

## Russia's Relations with the West

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Derek Fraser, Director, EastWest Institute of Canada

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Ladies and Gentlemen:

One of the most hopeful developments to emerge from the terrorist attack of September 11 on the United States was an apparently major shift in Russian foreign policy towards the West, and especially towards the United States, and a greater openness of the West, towards Russia. One of the interesting aspects of the Iraqi crisis was, however, the alignment of Russia with France, Germany, and China, and against the United States in the Security Council debate on a resolution authorizing the US-British intervention.

For all of us whose lives have been dominated, until recently, by the Cold War, a further shift by Russia toward closer relations with the West has to be welcomed. The questions I wish to address today are:

- how great has been the evolution in relations between Russia and the West?
- why has it happened?
- what are the prospects for the future?

Following the terrorist attacks, Russia made a decisive shift in its foreign policy towards the West, and especially towards the United States. In response, the West made some concessions:

- During the Afghan campaign Russia provided intelligence,
- it persuaded the formerly Soviet Central Asian republics to open their territories to allied troops,
- it made its own bases in the region available,
- it thinned out its troops in the Balkans,
- it abandoned its opposition to the abrogation of the ABM treaty by the United States,
- instead, the two countries concluded a Nuclear Arms Treaty ostensibly reducing Russian and American stockpiles of strategic nuclear weapons by two thirds,
  
- both NATO and Russia overcame Russia's boycott since the Kosovo crisis, of the NATO-Russia Permanent Joint Council, by replacing it with the NATO-Russia Joint Council;
  
- Russia has downplayed its opposition to the enlargement of NATO;
- Both the EU and the US have granted Russia "market economy status;"

- the EU has found a solution to facilitate travel between Russia and its exclave of Kaliningrad after the EU accepts Poland and the Baltic States as members in 2004;

- in November Russia voted in favour of the UN Security Council Resolution 1441 on Iraq.

In order to determine the solidity of what has happened and the prospects for the future, we should look briefly at the history of Western-Russian relations, and specifically US- Russian relations, in the decade following the break-up of the Soviet Union.

Initially, both Russia and the United States were under strong domestic pressure to make progress in their relations with each other. Yeltsin sought a deep partnership with the West, and specifically the United States, because he wanted to consolidate his power and to get Western assistance for his reforms. He also hoped that he would receive counter-concessions in foreign policy. Clinton wanted to reduce his defence budget so as to finance his domestic priorities.

By the time that Putin came to power, the Russians had come to the conclusion that they had received little for their efforts to accommodate the West. After having accepted the reunification of Germany, which had been difficult enough, the Russians had then been shocked when the West had taken NATO Hungary, Poland and the Czech Republic into NATO. The eastward expansion of NATO amounted, in their eyes, to a trespass in their sphere of influence; it was contrary to certain assurances that the Russians thought they had received at the moment of the dissolution of the Warsaw Pact; and it was emblematic of the decline in Russian influence in the world. The NATO attack on Yugoslavia added to their concern because it suggested that NATO was not a purely defensive alliance. In addition, many of the conservatives considered that the prescriptions for economic reform dispensed by Western countries and Western institutions were an attempt to ruin the Russian economy.

Putin came in, not as a Westernizer, as had Yeltsin, but as a nationalist, determined to make Russia strong and to restore Russia's standing in the world.

On the other side, Western opinion formers, and especially many in the United States, were shocked by the role that Russia had played in the Kosovo conflict by supporting Milosevic. In addition, many Republican critics of Clinton's policy of close relations with Yeltsin insisted that Putin's renewal of the war in Chechnya, coupled with Russia's sales of dangerous weapons and technologies to rogue states, meant the United States should disengage from Russia. Bush therefore came to power determined to take a different line with Russia from that of Clinton.

The change in the approach of the two countries towards each other led to a serious chill in relations. Putin embarked on a series of visits to Russia's old friends, China, North Korea, Iran, Libya, Cuba and Vietnam. During his visits he called for a return to a multi-polar world. With China Putin concluded in July 2001 a friendship

treaty, which stopped just short of being an alliance and was clearly aimed at the United States. Russia declared invalid a previous secret undertaking it had made to the United States that it would suspend arms sales to Iran.

During Putin's visit to Beijing in 2000, one triumphant Russian official had crowed the Westerners that Russians had plenty of friends in China, India, Iran Iraq and the former Yugoslavia if NATO and the EU overlooked Russia's interests in such places as Kosovo and Eastern Europe. The trouble was that there was little economic gain to be obtained from most of these old friends and they were not of much use in opposing US plans to develop an anti-missile defence system or NATO plans to enlarge. Furthermore, it was Russian sales of weapons and technology to dodgy states that had been one of the motivating forces behind the US desire to develop a missile shield. Besides this, Russian diplomacy was doing little to further Russia's desire for closer economic relations with the West. In addition, the Russians did not trust the Chinese.

Bush, for his part, made it clear before he assumed office that he was not prepared to visit Russia or China before he had seen all his friends and allies. He dropped Clinton's efforts to amend the ABM treaty, and announced his intention instead of abrogating it. He took advantage of the arrest of Robert Hanssen in April 2001 on a charge of spying for Russia, to expel over fifty Russian diplomats, the largest such expulsion since the Cold War.

The attack on the United States on 11 09 allowed Putin to break the log-jam he faced in his relations with the US and the West.

On the other side, the Bush administration had been rediscovering the usefulness of Russia beyond the fight with al-Qaeda:

- Russia, as the world's third largest producer of oil and with the largest reserves of gas, offered the US an alternative to Saudi Arabia.

- Russia's under-policed stock-pile of atomic warheads, fissile material, and nuclear garbage offered provided a target for potential terrorists

- Its relations with the three members of Bush's axis of evil, Iraq and Iran and North Korea, could be useful to the US.

The shift in US perceptions of Russia, coupled with the results of the efforts of the two countries to repair their relations that I described at the beginning of my remarks, meant that by the time of Bush's visit to Russia last summer, the Economist could comment that American relations with Russia were better than at any time since WW II, while those with Europe were as bad as they had ever been.

The history of the last ten years is useful, because it brings out the principal elements that are likely to influence the future course of relations between Russia and the West.

The first factor is that economic co-operation with the West offers for Russia the only hope it has of recovering its economic, and thus its political and military, strength. The Chinese have little to offer and the Russians do not trust them. In fact one of the factors that have propelled Russia to embark on its reforms since the days of Gorbachev has been fear of China. Siberia, and the Far Eastern Region of Russia, with a population of about 37 million, sit atop one billion Chinese; the Far-Eastern Region alone, with about seven million people, borders Chinese provinces with 120 million. Moreover, the Chinese are seeping across the border; there are already an estimated 2.5 million Chinese immigrants already in the Russian borderlands.

The Russians do not fear the West. They resent it. They resent it for being overbearing, patronizing, and for taking advantage of Russia's decline. This resentment is likely periodically to interfere with Russia's ability to calculate rationally its own best long-term interest.

The second factor is that many of the gestures made by the Russians since the attack of September 2001 on the United States amount to, in their eyes at least, concessions for which they have from the West, and especially from the United States, received little: in fact, it is difficult to see the Nuclear Arms Treaty as much more than a fig-leaf that allowed Putin to swallow the demise of the ABM Treaty. In addition, it is not yet clear whether the Russians will be any happier with the NATO-Russia Council than it was with the body it replaced, the NATO-Russia Permanent Joint Council. The Russians complained, with some justification, that there were never any serious discussions in the latter body, since all the decisions had been taken beforehand in discussions among NATO members.

Then there is the further enlargement of NATO, decided at the Prague Summit last November, which invited seven east European countries negotiate membership, plus the expansion eastward of the EU, which approved at the Athens Summit in April, the negotiation of the entry of 10 new members.

Furthermore, the Russians suspect that, on the basis of statements emanating from the Bush administration about extending the network of US bases around the world, that the new US military presence in the Caucasus and Central Asia may become permanent. They also fear that the military presence will reinforce American efforts to build pipelines skirting Russia in order to bring the hydrocarbon deposits of Central Asia and the Caspian Basin to Western markets.

Finally, Russian hopes of joining the WTO in 2003, or even in 2004, are bound to be disappointed, as many additional reforms are needed.

Since Putin embarked on his new policy towards the United States and the West against the advice of the Russian political and military elite, and since the public opinion polls on relations with the United States are ambiguous, Putin's ability to carry out his westward policy will depend very much on his own popularity. His popular support is very high for the moment, but both the war in Chechnya and a possible down-turn in the

economy could cause it to decline by the time of the presidential elections in 2004.

Putin's support for the position taken by France and Germany in the Security Council debate on authorizing the US-British intervention in Iraq can be explained by many of these factors:

- Popular opposition in Russia to the US position on Iraq was, at 83% overwhelming.
- Official resentment at US unilateralism is strong.
- The downfall of Iraq risks creating instability close to Russia's borders.
- It also harms Russia's economic interests in Iraq as well as adversely affecting the price of oil on world markets that Russia depends on for its prosperity and growth.

Putin has downplayed Russia's opposition to US policy in contrast to the more strident positions taken by Jacques Chirac and Gerhard Schroeder. Putin evidently thinks that France and Germany have less to offer Russia in pursuing its westward policy than has the United States.

Should the United States persist in pursuing unilateral policies, and should the other European countries be brought to accept the French position that Europe must develop into a rival centre of power to protect the world from US hegemony, leading to a split between the two sides of the Atlantic, however, Russia could be brought to choose Europe over the United States. Fifty-five percent of Russia's trade is with Europe, against only 5% with the United States. In addition, a recent study by the Institut français de relations internationales suggests that incorporation of Russia and North Africa into a zone of integrated development with the EU is the only way to arrest the decline of the EU's share of world production.

Russian conduct in Chechnya and Russian sales of weapons to rogue states are two of the factors that could once again lead to Western disillusionment with Russia.

Another issue that has the potential to cause a negative reaction in the West is Russian treatment of the other former Soviet Republics. In October 1999, when Putin was still Prime Minister, he signed into law a National Security Council paper presupposing the creation of one economic space of the former Soviet Republics. In the pursuit of this goal, Russia has applied political, economic, and military pressure on pressure on Belarus, Ukraine, Moldova, Azerbaijan, and Uzbekistan, and in many cases it is succeeding in pulling them in. Russia is supporting separatist movements in Abkhazia and South Ossetia in Georgia and Transdnistria in Moldova, with the apparent intention of annexing at least Abkhazia and South Ossetia. At some point, Russia's bullying tactics are likely to become well known and provoke a reaction in the West.

Besides these elements, there is an additional factor that will affect the future relations of Russia with the West and that is the political and economic backwardness of the country. Russia is a poor, semi-authoritarian country. Its economy is barely larger

that that of Switzerland; its share of global trade is less than 2%, about that of Spain, and less than half of that of Canada. Its share of FDI is below that of Chile or Thailand. Its manufactured exports amount to little more than guns, and vodka. Apart from raw materials, those bits of Russian industry that do sell well abroad, such as steel and chemicals, rely on artificially low energy prices.

Moreover, Putin's Russia is, according to various indications, less reformed and less stable than its image in the West would suggest. Under Putin, Russia has gained increased political stability, but at the cost of becoming increasingly authoritarian. Putin has gone on the offensive against critical independent media outlets, with the result that the influential independent institute, Freedom house has just downgraded the degree of press freedom in Russia from "Partly Free" to "Not Free." He has limited the powers of independent trade unions, political parties, and NGOs. He has weakened the upper house of parliament. According to Freedom house's Democratization Index, the degree of democracy in Russia has seriously eroded over the last five years with the result that the only former Soviet republics in a worse situation are Belarus, Turkmenistan and Uzbekistan.

On the economic side, Putin has been able to do little to curb the power of the oligarchs. In fact, capital is becoming even more concentrated. The lack of serious economic liberalization places it, according to Freedom House and the Index of Economic Liberty of the Heritage Foundation, in the company of such countries of the region as Albania, Ukraine, Kazakhstan, Moldova, and Macedonia. Its standing on the corruption index of Transparency International puts it in company with Cote d'Ivoire, Tanzania, India and Zimbabwe.

Moreover, according to a recent World Bank report, the economy remains vulnerable to external shocks due to an overdependence on oil and gas. Should, according to another study, US actions in post-war Iraq bring global oil prices down to \$13 a barrel, then the Russian economy could slide into a deep and prolonged crisis.

For there to be further growth and diversification, more foreign investment is required, but corruption and the stifling bureaucracy effectively hamper it.

If there is a serious economic crisis, the old fears of disintegration, unrest, loose nukes, disease and pollution will re-emerge.

While the glacial pace of reform in Russia has been contrary to some of the extravagant expectations that were raised at the time of the fall of communism, it was wrong to expect faster progress. No country can jump over its own shadow, or escape from its own history. The change of political culture from authoritarianism to pluralism has always been a difficult one to make, as the history of Western Europe in the last century demonstrates. Moreover, Russia was only obliquely affected by the gradual evolution of Western culture from authoritarianism to pluralism in the course of the last four hundred years.

Furthermore, Russia has no useful historical memory of a market economy. An evolution in Russia's political and economic culture therefore is likely to be a very slow and gradual process. What will emerge will be different from European models. A possible parallel may be drawn with Turkey, which eighty years after the after the Attaturk revolution remains, at best, a very authoritarian democracy.

What all of these factors mean for Russia's relations with the West is that rapprochement is likely to proceed at best slowly, with many detours. While Russia does not have much choice in the long run, there will be times when it will feel constrained to go its own way. We, for our part, must show persistence, and wisdom in seeking to develop relations with Russia and encourage reform. However imperfect the Russian reality may be, a Russia increasingly integrated with the West is to be preferred to an unstable, impoverished country, nursing resentments, and in conflict with its neighbours.