Following are some of its provisions:

1. The Ukrainian SSR shall grant its own citizenship, while ***guaranteeing each Ukrainian citizen the preservation of his/her Soviet citizenship***.

2. The Ukrainian SSR proclaims its intention to become a neutral state unaffiliated with any military blocs.

3. Relations between the Ukrainian SSR and other Soviet republics shall be built on treaties based on principles of equality,

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mutual respect, and non-interference in internal affairs. The Declaration provides a foundation for a new Ukrainian Constitution and Ukrainian laws, defining the Republic's positions on international affairs. The principles laid down in the Declaration of Ukraine's Sovereignty shall be used in signing the ***Union Treaty***.

In the early 1990s, Ukraine's population was socially homogeneous, united by the aspiration for a better life and broader sociopolitical freedoms. The sovereignty bandwagon had little if any effect on the average citizen who at that time did not feel any pressure from the Ukrainian authorities. Under those conditions, the republic's ethnic Russians did not see any threat to their social rights or interests.

Few people in the east and west of the country believed that a nation-state could be built in Ukraine, and judging by the activities of the Ukrainian nationalists, such expectation in the western regions was even weaker than in the east. Hence plans by the leader of the Ukrainian nationalist movement Narodny Rukh, Vyacheslav Chornovil, to establish a Galician Ukrainian Republic with the capital in Lvov.

In the early 1990s, Ukraine was a multiethnic state comprising over 130 ethnic groups and nationalities. At the same time, there were only two core groups – Ukrainians and Russians. According to the 1989 census, ethnic Ukrainians accounted for 72.7 percent (37.8 million) and ethnic Russians for 22.1 percent (11.5 million) of the republic's population. Any other ethnic group constituted less than one percent of the population, or a total of 5.2 percent.

At that time, when the Soviet nomenklatura, which had preserved its positions in Ukraine's political elite and started an illegal redistribution of property from the former Soviet Union, the people at large were not concerned by interethnic relations, not even in the Crimea, where Crimean Tatars began returning to their homes. Polls showed that ethnic conflicts ranked just seventh on the list of the Crimeans' concerns, after poverty, unemployment, crime, and other social problems.

In terms of the density and distribution of ethnic Russians, three regions can be singled out in Ukraine:

– the Crimea and the city of Sevastopol, where ethnic Russians had an overwhelming majority (65.6 percent in the Crimea and 74.4 percent in Sevastopol);

– eastern and southern parts of Ukraine, where ethnic Russians made up a substantial share of the population: the Donetsk region (43.6 percent), the Lugansk region (44.8 percent), the Zaporozhye region (32 percent), the Kharkov region (33.2 percent), the Dnepropetrovsk region (24.2 percent), the Odessa region (27.4 percent), the Kherson region (20.2 percent), the Nikolayev region (19.4 percent) and the city of Kiev (20.9 percent);

– western and central parts of Ukraine, where the share of ethnic Russians varied from 2.3 percent in the Ternopol region, to 11.7 percent in the Kirovograd region.

The number of Russians living in these parts of Ukraine, their ethnic mix and their links with Russian culture were key factors in the ethnic identification of the Russian population and its aspiration for reunification with its historical motherland, as well as its resistance to the nationalist policy pursued by the Ukrainian ruling authorities.

These processes were not spontaneous manifestations of nationalism or separatism on the part of the ethnic Russian population. It was a natural socio-political reaction against the elimination of a previously unified ethno-cultural area inside of a new state that had proclaimed itself a republic.

Political pundits, especially in Russia, believe that the Crimeans, under the leadership of the CPSU [Communist Party of the Soviet Union] regional committee, started petitioning for the return to Russia as early as August 19, 1991. This does not correspond to reality.

The Crimean nomenklatura was concerned with something else – namely, holding on to power and property, and preventing both the Russians and Kiev from making a grab for it. This explains why a year prior to the State Emergency Committee coup attempt and the Belovezha Forest Accords, on January 20, 1991, a referendum on "restoration of the Crimean Autonomous Soviet Socialist Republic" was held in the Crimean region. At that time, there was

On the road to the Crimea to get salt. *Niva* magazine, 1890

no question about a rapprochement with Russia nor about secession from the Ukrainian SSR and accession to the RSFSR, which could have happened during *perestroika*. At that time, there were no ethnic-Russian organizations in Crimea. There was the Movement of Voters for a Crimean Republic, but it was not concerned with ethnic issues. Even the RDK, an abbreviation that was often defined (erroneously) as the Russian Movement of the Crimea [from *Russkoye Dvizheniye Kryma*], was in fact the Republican Movement of the Crimea [*Respublikanskoye Dvizheniye Kryma*], which subsequently became known as the RDK/RPK Crimean political party (the party of Yuri Meshkov, the Crimea's only president).

Until 1994, all branches of government were controlled by the Crimean nomenklatura, including the judiciary, the Prosecutor's Office, the Interior Ministry, and the security service (now the Ukrainian Security Service). Neither Ukraine nor Russia had any influence there. On May 6, 1992, the Crimean Supreme Council [parliament] adopted the Constitution of the Crimean Republic,

proclaiming the Crimea a "law-governed, democratic and secular state within Ukraine." Under the Constitution, the Crimean Republic's relations with Ukraine were built on a power-sharing law; it was the constitution of a full-fledged state where Ukraine had no claims on the Crimea. At the same time, the Constitution did not use the word "Russia" or "Russian" even once.

Due to the state policy of the Ukrainization in the southeastern regions, ethnic contradictions began to emerge in 1993-94. This led to the suppression of the rights of ethnic Russians and Russian-speakers, the imposition of the Ukrainian language, the aggressive expansion of Ukrainian culture, and the threat that ethnic Russians would lose the connection with their historical motherland.

The Crimea was the only part of Ukraine that saw a complete rotation of the political elite in 1994. This was caused by the inability of the Crimean nomenklatura to rule the region amid pressure from the Crimean Tatars, who were demanding a privileged position for themselves and striving for national statehood on the Crimean Peninsula. In those conditions, the majority of the Crimea's population began to identify themselves as Russians.

From 1993 to 1997, Crimea's ethnic Russians linked their security to the presence of Russia's Black Sea Fleet and Russia's historical interests in the Crimea. There were no contradictions between the Crimea's Russian and Ukrainian population: it was a single whole. Furthermore, the majority of Crimean Ukrainians identified themselves as Russian-speakers. At that period, the interests of the people and the nomenklatura, which had started the re-division of the Soviet pie, came into conflict.

In that situation, the RDK movement, led by Yuri Meshkov, who, with support from Russia, became the president of the Crimea in the 1994, expressed the interests of the Crimea's ethnic Russian majority. Two months later, the Rossia bloc secured a majority in regional parliamentary elections.

The change of the elite in the Crimea, together with the coincidence of the national interests of its ethnic Russian population and the state interests of Russia, laid the groundwork for the formation of ethnic-Russian NGOs in the Crimea and Sevastopol.

The Crimea was the only region in Ukraine where the nomenklatura had entered into an open conflict with civil society. One distinguishing feature of the situation was that in fighting for the restoration of its ruling status in the Crimea, the nomenklatura betrayed its public interests and took Ukraine's side in its conflict with the pro-Russian Crimea.

Ethnic-Russian NGOs in the Crimea saw their activities peak in the mid-to late 1990s. They enjoyed a broad public base and high potential, but unlike other Crimean ethnic groups, they received only selective support from Russia in strict compliance with interstate agreements. Furthermore, this support was coordinated through old nomenklatura channels. Funding went mostly to organizations that fit into the configuration of Ukraine's state political machine.

As a result, ethnic Russian organizations in the Crimea have come to be led by ethnic Bulgarians, Karaims and Ukrainians. It is noteworthy that ethnic Ukrainians as a general rule are more radical toward Ukraine than any other groups. Ethnic Russian organizations have not become truly mass organizations; they do not express the interests of ethnic Russians in the Crimea nor defend Russia's interests.

Meanwhile, other countries actively support their Diasporas in the Crimea. Turkey, for example, provides especially strong support to the Crimean Tatars. This collaboration has an economic basis that has united the Crimean Tatars and turned them into a robust political force and an effective mechanism for exerting pressure on the ruling authorities. There also exists close humanitarian and cultural cooperation.

Similar aid is provided to other ethnic communities – from Greek to German to Estonian, not to mention the Jewish community whose positions in the Crimea are by far the strongest. The United States and all European countries, including the Netherlands and Denmark, provide assistance to all ethnic groups in the Crimea, including the nationalist part of the Ukrainian Diaspora. The only exception to this rule is the Russian population.

Russia has always regarded the Crimea's ethnic Russians as part of the Soviet people. This approach – at a time when

Ukraine's officials view this group as a potential source of separatism – has turned them into the most oppressed section of the population. Today, ethnic Russians make up the greatest part of the population in the Crimea but remain the worst organized ethnic group. They have been left without political parties to represent their interests, as well as organizational or economic structures. They have no significant representation in the legislative or executive branch of government.

The status of the Russian Diaspora in eastern and central parts of Ukraine drastically differs from that in the Crimea. These are large industrial coal-mining and metallurgic areas, while Russia was the principal, if not the only consumer of their products.

The people who live in these regions were raised on the Soviet doctrine of internationalism and are still under the influence of the ideology of proletarian collectivism. They are united into large collectives, regardless of their ethnic backgrounds, by the simple survival instinct. Ukrainian pundits described this phenomenon as ***civic dormancy***. The population of Ukraine's eastern regions is controlled through "red" enterprise directors who are running state-owned companies like their own fiefdoms.

The people from the eastern regions of Ukraine have a strong connection with the industrial enterprise or coalmine where they work. They usually speak Russian or use a mixture of Russian and Ukrainian. Both steelmakers and coalminers are native Ukrainians, and except for the language and the Soviet era of industrialization, there is little that links them to Russia.

Their mentality is different from that of the Crimean people, the majority of who are former servicemen of the Black Sea Fleet or family members. The Crimean people have been raised on the historical traditions of Russian soldiers and the heroism they showed in the numerous wars fought on Crimean soil. Ethnic Russians from the east and south of Ukraine have been brought up on internationalism and working-class traditions of the Soviet era.

The political elite in southeastern Ukraine is comprised of the Soviet-era nomenclature, which has a strong element of

organized crime and casts itself as a defender and protector of working-class interests.

Ethnic Russians in the southeastern regions of Ukraine have not yet acquired a distinct identity, merging with the rest of the population. Their demands are exclusively economic and social: payment of wage arrears, job security, welfare benefits, etc. At the same time, their mentality is more solid, more associated with Russia than western or central Ukraine.

Ethnic Russians in southeastern Ukraine clearly gravitate more toward Russia than the West. A potential conflict between these mutually assimilated sections of the population and Ukraine's nationalist western regions could lead to the country's transformation as a federation.

The situation with the ethnic Russian and Russian-speaking populations in western Ukraine drastically differs from the situation in southeastern Ukraine, not to mention the Crimea. In western Ukraine, the period immediately following the acquisition of independence is marked by a surge in rabid Ukrainian nationalism. As a result, ethnic Russians in western Ukraine are now associated with the crimes of the Soviet-era totalitarian regime under Stalin, not least the deportation of western Ukrainians to Siberia and the Soviet Far East. As the country gained independence, nationalists in western Ukraine began to stage a comeback, including those who had fought against the Soviet Army during World War II. Not surprisingly, Russians are now the main targets of nationalist attacks as nationalism is emerging as a state ideology in Ukraine.

Following are several excerpts from a Ukrainian history textbook for 11th graders:

"**3.3 The resistance movement against Soviet rule by the Organization of Ukrainian Nationalists (OUN) and the Ukrainian Insurgent Army (UPA).** At that time, OUN-UPA operated under a slogan proclaimed by Roman Shukhevich (who headed the movement since the fall of 1943): 'Make sure that not a single village recognizes Soviet power. All those who recognize Soviet power must be eliminated. Not intimidated, but physically

destroyed. We need not be afraid that people will curse us for our cruelty. If only half of Ukraine's 40 million population remains, there will be nothing terrible about this.'

"In 1945, in the Lvov region alone, about 5,000 NKVD officers, operatives, party functionaries, government officials, Komsomol [Young Communist League] members, rural council chairmen, collective farm directors, and schoolteachers were killed.

"3.4 Punitive operations by Soviet state security services. NKVD-KGB agencies also practiced mass terror in western Ukraine. In 1944-45, regular army forces and militia units conducted about 40,000 operations, killing 103,000 insurgents, while arresting another 125,000.

"For their part, the insurgents carried out 6,000 operations, conducted 14,500 acts of sabotage and terrorism, killing at least 30,000 people. On April 24, 1944, a large battle took place near the village of Gurby, Rovno region, with about 30,000 men on the Soviet side and up to 5,000 on the UPA side. [It was in effect a second front against the Soviet Army. – B.Z.]

"In independent Ukraine, OUN-UPA activities have acquired a new, patriotic meaning for the new generation of Ukrainians in the country's western regions. This is considerably facilitated by the assistance of various Western foundations and organizations. Most of these foundations and organizations can be regarded as players in the Ukrainian political process."

One distinguishing feature concerning the plight of ethnic Russians in western Ukraine is that representatives of other ethnic minority groups, which seek to integrate into the Ukrainian linguistic environment, distance themselves from ethnic Russians.

Ethnic Russians in western Ukraine are comprised of mostly retired military servicemen and their family members, as well as intellectuals who were forced to the region in Soviet times to fill labor positions. Today, these people find themselves in a precarious situation.

Their under-representation on the national level, in the midst of a nationalistic, flag-wavering euphoria, prevents ethnic Russians from effectively upholding their rights in public. There are only

two options open for them – either finding ways to assimilate into Ukraine or move to Russia, which is in fact what is happening.

The Russian population is shrinking at an especially high rate in the Ivano-Frankovsk region (56.3 percent) and the Lvov region (52.6 percent). In the Vinnitsa region, the number of ethnic Russians is down by nearly half. In the Volyn region, their numbers have declined by 46.4 percent; in the Zhitomir region, 43.3 percent; the Kirovograd region, 41.7 percent; the Rovno region, 43.8 percent; and the Khmelnitsky region, 42.4 percent. In the Chernigov, Cherkassy, Kharkov, Sumy, Zaporozhye, Poltava, Odessa, Kiev, Transcarpathian, and Dnepropetrovsk regions, the Russian population has decreased by 32 percent to 37 percent (according to the 1989 and 2001 censuses).

In the republic's capital of Kiev, the number of ethnic Russians has fallen by 37.1 percent, or 199,000. Unlike other world capitals, a large number of people coming to Kiev from the provinces ignore the opportunities provided by city culture, and are spreading the low culture of the western Ukrainian provinces. This has affected not only Kiev's urban life, but also the rotation of the Ukrainian elite.

Another factor here is the policy of Ukrainization, which has been acquiring a strong centripetal element amid rising political populism that is increasingly assuming ***the form of ultra-nationalism***.

Since 1994, the Ukrainian government has actively and very effectively opposed the formation of the country's Russian Diaspora. This counteraction is intensified by Russia's attitude toward its compatriots and its economic policy toward Ukraine. Russia has in effect created Ukraine's nationalist oligarchy. According to Igor Bakai, the former head of property management under President Leonid Kuchma, 50 of the wealthiest Ukrainian businessmen made their fortunes by cooperating with Russia in the oil and gas sectors.

Meanwhile, not a single ethnic-Russian organization in Ukraine has managed to create an economic niche for itself. Russian businessmen (from Russia) form partnerships exclusively with representatives of the nationalistic Ukrainian circles. This

applies to LUKoil, TNK and other business majors. Similar trends are observed in the fields of art, culture, science and education.

The lack of a financial base has effectively caused ethnic Russians to fall by the wayside in Ukraine's political life: they have become a political tool in hands of others. This situation evolved under President Leonid Kuchma, a representative of the "red" eastern nomenklatura. Kuchma, the former director of the Yuzhmash production association, was seen in Moscow as a pro-Russian politician, while relations between Russia and Ukraine in the economic and humanitarian sphere were dominated by horizontal nomenklatura links inherited from the Soviet era.

The West was for a long time patronizingly indulgent toward the Kuchma regime's criminal antics, understanding the degree of its energy dependence on Russia and Russia's historical and genetic influence on Ukraine, as well as its geographic proximity. At the same time, the West gives Kuchma much credit for distancing Ukraine from Russia. Long before the 2004 "Orange Revolution," *Neue Zurcher Zeitung* wrote: "It is often overlooked that Russia, even in such former Soviet republics as Ukraine or Belarus, cannot act at its own discretion. No matter how 'anti-West' he might look to many Europeans, President Kuchma refused to let Ukraine move back under Moscow's wing. He is balancing between the West and the East: Kiev signs a Common Economic Area agreement with Russia, Kazakhstan and Belarus, and then asks for EU admission."

Such a policy enabled Kuchma to escape the fate of Slobodan Milosevic, the former president of Serbia and of Yugoslavia, and receive indulgences from the West.

Now that Ukraine has a new president, it is especially clear how cynically Leonid Kuchma wielded his influence over ethnic Russian organizations. By a quirk, the city of Lvov was chosen as the center of Ukraine's ethnic Russian movement; the Lvov-based organization was reorganized as a political party called Russian Bloc. Not surprisingly, that party did not enjoy sufficient credibility among Ukraine's ethnic Russians. In the 2002 parliamentary election, the Russian Bloc garnered about 0.7 percent of the vote nationwide. In the city of Sevastopol, it received 8.9 percent of the

vote and about 5 percent in the Crimea as a whole. At that time, ethnic Russians accounted for over 60 percent of the Crimea's population and 72 percent of Sevastopol's. The Russian Bloc did not run in the 2006 parliamentary election. In the 2006 election for the Sevastopol city council, it took a mere five seats out of 75.

Ethnic Russians in Ukraine have always felt the strong influence that the Ukrainian ruling authorities had on ethnic Russian organizations in the country. Furthermore, Russia itself supported only those ethnic Russian organizations in Ukraine that were supported by the Ukrainian establishment. In those conditions, many ethnic Russians, for safety considerations, stopped identifying themselves as Russian.

It is impossible to create an organized Russian Diaspora in Ukraine under such conditions. In eastern and central parts of the country, there are small, almost "underground" circles of intellectuals loyal to the ruling authorities and enjoying the support of Russian officials.

Concerning the Russian Diaspora, there are two principal levels of its evolution:

1. Emigration (repatriation) to Russia.
2. Forced assimilation of ethnic Russians in Ukraine.

During the space of 12 years between the 1989 and 2001 censuses, the number of ethnic Russians in Ukraine declined by approximately 3,170,000, or 26.6 percent. In 2001, there were 8,334,100 ethnic Russians living in Ukraine, or 17.3 percent of the total population. In between the two censuses, Ukraine's population shrank from 51.9 million to 48.2 million, yet the number of ethnic Ukrainians increased by 0.3 percent since 1989. This means that ethnic Russians accounted for more than 91 percent of the total decline in Ukraine's population.

The number of ethnic Russians dropped not only in western parts of Ukraine. There was an appreciable decline even in the Crimea – 11.6 percent (by 155,000); the Donetsk region, 20.4 percent (473,000); the Lugansk region, 22.5 percent (287,000); and even in the city of Sevastopol, 8.2 percent (22,100).

Ethnic Russians in Ukraine are nostalgic for Russia. This attitude, however, is not matched by Russia's treatment of its com-

patriots. Russia's Ambassador to Ukraine, Victor Chernomyrdin, has often stated in public that there are no problems in Ukraine either with the Russian language or with Russians.

The ethnic evolution of the Russian-speaking population in independent Ukraine is closely linked with the evolution of Russian as a means of communication between Russians and Ukrainians.

The issue of the status of Russian as a state language was only raised in the early years of Ukraine's independence in the Crimea. Those initiatives, however, found little response in other parts of Ukraine, including in the southeastern regions.

The government administration of former president Leonid Kuchma reacted strongly to those initiatives from the Crimea's ethnic Russian organizations, and implemented harsh measures outside the bounds of the country's Constitution: ethnic purges among state and government officials, including in the Interior Ministry and the National Security Council, as well as in the business community. At the same time, the government covertly divided enterprises in all sectors of the economy among Kuchma's relatives and loyalists. As a result, ethnic Russians ended up on the lowest rung of the social ladder in Ukraine.

Beginning in 2000, ethnic Russians, including in the Crimea, faced up to reality and started actively studying Ukrainian and taking degree courses in Ukrainian, primarily in Kiev. The same holds true for secondary education. This trend is observed even in Sevastopol, in the families of Russian Navy officers.

Most Ukrainians speak both Russian and Ukrainian, but the proportion of those speaking Russian is relatively higher. Ukrainian is an official language whereas Russian is used in everyday life, including among the upper sections of the Ukrainian political elite. Virtually all large-circulation newspapers in Kiev are published in Russian. Demand for fiction in Russian is incomparable to the demand for fiction in Ukrainian.

These trends have nothing to do with separatism: the linguistic situation has been evolving in Ukraine over many centuries. Some Ukrainian citizens who find it more convenient to communicate in Russian will strongly support the idea of giving Russian official

language status. Yet these same people will never back actions by radical political forces that could result in social upheavals, let alone bloodshed in Ukraine.

The two languages are closely interacting and interpenetrating. This factor assists the mutual assimilation of ethnic Russians and Ukrainians, while the Ukrainian authorities, under Yushchenko, as it was under Kuchma, strive to accelerate the process.

For example, in 1995, Roman Bessmertny, a former Kuchma associate but now leader of the pro-presidential Our Ukraine faction in parliament developed an assimilation program for Crimean Tatars; they promptly proceeded to sue him for such a move.

The period from 2004 to 2006 marked the climax in the power struggle between the criminal/oligarchic clans in Ukraine, showing that the political parties lacked any ideological principles. Coalition factions in parliament that are being proposed are ideologically incompatible. Unfortunately, the Russian language also became a bargaining chip in relations between the oligarchic clans.

The campaign to promote Russian as a regional language is strongly supported by people living in these regions, but there will be no mass protests against the central authorities if they refuse it this status. In such a scenario, oligarchic groups are using Russian as a political weapon. This idea is actively backed by Leonid Kuchma's associates who during his rule just as actively fought against granting Russian the status of an official or state language. Today, they have made a U-turn, looking after their own economic interests and using their extensive experience.

In a situation where ethnic Russians are now the lowest caste on the social ladder of Ukrainian society, where survival is no longer a social but a purely biological issue, ethnic Russians are not in the position to uphold their rights in Ukraine on their own. Today, the outlook for the Russian Diaspora's involvement in Ukrainian politics is bleak. Under Ukraine's present oligarchic form of government, the number of ethnic Russians is bound to decline even further; Russians will remain just a political tool in the hands of Ukraine's nationalist elite that has opted for the Western vector of development.

Spanish Lessons for Moscow

Omar G. Encarnación

The latest edition of Freedom House's survey of civil and political rights around the world had sobering news for Russia. It reports that in 2005 Russia was the only country to register a negative category change going from "partly free" to "not free." In essence, according to Freedom House, Russia is no longer a democratic society. Certainly, one can take issue with Freedom House's harsh assessment of Russian democracy or lack thereof, as well as its methodology for gauging the quality of democracy around the world. As a "not free" country Russia finds itself in the company of some unsavory political regimes notorious for their human rights abuses, such as Pakistan and war-torn Iraq, and just a few notches above some of the most repressive political systems in the world, such as China, Cuba and North Korea. But no one can dispute that in recent years democracy in Russia has deteriorated to an alarming degree.

Under President Vladimir Putin, Russia has centralized political control in a way unprecedented since the fall of Communism and quite reminiscent of Soviet times. Putin has strengthened the state's security services apparatus in his struggle against Chechnen rebels (thereby fueling widespread human rights abuses) and has

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restricted political competition by appointing regional governors and encumbering independent parliamentary candidacies. He has also moved to assume control of the national media. According to a 2004 report by the New York-based Committee to Protect Journalists (CPJ), Putin has succeeded in turning the Russian media into a "Soviet-style propaganda machine." The report further notes that political control over state television coverage has become so overt that managers have said openly that their main goal is "to promote Putin and his policies."

A more recent and potentially devastating blow to Russia's democracy that made headlines the world over is the move to curtail the growth of civil society, which is still recovering from Communism's long rule. A new law passed by the Duma in December 2005 has the potential to roll back political pluralism in Russia and the capacity of private groups to question the actions of the government. Under the pretext of preventing external influence over domestic affairs, the new law will, among other things, keep foreign non-profit organizations from having branches in Russia and cut the flow of foreign funds into Russian organizations suspected of engaging in political activities. If fully enacted as passed, this new law will surely mean the sudden death of numerous non-governmental organizations now active in myriad of civic and/or pro-democracy pursuits such as protecting the environment, promoting human rights and advancing the welfare of minority groups.

For observers of the global trend toward democracy of the last three decades, the travails of Russian democracy raise the compelling question of whether the experience of other recently democratic societies might prove fruitful in understanding what went wrong in Russia and what can be done to remedy things. The case of Spain readily comes to mind if only because it is generally hailed by scholars and policy-makers as the paradigm of successful democratization and a model for struggling democracies. "Spain is a miracle," raves Adam Przeworsky in his influential book *Democracy and the Market*, a study about the interaction of political and economic change in Latin America and the post-

Communist world. The data from Freedom House reveals Spain's enviable post-transition trajectory. With the death of General Francisco Franco in November 1975, Spain moved from the rank of "Not Free" to "Partly Free." After the 1977 elections the country was declared "Free," a categorization it has retained ever since. More suggestive, perhaps, is that Spain's 2005 rankings for respect of civil and political rights place the country in the company of some of the world's most advanced democracies such as the United States and Britain.

A MODEL FOR RUSSIA?

One can wonder what relevance, if any, the Spanish experience might have for post-Communist Russia. Spain's democratic success is generally viewed as the result of the positive external influence of the European Union (EU), to which Spain was admitted in 1986. European integration has aided democratization in Spain in multiple, mutually reinforcing ways. Between 1986-1996, Spain received more than 10 billion U.S. dollars in European aid designed to raise living standards, improve the country's public infrastructure, and reduce economic disparities within the population. These developments, in turn, have created a very positive environment for the modernization of the state apparatus, including most notably judicial institutions, and for the adoption of European standards of civil and political rights.

Notwithstanding its "European" advantages, Spain remains a surprisingly useful example for those concerned with the future of democracy in Russia. For one thing, the influence of the European Union on Spain's democratic trajectory, while significant, has been vastly exaggerated. By the time it joined the EU, Spain was already a consolidated democracy with nearly a decade of democratic politics under its belt. Thus, Spain's entry into the European Union is best seen as a reflection of the country's democratic progress rather than its actual engine. A more important point is that in its struggle to democratize Spain had to overcome historical obstacles not unlike those facing Russia. Like Russia, Spain was by-passed by the great intellectual and social happenings thought to have

shaped the foundations of liberal democracy: the Reformation, the Enlightenment and the industrial revolution. As a result, not unlike post-Communist Russia, when Spain began to transition out of nearly four decades of institutionalized dictatorship, democracy was virtually unknown to the country.

Before Franco's death in 1975, the short-lived Second Republic (1931-1936) was Spain's most recent and only significant experience with open, competitive politics. And little about this period in Spanish history provided any indication about the capacity of the Spaniards to govern themselves under democracy. Quite the contrary, this period consolidated Spain's reputation as being "different" from the rest of Europe and thus unsuitable for democracy. The chaotic politics of the Republican era ushered in a bloody civil war (1936-1939), which occasioned the death of more than half a million people, and the rise of the Franco regime (1939-1977), one of the longest dictatorships on record for a European country. This problematic political history and the perceived propensity of the Spaniards toward anarchy and violence explains the many gloomy forecasts (today largely forgotten) issued by scholars and policy-makers around the time of Franco's death. "It is naïve to expect Franco's death to work a miracle. In the political future of Spain I see a great deal of darkness and hardly any light; my forecast must be pessimistic," wrote José Amodia, a noted Spanish social scientist in his 1976 book *Franco's Political Legacies.*

Arguably more important in accounting for the relevance of the Spanish political experience to Russia is that grappling with ethnic-based, sub-nationalist violence and terrorism has been the crux of democratization in both countries. Like Russia, Spain is a multinational state with important cultural-linguistic cleavages and a history of state repression of regional identities. This meant that in both countries the drama of democratization would unfold against a crisis of "stateness" driven by demands for regional home rule, and in some instances outright independence, from ethnically distinct communities. Thus, accommodating these demands and by extension re-inventing the notion of the central state have been

critical to democratic sustainability in Spain, as it appears to be the case in Russia and other democratizing states challenged by peripheral nationalism.

Finally, Spain, like Russia, undertook to democratize without many of the conditions generally deemed a prerequisite for successful democratization. The most notable is a vibrant and robust civil society, which many influential scholars have identified as the most important component behind a successful democracy. Civil society stands for an amalgam of associations that brings citizens together in non-hierarchical relationships—from recreational groups such as bowling leagues, to religious groupings to non-governmental organizations (NGOs). It is meant to impart a myriad of democratic virtues, key among them being the curtailing of the authoritarian tendencies of the state and the enhancing of the democratic capacities of the citizenry. Since turning democratic, Spain, like Russia and many other post-Communist societies, has exhibited a prominent civil society deficit. According to the University of Michigan's *World Values Survey*, which provides the richest database for contrasting levels of civil society density across national boundaries, only about a third of the Spanish public belong to a voluntary association, about the same as in the post-Communist world.

As would be expected, Spain's democratic success poses no miracle prescriptions for Russia and other struggling democracies. But it compellingly suggests a point often overlooked in discussions about democratization. Democracy is the product of the skills and talents of real-life political actors rather than the result of some macro-historical process linked to the development of the economy, or the constitutional configuration of civil society and political organizations. No case proves this point better than Spain, where the transition to a well-functioning democracy depended upon the extraordinary capacity of political actors to compromise with each other and to devise novel constitutional arrangements to manage political and economic uncertainty. This goes a long way toward explaining why in Spain, formidable obstacles to democratization, such as a weak civil society, fragmented

political institutions, unemployment and terrorism, did not derail the march toward a consolidated democracy.

THE PRIMACY OF CONSENSUS

Among newly democratic states, Spain has a well-deserved reputation as a "pacted" democracy, a direct reference to the prominent role that intra-elite political compromises played in the process of regime change to democracy. Prior to the 1977 elections, Spain's first since the end of the civil war in 1936, representatives from the Left and the Right settled some of the most contentious issues of the democratic transition. Key among them was the decision not to delve into the recriminations of the past, the so-called "Pact of Silence," and the agreements to create a parliamentary monarchy instead of another republic, and to restore autonomy rights to the Basques and the Catalans following the enactment of a new democratic constitution.

The primacy of elite consensus that permeated the Spanish democratic transition was a direct by-product of the political learning that the country derived from its traumatic past, especially the horrific violence of the Spanish Civil War. Spain's political class emerged from the Franco dictatorship determined not to repeat the mistakes of the past. Of special concern to the architects of Spain's new democracy was avoiding the political divisiveness that doomed the Second Republic and that drove the country into civil war. With that goal in mind, democracy in Spain was inaugurated with a broad intra-elite accord intended to dismantle Franco's institutional legacy and to consolidate a new democratic regime in as non-confrontational a manner as possible.

The epoch-making Moncloa accord was brokered by Prime Minister Adolfo Suárez following the 1977 elections and in anticipation of the drafting of the country's new democratic Constitution in 1978. Often fittingly regarded as the symbolic end of the Spanish Civil War, this agreement was embraced by political actors from virtually the entire political spectrum – from Communists to Christian Democrats. The Moncloa accord also enjoyed the support of a wide range of societal actors including


MADRID 1936
NO-PASARAN! PASAREMOS!


mañana
el mundo
hoy
España

A Nation Divided

Seventy years ago a civil war broke out in Spain

1. The funeral of General Francisco Franco. (General Augusto Pinochet is third left.)
2. General Franco's mausoleum at the Valley of the Fallen near Madrid.
3. Demonstration of Gen. Franco supporters in November 2005, marking 30 years since the death of the Fascist dictator.

the employers, the labor movement and the Catholic Church. Indeed, among major political organizations, only the neo-Francoist party *Alianza Popular* and *Batasuna*, the political wing of the Basque separatist movement, remained outside of the area of political consensus created by the Moncloa accord. Such widespread social and political support accounts for the accord's speedy acceptance by the Spanish public. Subsequent to its signing, the Moncloa accord was debated in the national parliament, where it was rapidly turned into law. This development enhanced the legitimacy of the accord and facilitated its implementation across Spanish society.

The best-known aspects of the Moncloa accord are those of relation to the economy, given that its most urgent and controversial purpose was to stabilize and protect the economy from the domestic repercussions of the international energy crisis of the mid 1970s. Inflation, which in 1977 appeared to be skyrocketing, was foremost in the minds of the government around the time of the transition. Accordingly, the most important component of the Moncloa accord was the implementation of a national wage band that dictated that salary increases could not exceed 20-22 percent in anticipation of an inflation rate of 20 percent. This wage scheme aimed to slow down the growth of inflation by decreasing wage demands, alongside containing labor conflict and encouraging economic activity and business profitability.

Although there is a tendency to oversell the importance of the Moncloa accord, its positive effects upon the country's process of democratic consolidation are undeniable and wide reaching. The Moncloa accord had immediate, positive results, especially in the economic realm. The annual rate of inflation fell from almost 25 percent in 1977 to 14 percent by 1982 and the rate of wage inflation was reduced from 30 to 15 percent. The accord's success in curbing inflation meant that in striking contrast to many other new democracies where democratization and economic crisis coincided, in Spain hyperinflation would be successfully avoided. In turn, avoiding hyperinflation ensured that the consolidation of democracy in Spain would not be complicated by the loss of gov-

ernment credibility, as was the case in many new democracies in South America and the post-Communist world.

Politically, the benefits of the Moncloa accord are multifold, albeit not altogether self-evident. First and foremost, this pact aided in the consolidation of Spanish democracy by integrating the nascent democratic political class around the project of democratization and by creating a new and to a certain extent radical way of doing politics in Spain. The Moncloa accord can be credited with merging "civil" and "political" societies into a collective body working together on behalf of the consolidation of democracy. It brought together the organizations most centrally concerned with the consolidation of democracy (the government, the state bureaucracy, the party system, organized labor, and employers' groups). Simultaneously, it isolated the social forces most likely to disrupt or derail the project of democratization: the military, terrorist organizations, and extreme right-wing groups.

Facilitating political representation was another contribution of the Moncloa accord. It provided a mode of interest representation that allowed for the fast and effective recognition of mutual interests to a plurality of actors and for the resolution of many of the tasks confronting them. The enactment of the new democratic constitution is a case in point. It is difficult to envision the broad political consensus encapsulated in this document without the precedent for political consensus and cooperation set by the Moncloa accord. Unlike previous Spanish constitutions, most notably that of the inter-war Second Republic, a ruling government did not impose the 1978 constitution. Instead, it was a negotiated settlement involving all the major political parties, very much in the spirit of the Moncloa accord.

MODERATING AND SEQUENCING REFORMS

In Spain, as in Russia and virtually every new democracy, reforms designed to liberalize the economy and revamp outmoded economic structures have inflicted a great deal of pain upon society. By far the most evident cost of economic reform in Spain is high unemployment, a consequence, among other factors, of an ambi-

tious program of re-industrialization that became a requirement for the country's entry into the European Union. In 1984, the year economic restructuring was launched, the government in a single stroke sold or dissolved dozens of state-owned enterprises including banks, automobile companies, and steel mills. The government also moved to liberalize Franco's rigid labor market laws to allow employers greater flexibility in hiring and firing workers. The impact of these measures on the national unemployment picture was rapid and dramatic.

Spain's annual unemployment rate averaged 12 percent from 1977-1986 and climbed to 18.4 percent between 1986 and 1990. Through the 1990s, the unemployment rate continued to rise reaching its peak at 24 percent by 1994 (a record for an OECD country) or 3.7 million of the active population. This upsurge in unemployment came as a shock to a nation that had grown accustomed to near full employment under Franco. Between 1965 and 1974, the unemployment rate in Spain averaged 1.5 percent, one of the lowest in Europe. Surprisingly, the dramatic reversal of fortune in Spain's unemployment picture in the post-transition era did not erode the citizenry's confidence in democracy, as has been the case in the majority of newly democratic nations. Moreover, the party that implemented these reforms (the PSOE, the Spanish Socialist Party) continued to win impressive electoral victories until 1996. What explains these outcomes of economic reform in Spain?

The answer to these puzzling questions rests on the unique dynamics of economic reform in Spain, especially the willingness of the government to adopt an approach to economic reform that called for moderation, negotiation with society and, above all, compensation for those most adversely affected by economic change. This approach stands in striking contrast to the so-called "Washington consensus" preferred by U.S. administrations and multilateral organizations such as the World Bank and the IMF and implemented in Latin America and most of the formerly Communist world. Beyond preaching the virtues of neo-liberalism and fiscal restraint, the Washington consensus advises "shock therapy," or the speedy implementation of privatizations and other

policies aimed at creating and/or deepening the market economy. Moreover, this approach calls for the exclusion of societal actors, such as trade unions, from the bargaining table. Advocates of shock therapy fear that allowing the unions a role in the crafting of economic reforms could compromise the coherence of the reform effort or, worse yet, cause delays in its implementation.

Little of what is recommended in the Washington consensus is reflected in the Spanish experience. For starters, the stabilization plan designed by state technocrats to tackle rising inflation in Spain in 1977 aimed at restoring the economy to health without provoking political conflict and unnecessary risks to the consolidation of democracy. Thus, rather than relying on shock and exclusion, economic stabilization in Spain was anchored on direct negotiation and social pacts with societal actors, including the national unions. Using the Moncloa accords as a template, between 1977 and 1986, representatives from government, labor and employers' groups negotiated wage policy with the purpose of gradually moderating wages in an effort to tame inflation. Consequently, Spain was spared the draconian plans of economic stabilization implemented in other transitional democracies.

When the time came to reform Franco's vast and mostly outmoded state-owned enterprises, grouped around the National Institute for Industry (INI), the government in Spain proceeded with considerable caution. Not a single public enterprise was sold or dismantled until every politically sensitive task of relation to the construction of a new democratic system was accomplished. Therefore, in Spain, and in contrast to other new democracies, democratic consolidation and economic restructuring did not technically converge. By the time privatizations and other reform efforts got under way in the mid-1980s, Spanish democracy was fully consolidated. Additionally, the pains of industrial reconversion in Spain were cushioned by an expanding welfare net. Government financing of pensions, unemployment benefits, health and education went up in real terms 39.7 percent between 1975 and 1982 and 57.6 percent between 1982 and 1989. As a proportion of GDP, social spending in Spain increased from 9.9 per-

cent in 1975 to 17.8 percent by the end of the 1980s. These public expenses aimed to compensate the working class for its sacrifices, the actor hardest hit by economic reform.

DECENTRALIZING THE STATE

Accommodating the demands for self-government from ethnically distinct communities emerged as the most explosive issue in the consolidation of democracy in Spain, as well as the most serious test of the political skills of the country's early democratic leaders. The drive for regional self-government pitted a military establishment socialized by Franco into the notion of a whole and indivisible Spain against intransigent and violence-prone separatist movements demanding nothing short of independence from the central state. This confrontation was ensured by Franco's obsessive and repressive attempt to create a culturally and linguistically homogenous nation, especially in the Basque country, which in the post-transition period has become ground zero for the struggle for regional self-rule.

In the years preceding the transition to democracy, Franco's efforts to annihilate the unique cultural heritage of the Basque people gave rise to *Euskadia Askatasuna* (Basque Homeland and Liberty, better known as ETA), Europe's most formidable terrorist band. At least through the 1960s, ETA violence was restricted to acts of vandalism, such as blowing up monuments and setting up bombs in front of Civil Guard stations, but with the advent of a more open political climate the organization's terrorist tactics would be dramatically transformed. Indeed, the unraveling of the Franco regime afforded ETA the opportunity to impose a veritable reign of terror upon the Spanish people. The 1973 assassination of Franco's Prime Minister and alter ego General Luis Carrero Blanco in 1973 attested to ETA's capacity to directly threaten the state. ETA-sponsored violence intensified after Franco's death and to this day accounts for over 800 deaths, the result of numerous assassinations, kidnappings and bombings all aimed at destabilizing the nation's democratic system.

The government's central strategy for addressing the dilemma posed by sub-nationalist groups was to assure regional leaders that

their demands for home rule would be honored. This commitment reflected the belief by the founders of Spanish democracy that the survival of both democracy and the nation's geographic integrity was contingent upon the successful de-centralization of the state. It was fulfilled after a constitutional framework was firmly in place with procedures for how to deal with the de-centralization of the state. Accordingly, in Spain the process of devolution of powers to the regions would be preceded by the re-organization of the political system, including approval by the Spanish people of a brand new democratic constitution. These happenings made it possible for Spain to undertake a project of regional self-government with the backing of a central state whose authority was consolidated and legitimated, thereby ensuring that democratization and de-centralization would prove mutually reinforcing.

Among the virtues of the Spanish approach was averting a Yugoslavia-type scenario in which regional agendas, elections, and institutions were allowed to submerge and undermine national institutions. In Spain, by contrast, by the time regional identities and institutions began to assert themselves politically and challenge the new political regime, the country enjoyed a relatively coherent and stable set of national political structures. Their resilience permitted the nation to successfully withstand not only the violence generated by ETA but also the military rebellion of 1981, which came in the wake of the granting of limited self-rule to the Catalans and the Basques. This attack on democracy reflected the perception of military officers that the nation was bursting at the seams and was rooted in the Francoist notion that only a non-democratic government had the capacity to hold the country together.

The political instruments of Spain's new democracy also possessed the capacity to absorb the demands for regional self-government. The new constitution embodies an exquisitely ambiguous compromise that acknowledges, on the one hand, the country's unitary nature in contrast to a federal one, and, on the other, its multiple "nationalities" and the right of the regions and its peoples to seek home rule. Understandably, this constitutional

compromise is fraught with tension, since it aims to satisfy both centrists and regionalists. But it has facilitated Western Europe's largest process of devolution of powers from the central state to regional governments in the post-war period. By the mid-1980s, Spain had evolved into a collection of seventeen autonomous communities (so-called *autonomías*), with each community ruled by an elected legislative body and a specific set of powers granted by the central administration in Madrid, effectively making the nation a federal state in practice, while not officially in name. Education, social and cultural policy, law enforcement, and taxation are some of the areas of public administration, over which regional governments have been granted significant control.

A majority of the Basques approved the autonomy statute in 1979 and public opinion data suggests that Basque public has remained supportive of this arrangement ever since. According to a 2003 poll by researchers from the University of the Basque Country, 30 percent of Basques express to be "satisfied" with the present stipulations of the statute, 40 percent are "partially satisfied," (and presumably would like to see it expanded), and 25 are "dissatisfied." As to political status preferences, 32 express support for the status quo (autonomy), 35 percent prefer a federal state, and 30 percent prefer independence. To be sure, extending self-governance to the Basques has not appeased ETA, which demands outright independence from Spain, but it has had a palpable effect in shaping the politics of terrorism in Spain. It has undermined ETA's campaign to portray the state in Spain as a colonial oppressor (a goal of ETA since its inception) and to turn the Basque people against Spain. This, in turn, has prevented the conflict in the Basque country from becoming one between "the central government and ordinary Basque people" and from discrediting Spain as a democratic state.

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