PARADOXES IN THE PERCEPTION OF CONTEMPORARY RUSSIA

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The perception of Russia in international relations is an interesting cognitive problem. It also has certain practical consequences. Russia is among those participants in international relations who had a strong influence on the 20th century. However, its self-assessment in this matter differs fundamentally from those of other participants in international life.

The way Russia's image is presented in the world is an offshoot of the determination of its political elites. They express their state's great power identity in international relations through the prism of neo-imperial ambitions. This undermines Russia's credibility in the eyes of international opinion.

The article shows how contemporary Russia is perceived through the prism of certain antinomies and paradoxes. These concern the self-definition of Russia in the world, its civilizational-geopolitical identification, its relative weakness despite being a nuclear raw materials power, its attempts to create a new state ideology ("sovereign democracy") colored with imperial and nationalist sentiments, and the need for Russia to give up on defining its vital interests in terms of "omnipresence" in the world as this clashes with internal imperatives, whose essence lies in economic growth and modernization. The complexity of emerging processes in Russia makes it a challenge to get to know the country better and build objective images of it.

1. The essence of international perception

International perception is a complex process. The definitions of perception formulated under the influence of psychologists do not adequately describe

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it. A number of American authors pointed this out already in the mid-20th century. Influenced by the effects and threats of the Cold War, they dealt with the question of the complexity of the conditions of international perception (especially Kenneth Boulding). In the 1970s, Robert Jervis stressed the need to link international perception with the intentions and behaviors of actors on the international scene as well as decision-makers in interstate relations. Of particular interest was his proposal postulating a link in international analyses between "the psychological environment" and the "operational environment". He criticized supporters of a psychological approach to international relations for a number of reasons: attaching more importance to emotional factors than to cognitive ones; drawing conclusions more on the basis of laboratory experiments than on processes taking place in the real world; focusing too narrowly on decision-makers, and at the same time having an incorrect view of conflicts of interest within the whole structure of the system of international relations.

In the Polish literature on this subject, Jervis' approach was adopted by Jerzy Wiatr who clearly rejected psychological reductionism and examined the question of correct and incorrect perception of international relations from a sociological viewpoint. But it was Józef Kukułka who provided the most comprehensive interpretation of international perception in Polish political science literature[1].

The prevailing view in the field today is that perception determines not only the process of sensory reflection of objects and phenomena in the real world, but also the finding and understanding of the sense of their existence in various dimensions. The essence of the process of perception leads to the forming of dynamic images of objects and phenomena in the international environment. This process shows at the same time that there is an active cognitive relationship between the observer and the observed reality. In an increasingly complicated international reality, perception is decreasingly involuntary or spontaneous and increasingly conscious and intentional.

The content of the images of states in the international arena depends to a large extent on subjective conditions. An essential yet unsettling role in the

[1] Kukułka J. "Postrzeganie międzynarodowe" [„International Perception"]. *Stosunki Międzynarodowe*, 1992, vol. 16, p. 91-103; idem, *Teoria stosunków międzynarodowych* [*The Theory of International Relations*], Wydawnictwo Naukowe SCHOLAR, Warszawa 2000, p. 123-132.

process of international perception is played by myths and stereotypes, but also by mistakes in perception and attribution, inherent in human nature. In addition, in international relations information flows on a par with disinformation, so there occurs the widespread phenomenon of falsification of reality and manipulation of various data that have an influence on the effects of perception. For this reason, experts and the media play such an important role – through them information reaches ordinary people. The high level of knowledge and professionalism among people who gather and analyze information has a positive influence on the quality of images created by them.

It should be noted that defective images (i.e. those that are incomplete, inadequate, idealized or catastrophic) are formed most often when the gathering and utilization of information is selective and carried out exclusively on the basis of preexisting preferences. Experts have greater chances of taking into account unexpected information and of creating objective images, while practitioners more often pay attention to information that they desire and have requested beforehand and also have a tendency to create images that are biased or shaped by conditions prevailing at the moment.

Keeping these observations in mind, it is worth examining the international perception of Russia as it is an interesting cognitive problem. This is a state about which thousands of papers have been written in the last 15 years or so, although the majority of them have taken a rather negative view. Russia is among the handful of actors in international relations which have had a strong influence on the 20th century. Its self-assessment in this matter differs fundamentally from the assessment of other participants in international relations.

Russians are aware of the truth that in this day and age the way a country is presented on the international stage is more important than the reality. For this reason, there is no shortage of critics of the way Russia presents itself abroad, even among loyal stalwarts of the system, such as Sergei Karaganov, one of the best known Russian political scientists. In his opinion, Kremlin foreign policy lacks a solid clarification of the motives for Russians actions in international relations, which leads to a negative perception of its moves, when in reality things are quite different[2].

[2] Karaganov S. "Russia and the International Order" in: ed. Dov Lynch *What Russia Sees*, Chaillot Paper, January 2005, no. 74, p. 23-43.

Russia and especially its elite find themselves in a phase of development where, in the face of ever tougher international games, they are keen on demonstrating their independence and new subjectivity in international relations. Therefore, they show a strong determination to defend the rightness of their actions, but in the process make plenty of mistakes. For example, Russia declares itself an ally of the West in the fight against international terrorism and at the same time supports terrorist groups such as Hamas. It stakes a lot on energy cooperation with the West and at the same time does not shy away from resorting to energy blackmail.

In Russia's structure of perception of the international environment, two target groups are of prime importance: post-Soviet in the "near abroad" and Western. The neighboring group, linked to the post-Soviet space, is the most important point of reference, both for the political elites and society at large. Historical experience plays an essential role in the perception of the "near abroad". The images of post-Soviet states neighboring Russia and the perception of Russia in the "near abroad" are formed under the direct influence of geopolitical factors, tensions and conflicts, culture and language.

In turn, Western perception of Russia determines its wider positioning in the world. Experiences and collisions with a culture that is higher and more developed than its own, mutual attraction and repulsion – these are phenomena accompanying the entire modern history of Russia in its conflict and cooperation with the West, especially its European core. For Western states, Russia is characterized by national, cultural and religious distinctiveness. It is not only a matter of geographic exoticism, resulting from Asiatic origins. Russianness often means civilizational dissimilarity, as pointed out by Arnold Toynbee, and more recently, Samuel Huntington. For these reasons, Russians fear that the West will close in on itself, leaving them outside. But the West also remains something "different" and "foreign" in the perception of Russians. According to Yuri Levada, the father of contemporary Russian sociology who died in November 2006, "sociological studies show that subconsciously Russians fear European influences, the European way of life, mentality, democracy – all this is for them something foreign and not entirely understandable"[3]. This results from the fact

[3] "Levada: Rosjanie panicznie boją się zmian" ["Levada: Russians Have a Morbid Fear of Change"]. *Dziennik* 18-19.1.2006.

that while Russia is a European state, it is at the same time different from the West, being a unique bridge between the West and Asia.

It is also worth remembering that there are big differences between the West and the states of Central and Eastern Europe in their perceptions of Russia. These are first of all due to dissimilar historical experiences and the geopolitics associated with them. Western European states did not experience Soviet occupation and view Russia as a generally responsible, if occasionally awkward, partner[4]. For these reasons, from time to time they accuse Central and Eastern Europeans of stirring up anti-Russian feelings.

However, Russia is trying to preserve as much as possible of its old great power status, maintaining strong ties with the biggest Western powers, which creates irritation in the capitals of middle-sized powers, such as Warsaw. Poles are annoyed by the cold distance with which Russia relates to their country. But none of the political forces in Poland have come up with a recipe or displayed any initiative to change this state of affairs[5]. There are strong indications that Poles will keep wallowing in their powerlessness and anger, while at the same time others will be doing quite a good business with Russia[6].

2. Problems with the self-definition of Russia in the world

One can present contemporary Russia through the prism of certain antinomies and paradoxes. A paradox involves reasoning in which correct assumptions and conclusions lead to contradictions, even to falsehoods. Paradoxes thus understood concern the self-definition of Russia in the world. Therefore it is worth pointing out:

- the civilizational and geopolitical paradox,
- the paradox of power,

[4] Western states are satisfied with the pragmatic achievements in the stabilization of Russian statehood and the predictability of Kremlin policies, while Polish expectations of Russia often have a maximalist character.

[5] Szacki W. "Co zrobić, żeby Rosja nas polubiła" [„What to Do to Make Russia Like Us"]. *Gazeta Wyborcza*, 11.3.2005.

[6] In the 1990s in Warsaw some Russian diplomats used to say that "when a lion is sick, even a monkey can beat it". It was a warning against the consequences of what would happen when "the lion recovers". Who knows if we are not facing that very situation at present.

- the paradox of democratization, and
- the paradoxes in international activity.

In economic terms Russia is at once a developed country, which is formally confirmed by its membership in the group of the world's richest states (G8), a developing country, and weakly developed one (as shown by indicators of economic growth and the social situation of the population), and even a failing state, as some described it in the 1990s.

There is no shortage of other paradoxes. It is therefore typical of contemporary Russia that:

1. social conservatism and resistance exist alongside openness towards innovative undertakings;
2. hostility and distrust towards all kinds of differences are mixed with acceptance of outside influences and growing international activity;
3. the uniqueness of Russia is stressed together with a readiness to compare with and imitate others;
4. various undertakings are accompanied by maximalism, i.e. engagement in something on a gigantic scale regardless of costs, while at the same time there is greater concern about the profit and loss balance;
5. one still comes across a reluctance to compromise in domestic and international affairs, which suggests a tendency towards dichotomous thinking on the "all or nothing" principle (*zero-sum game model*). At the same time, in recent years one can observe increasing pragmatism in Russian politics and a growing willingness to make concessions.

There is a widespread belief that Russia played a decisive role in the fall of the USSR, particularly after Yeltsin's election victory in June 1991. He set out to undermine the already tottering position of Gorbachev and eradicate support for the old elites. Events connected with the unsuccessful coup of August 1991 accelerated the pace of events, especially the Russian Federation's assumption of central government powers. However, roles were soon reversed. From a state aiming to break up the USSR, Russia began to change into a defender of the Soviet heritage, conscious of its position and resources.

Many contradictions accompanied this process. In spite of declarations and constitutional transformations in a democratic direction, Russia is seen in the world as:

- an unstable state, with a political leadership with authoritarian tendencies and a mafia-like oligarchic infrastructure;
- a nuclear power which is incapable of handling centrifugal tendencies other than by means of a bloody war, as the tragedy of Chechnya shows;
- a state which dismantled a totalitarian structure but presides over a society which has not yet shaken off the Soviet mentality and has not established a democratic political culture[7].

Problems with self-definition concern Russia's historical, political, national and cultural spheres. In the historical sphere, it has to do with the degree of identification with the past, with distinguishing between what was bad and worth discarding, and what is worth keeping or continuing. A particular obstacle seems to be the strong attachment to the imperial character of Russia's past. For hundreds of years, Russia was an imperial state, which with the dramatic changes of the early 1990s suddenly lost its *raison d'etre*. In this situation we are dealing with not only a revolution in the politico-economic order, but also a revolution in the consciousness of society, which must redefine its identity as well as reevaluate its national interests.

Many Russians feel closer to imagined and inherited history than to real history that is being currently created. Self-definition and the identity resulting from that process often revolve around the desire for reclaiming or restoring what has been lost, rather than for self-renewal and creation of something new. The former involves the efforts of various social groups to get back what they lost, or at least limit the damages resulting from the loss of empire. The latter is based on a complete break with the past, the previous political order and its universal claims. This is the type of self-definition that West Germans accepted after the Second World War under the pressure of the victorious Allies. In Russia too it seemed that the state emerging from the USSR was radically and effectively breaking with the past. However, the changes initiated from above soon provoked a conservative backlash. Within a few years of the collapse of the USSR, the question of the revival of Russia's great power status was put on the political agenda, given that Russia was not only the legal successor to the USSR, but also the heir to a noble tradition of imperial greatness.

[7] See: Bieleń S. "Tożsamość międzynarodowa Federacji Rosyjskiej" [„International Identity of Russian Federation"]. Oficyna Wydawnicza ASPRA-JR, Warszawa, 2006.

In the political sphere there is a dissonance between the drive to build a modern state and the implementation of democratic practices and old habits and customs from the epoch of totalitarianism. A striking characteristic of this is the clashing of two tendencies – on the one hand, we see modernization, i.e. an opening up to Western ideas and values, but on the other, an escape into autarchy and isolation with the aim of preserving Russian distinctiveness. The latter is sometimes associated with the search for a mythical "third way" of development, which is expressed through emphasis on the "self-contained civilization of Russia". Arguments between occidentalists and eurasianists are to a large extent a reflection of this. Defenders of the distinctive character of Russia are worried that the spread of the Western way of life is leading Russia to negate its own cultural identity. Being a consequence of modernization, cultural unification is undermining the meaning of the values making up the uniqueness of Russia, setting that state apart in the world.

Arnold Toynbee already a long time ago observed that Russia chose various adaptive strategies. The first of these he dubbed the "zealot" opposition of Old Believers, the essence of which was not to turn against the West as such, but to refuse the acceptance of foreign models. Its opposite was uncompromising "herodianism" which Peter the Great became an exponent of. The essence of this approach was the transformation of Russia from an Orthodox universal state to one of the "parochial" or peripheral powers of the Western world. The third strategy was communism, aspiring to universal leadership of the Soviet empire.

At present Russia is confronted with the necessity of choosing an adaptive strategy which will protect it from repeating historical disasters. This means, instead of mechanically transferring from above Western experiences and models to Russian soil, drawing on them in order to work out its own reform programs that enable it to enter into the current of civilizational transformation. Russians call this strategy "organic adaptation".

2.1. The civilizational-geopolitical paradox

In the geopolitical sense Russia is both Europe and Asia, connecting East and West, North and South, which in itself makes it a unique phenomenon.

So, the special significance of geopolitics in the case of Russia is determined by its particular geographic situation. Its Eurasian characteristics define its borders, natural barriers which have protected it against invasions, and enclose within themselves culture and history that maintain mythical continuity. The geography of Russia is loaded with affective and symbolic meanings. They are so ideologically charged that they strongly reinforce the genuine feeling of belonging to a Great Russia, and define the *genus loci* in which one can find the original national spirit. Nature and geography exert an overpowering influence on the attitude of Russians in their contacts with other nations. The low-lying and limitless Russian expanses have served to make the people averse to moderation and compromise, and have given rise to extreme attitudes of an "all or nothing" nature. Various descriptions of the national character of Russians emerge from such premises[8].

The geography of Russia has iconic significance, symbolizing a distinct landscape, harsh climate, and wealth of customs which contribute to a continuous awareness of its place in the world. The collective influence of the various ways in which people understand and perceive a known space is contained in the concept of *topophilia* which was introduced in 1974 by Yi-Fu Tuan, an American of Chinese origin, in a book with this title. A counterpart of *topophilia* is *geopietism*, meaning experiencing one's native land as an object to which special value is attached. The emotional bond with one's native land is connected with the belief that it is part of the "living national tissue".

The vastness of Russia led to the formation of the unique national psychology of Russians which stresses "destiny" and place in the world. Space appeared as a synonym for power and position. The enormous spaces resulted in the development of a certain style in social life which manifests itself in the way politics is conducted, but also in the way the results of all types of activities, including architecture or art, is presented. As Andrzej Chodubski wrote, "glorification of the idea of largeness and monumentalism in relation to space meant that since the dawn of its statehood, Russia was organized for expansion and territorial conquest"[9].

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[8] Лосский Н. О. *Характер русского народа*. [*Character of Russian People*] Москва: Издательство «ДАРЪ», 2005.

[9] Chodubski A. "Elementy identyfikacji kulturowej Rosji" ["Elements of Russian Cultural Identity"]. *Sprawy Polityczne*, 2001, no. 3, p. 90.

The geopolitical position of Russia gives it therefore the capacity to influence the most important processes on the Eurasian landmass and forces all participants in international relations to reckon with it. The Eurasian activity of Russia makes it an important global actor on the international stage. All kinds of activities and roles in this field are of key significance to the international order.

In Poland this factor is in fact forgotten and emphasis is put on the economic weakness and marginalization of Russia. Meanwhile, the US cannot imagine resolving the most pressing problems of the contemporary world, e.g. the Korean or Afghan questions, without the help and advice of Russia. For its part, Russia can effectively limit American influence by supporting states that clearly oppose Washington's policies (the most spectacular example being support for anti-American Iran). Russian protection of authoritarian regimes in the "near abroad" is at the same time a substantial limitation of Western influence, especially American, in countries such as Belarus, Kazakhstan or Turkmenistan. Geopolitics means that, regardless of weaknesses in other areas, Russia is an important player on the international scene. Without its participation it is not possible to imagine any configuration of forces that would have significance in the processes of establishing global equilibrium.

The geopolitical situation of Russia as a bridge between two continents, and also its physical environment and type of neighborhood, shaped the political development of the state as well as its image. The "troublesome geopolitical situation" arose because Russia, lying in the middle of the Eurasian continent, put powers located in its immediate vicinity in the position of natural rivals. From this viewpoint, Alexei Kara-Murza's thesis that the geopolitical position of Russia had and has a confrontational character is correct[10]. The authoritarian severity of the state is the inevitable result. This partly explains why militarism was closely connected with autocracy in Russian history. Frontline areas played a crucial role in defining the ability to repel invasions and maintain the state's internal stability. There was also another side to this phenomenon. Often, the authoritarian government itself looked for a place where it could "bare its

[10] Kara-Murza A. A. "Zmiana formuły tożsamości: Rosja między okcydentalizmem a samoistnością" ["The Change of Identity Formula: Russia between the Occidentalism and Self-existence"]. in: Agnieszka Magdziak-Miszewska et al. (eds), *Polacy i Rosjanie. 100 kluczowych pojęć* [Poles and Russians. 100 Key Concepts], Biblioteka „WIĘZI", Warszawa 2002, p. 218.

claws". Creating an image of a distinctive civilization, surrounded on all sides by adversaries, it created the ideological foundations for further conquests and imperial expansion. Russia was always surrounded by rebellious provinces or unfriendly states. From the chauvinist point of view, a friendly neighbor could only be a subordinated neighbor[11].

The complicated historical experience explains in a certain way the current assumptions behind the defense doctrine of Russia, which attaches so much weight to the so-called "near abroad". On top of that, the loss of Central Europe as an important buffer zone against the West placed Russia in a new situation. Looking from this perspective, it is easier to understand the sources of Russian resistance to NATO's eastward expansion in the 1990s.

The physical setting of Russia has kept it away from the sources of the West's dynamic civilization and delayed socio-economic development, putting it in an unfavorable position both in relation to Western Europe and later the US and Japan. In terms of economic and technological indicators, Russia has lagged behind the major powers in every epoch. However, through its contacts with stronger European powers, Russia has continuously adopted experiences, culture and worldviews from its adversaries.

The aspiration for the rebirth of geopolitical power seems to be the only way to restore the personal dignity and pride of the Russian political elites. They are not divided by their attitude towards a state bent on pursuing greatness and power, but by their attitude towards reform. Because of dramatic historical experiences, and especially the living memory of the Great Fatherland War, the Russian government and society are unusually sensitive to every potential threat to territorial integrity and inviolability of borders. This territorial imperative dictates Russian resistance to solving the problem of the Kurile Islands on the basis of rational compromise. It also fuels the contempt of Russians for the right of Chechens to self-determination. However, the stabilization of territorial ownership through demarcation of borders with China perhaps gives some basis to think that slow but significant changes are taking place in this regard in the mentality of Russian elites.

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[11] Paradowski R., "Rosyjski konflikt kulturowy i perspektywy imperialne" [Russian Cultural Conflict and Imperial Prospects] in: Piotr Kraszewski (ed.), *Cywilizacja Rosji imperialnej* [The Imperial Russia Civilization], Instytut Wschodni UAM, Poznań 2002, p. 49-62.

Contemporary powers have already abandoned the atavistic view that growth is to a larger extent the result of territorial conquests than of internal economic development and peaceful trade. Similar processes will certainly emerge among the Russians as well. For that reason, one should be cautious when making judgments. One should give up traditional stereotypes and patterns of thought regarding Russia. An astute observer of the Russian scene, George Kennan (1904-2005) warned against the ignorance evident in treating Russia as a country "unceasingly and wrongly expansionistic". Treating it like this "oversimplifies matters greatly and gives an erroneous picture of a large part of the history of Russian diplomacy in the Tsarist period"[12]. Generalizing about the contemporary governments of Russia or about the conduct of that country in the future on the basis of the historical record is a dangerous mistake.

2.2. The paradox of power

Russia is first and foremost a large world exporter of energy resources, having one of the largest nuclear potentials in the world. It is therefore a nuclear raw materials power. The nuclear potential of Russia guarantees its passive strategic defense. In the opinion of military commentators, for Russia, deeply frustrated by the loss of its superpower position, and at the same time, claiming the right to have a say in the fate of the world, the nuclear bogeyman has become its "last best hope". In defense doctrine, the relatively cheap nuclear capacity of the Russian armed forces is considered their most cost-effective element.

As a consequence of its nuclear status, Russia is only state which negotiates and concludes disarmament treaties with the biggest power of our times – the United States. Russia has a similarly important voice in reaching agreements in the field of conventional disarmament in Europe. None of the efforts of the international community in the area of non-proliferation of weapons of mass destruction would have succeeded without cooperation with Russia. The problem of access to nuclear weapons by North Korea or Iran cannot be resolved in any forum which does not take into account Russia's views.

Active diplomacy is a matter of linking energy weapons as offensive instruments and nuclear weapons as defensive ones. In this field Russia has no com-

[12] Kennan G. F., *On American Principles*, "Foreign Affairs", 1995, no. 2.

petitors, with the exception of the US, which has the largest number of great power attributes. The nuclear factor has a generally destructive effect – it constantly fuels or even deepens the world's suspicion of Russia. The oil factor has the opposite effect – it contributes to increasing the constructive interest of various states in Russia.

Moreover, a distinctive aspect of Russia is its self-creation through exaggeration of its strong points. The ability to create false ideas and inflated images of its power remains a specialty of Russian elites[13]. Russians themselves often put themselves in the forefront of world powers. Russia is undoubtedly a powerful nuclear power, has the largest territory, with the greatest reserves of natural resources in the world. This is all true. However, these advantages do not make it a major economic power. The Russian paradox in the economic sphere lies in the fact that according to World Bank indicators, Russia lags behind other middle-income states. At the same time, it continues to be a key state in the international configuration of forces.

Russia belongs to the G8 group of the richest states in the world, which create some two-thirds of the world's GNP. Although it contributes far less compared to the other members, this did not prevent it from assuming the presidency of the body in 2006 and preparing a discussion on ways to improve mechanisms of global management. The G8 serves as the contemporary equivalent of the 19th century European "concert" of great powers. Membership in this informal club confers prestige and distinction on Russia, although in rank it does not compare with Western powers.

Many objective indicators point to the favorable development of Russia. In the last six years, there has been continuous and noticeable economic growth, the external debt of Russia has decreased, the state has accumulated huge budget surpluses, and pensions and salaries are paid on time. Inflation has gone down to around 10%, while unemployment is not as high as in other post-communist states, hovering in the vicinity of 7-8%. So if all these indicators show growth, what then is the reason for the pessimism expressed in most analyses and assessments? It is paradoxical that the elements which Russians identify as their strong points are also the source of their state's weakness. On the one

[13] Галумов Э. А., *Международный имидж России: стратегия формирования* [Russia's International Image: The Creating Strategy], Москва: Издательство «Известия», 2003.

hand, they enable Russia to rebuild its great power status, ensure a balanced budget, build up reserves, and increase defense spending, as well as exert pressure on smaller and weaker states with the aim of gaining political advantages. But, on the other hand, they push the state in the direction of extensive growth, which closes the road to modernization and linkage with the most developed Western powers[14].

2.3. The paradox of democratization

In the course of 16 years Russia went from having a repressive dictatorship of the Communist Party and secret services to a system in which the fate of individual political officials depends on more or less democratic elections, organized systematically and in accordance with standards recognized around the world. No one in Russia idealizes the results achieved by the transformation; on the contrary, there are more critics than enthusiasts, but this does not mean that Russia is steadily sliding downhill.

The paradox lies in the fact that Russia proclaims its return to liberal democracy, while the world views it as being anti-liberal. This is further proof of how difficult it is to understand the "Russian syndrome". At present it is hard to say unequivocally whether the authoritarian tendencies, manifested in the campaign to rid Russia of robber-baron capitalism and create conditions for stable economic growth, will turn out to be strong and long-lasting. Decisions such as limiting the authority of governors, conducting a campaign against media freedom, forcing disloyal oligarchs to emigrate, as well as inflexibility on the Chechen question are widely perceived as signs of tightening of the screws. Russian history clearly shows that periods like this last much longer than flashes of liberal reform. If this tendency gets stronger, it could turn out that Vladimir Putin's team is ending the Russian thaw which began in the mid-1980s with Mikhail Gorbachev's *perestroika*.

President Putin takes every opportunity to argue against claims that Russia is heading in an authoritarian direction. He stresses that Russia has chosen the path of democracy and that this is a choice it will stick with. Announcements

[14] See: Neumann I. B., "Russia as a Great Power", in: Jakob Hedenskog et al. (eds), *Russia as a Great Power. Dimensions of Security under Putin*, New York: Routledge, 2006, p. 13-28.

of reforms strengthening the executive branch are not a reaction to the terrorist attack in North Ossetia in September 2004. There is considerable evidence that Putin is simply continuing activities launched in 2000 aimed at restoring the functioning of the state. Putin's first term saw the slow and careful resuscitation of state structures, which were in an advanced state of decay when Boris Yeltsin inherited them after the fall of the USSR. As Russians themselves assert, the president had to start from elementary things, without which no steps forward would have been possible. The first task carried out was to restore the ability to control the security structures. The next priority was to revive Russian interests in its immediate neighborhood, i.e. above all, in the post-Soviet space. The most important goal, however, was to restore Russia's great power status in the world, based on real sovereignty. The maintenance of full independence from others is for Russia not only a question of political and international legal identity, but also a condition for survival. Without this element, it is difficult to understand its attitude towards other powers.

Under Putin's rule, the Russian state has undergone consolidation, with the executive branch expanding its control over all spheres of public life. The president of Russia has a chance of going down in history as someone who restored order, stability, and economic growth following the years of disarray under Gorbachev and Yeltsin. Belief in supremacy of the state as well as in the usefulness and necessity of strengthening his effectiveness as a wise plenipotentiary of the entire national community – this is the core of current presidential doctrine. There are strong indications that the priority of contemporary Russian elites is economic growth and civilizational development, not democracy and institutions of civil society. For this reason, there are so many references in the political rhetoric to the distinctive nature of the Russian system. The Kremlin today proclaims that in line with the distinctiveness of Russia, it is building a distinctive Russian democracy. There is no lack of ironic suggestions that this system can be called "petroleum democracy".

In discussions about democratization in Russia, the so-called first law of petropolitics, formulated by "New York Times" commentator Thomas Friedman, has gained popularity. Let us recall that petropolitics is the politics of states exporting petroleum. The law states the following: "In countries rich in petroleum, the price of this raw material and the pace of expansion of civic

freedoms are always inversely proportional". The biggest enemy of Russian democracy is therefore not the Kremlin or the oligarchs, but the high price of oil. As Bulgarian political scientist Ivan Krastev argues, Russia is governed today by a regime whose entire legitimacy is based on extraction of enormous profits from the sale of oil and gas. The West, dependent on Russian supplies of these energy resources, gives *de facto* support to this regime and prevents any kind of change. In Krastev's opinion, "freedom in Russia will blossom only when the price of oil falls in Western states". The one and only indicator of the success of the European policy of promoting democracy would be the ending of Western dependence on Russian oil and gas, not only through diversification of energy suppliers, but also through the search for renewable energy sources[15].

A further paradox is the linking of sovereignty and democracy in a single political concept[16]. Its basic premises are set forth in the book entitled "Sovereignty", published under the editorship of Nikita Garadiya, and also in the book "Putin: His Ideology" by Alexei Chaadayev, officially accepted by the political technocrats of the presidential administration. The first of these books includes excerpts of presidential speeches about the condition of the state, an interview with one of Putin's possible successors Dmitry Medvedev, remarks by Vladislav Surkov, head ideologist of the Kremlin, made to activists of the "One Russia" party, and around a dozen interviews and essays, reflecting the tradition of enlightened loyalism. Authors such as Chaadayev and Garadiya, journalists like Vitaly Tretyakov and Maxim Sokolov, and military strategists such as Andrei Kokoshin are reputed to be the most important ideological officials in Putin's special services.

The concept of sovereign democracy means that Russia rejects the liberal democracy of the West[17]. Kremlin strategists argue that the entire world cannot be expected to follow one model. Just as the priority for American democracy is freedom, and for European democracy it is equality, for Russian democracy at the present stage security is of the highest importance. In fact, it is a question of

[15] Krastev I., "Putinowskie "społeczeństwo obywatelskie" [„Putin's Civil Society"], *Europa-Tygodnik Idei,* 2005, no. 43, 26 Oct. 2005.

[16] Idem, *Sovereign Democracy. Russian-Style,* Opendemocracy.net, 16.11.2006, http://www.opendemocracy.net/globalization-istitutions_government/sovereign_democracy_4104.jsp (29.03.2007).

[17] Janeliūnas T., "Sovereign Democracy" – Yet Another Attempt to Define Russian Regime", *Lithuanian Foreign Policy Review*, 2006, no. 2 (6), p. 119-133.

deflecting societal pressure from below and international pressure from above, both of which led to the "color revolutions" in Ukraine and Georgia. According to Kremlin specialists, "attempts at so-called democratization" are nothing but an effort by the West to "limit the sovereignty" of post-Soviet states. Russia is also becoming a target of this. Calls for democratization, support from the outside for independent liberal parties, appeals for observation of human rights are for Chaadayev, one of the Kremlin's political technocrats, "a new crusade against Russia", conducted by the West. According to him, this crusade is supported in Russia by agents of foreign influence, namely domestic liberals, and defenders of human rights and national minorities.

As defined by Kremlin ideologues, sovereignty is not a right to which the state or nation is entitled but rather the potential of the state, its economic independence, military power, and cultural identity. Another basic element of a sovereign state is an elite with nationally oriented views. The national character of the elite is the most important factor determining the strength of a sovereign state.

The slogan "sovereign democracy" is used in an opportunistic fashion to serve the current needs of the government. Sovereign democracy is presented as a struggle with chaos and disorder. It is a type of state ideology, seasoned with imperialist and nationalist sentiments.

In building the intellectual justification for the sovereign democracy project, Kremlin ideologues turned to the intellectual heritage of continental Europe – to the French political rationalism of Francois Guizot, a 19th-century philosopher and prime minister of France, and to the "decisionism" of Carl Schmitt, the "court jurist" of the Third Reich and a leading figure in the contemporary anti-liberal tradition. Guizot and Schmitt are surprising pillars of the Kremlin idea of sovereign democracy. What the Russian ideologues like is the anti-revolutionary stance and deep distrust of two fundamental concepts of contemporary democracy: the idea of representation as an expression of the pluralistic character of modern-day society and the idea of popular sovereignty. Anti-populism and anti-pluralism are characteristics distinguishing the current regime in Moscow. Its ideologues, following Schmitt's footsteps, prefer to define sovereign democracy as the "identity of rulers and the ruled". Following Guizot's footsteps, they consider as sovereign not the people (electorate), but reason

finding its expression in consensus achieved by responsible political elites. In the Kremlin's mixture of Guizot's anti-populism and Schmitt's anti-liberalism, elections do not serve to express differing, often opposing interests, but are a tool for demonstrating the identity of rulers and the ruled. Elections do not serve to represent people but to represent the authorities before the people. The definition of Schmitt, according to which the sovereign is "he who decides on the state of emergency", is perfectly suited to the almost metaphysical role of the figure of president in the present-day Russian political system. The Schmittian definition of democracy in categories of identity rather than representation does not enable one to distinguish democracy from dictatorship in any substantial way, which in the eyes of Kremlin theoreticians of democracy is certainly a strong point of this concept.

Russian and foreign critics of Putin are usually dismissive of the intellectual contents of the idea of sovereign democracy. They are interested in the true nature of the regime, and not how the regime tries to present and legitimize itself. In their opinion, "sovereign democracy" only has propaganda value. The only role of this concept is to protect the regime against Western criticism.

However, there are also those who believe that the concept of sovereign democracy embodies the nostalgia of Putin's Russia for the ideological force of attraction exerted by the USSR. It is a question of creating an alternative model for Western states discouraged by the growth of populism and the pressure of globalization.

2.4. Paradoxes in Russia's international activities

At the beginning of the 21st century, Russian foreign policy is still determined not so much by positive as by negative goals: to not let itself be marginalized in international affairs, to avoid isolation of the state in the international arena and further reduction of its importance, and to avoid involvement in contentious international problems that could threaten the progress of internal reforms. Russia often defines itself not in an inclusive sense, within the system of participants in international relations, but rather in an exclusive sense "against" other states. This means stressing differences and contrasts, and a desire to separate oneself from others. One can be certain that in the foreseeable

future Russia will not agree to join any kind of international structure at the price of giving up even part of its independence. This is something that cannot be imagined either by Russian elites or by broad sections of the politically conscious population.

There exists an enormous discrepancy between Russian aspirations and the possibilities for achieving them. Neither economic growth nor strong political leadership can erase in a short time the huge deficiencies and distances separating Russia from the biggest powers of the contemporary world. It will remain a great power more through the consent of the other powers, or in other words, a "licensed" power. It is a partner which is respected, but which cannot always be depended on. So the basic question is lack of trust. Respect for Russia results above all from the conviction that the weakness of the Russian state is not only a problem for it, but also for many other states. No serious Western observer denies for this reason the European character of Russia and its membership in the European security system.

In international relations, Russia operates in a manner that is different from other states. This is a phenomenon encountered many times in history. The duality of Russian behavior lies in the fact that it generally accepts the values and rules of the game recognized by other states. But at the same time it reserves the right to "its own" interpretation of certain standards, which undermines its credibility in the eyes of international opinion.

Russia has broken with the expansionist policies which contributed to the squandering of resources, has limited the development of offensive weapons, and has stopped supporting various revolutionary regimes and sending thousands of advisors to a host of countries. It is undergoing demilitarization of its political thinking (resulting in reduction of the army and of arms sales) and implementing disarmament agreements. However, it is not clear whether it has given up on its imperial ambitions. The governing class of Russia keeps clinging to the delusion of great power status, which is delaying the introduction of democratic standards.

Russians are in the process of reevaluating their involvement in international affairs. Their misfortune is that they lack a clear idea regarding the proper place of contemporary Russia in the global power system. The biggest problem boils down to overcoming the strongly rooted complex of playing the role of one of

the most important decision-makers. This calls for Russia to give up on defining its vital interests in terms of "omnipresence" in the world. Russia needs self-limitation. It is a paradox that contemporary Russia has chosen to assume the role of regional power and wants to be active on a continental scale while continually taking on tasks that place it in the ranks of powers with global ambitions.

Still conducting multivector diplomacy, Russia in the foreseeable future will only be able to afford "limited globalism", i.e. co-shaping the international order, based on partnerlike relations with other powers and collective undertaking of activities to alleviate and resolve regional and international conflicts.

In Russian thinking about foreign policy, domestic imperatives predominate. International interests have to serve domestic modernization, which has still not had the desired social effects. The economization of politics is supposed to lead to the effects of economic growth being translated into changes that are perceivable by the people. The dynamics of foreign involvement will depend on this and it is in this context that the world will accept the return of Russian power to the great game. Russia is particularly keen on being attractive to investors, a precondition of which is not only internal policy, but also good political relations with the richest states of the West. Today's Russia subordinates to this goal all other areas of activity, stressing especially the role of so-called economic diplomacy.

In the West experts often reiterate a basic fact that Russia must now accept in its conduct of international relations. It must – in spite of internal resistance – adapt to the new world order and its own changed position within it. Its long-term interests lie in the development of normal, constructive cooperation with the West. In the opinion of Zbigniew Brzezinski, in the long run the only advantageous choice for Russians is closer ties with the Euroatlantic community. Otherwise it risks geopolitical isolation and exposure to the Islamic threat from the south as well as Chinese power from the east. Brzezinski is right to point out that nations do not change their images of themselves or their historical fates of their own free will, but only when they have to. So it is a question not only of will but of realizing a certain necessity. An understanding of objective conditions can perhaps come to Russia more quickly if it bears in mind that in the past century many nations and states have had to fundamentally change

their views of their own aspirations and position in the world. This was the case, above all, with Germany and Japan, but also with Great Britain, France, Holland and Turkey.

Russia is no longer the leader of states dissatisfied with the international order that emerged after the Cold War. It is not a state striving at any price to revise the existing status quo. Russia played such a role under the Soviet flag, but it paid a high price for this, with mostly negative results. For this reason, Russia views the European Union as a serious economic and political partner. However, in international security matters, the Western European states do not yet speak with one voice, and on the Iraq question are simply divided. In this sense, although Russia tries to maintain the best possible relations with them, the entire EU is not as attractive a partner as the US. Moreover, there has been a serious rift in transatlantic relations, which in Soviet times would have been viewed by Moscow as a success, but given the new realities Russia is now keen on good relations with each side of the Atlantic divide. In fact, all divisions in the Atlantic community are to the detriment of Russia. It has to therefore calculate to what extent good relations with the US will not adversely affect its attractive economic relations with Western European states. Russia has to maintain a balance in its relations between the two parts of the Western world to the benefit of its own national interests. While maintaining partnerlike relations with the US, Russia gladly accepts invitations to everything that is European. Maintaining a balance in its relations with the US and the EU, and also with individual European states, is the most important task of Russian foreign policy. It is a unique paradox that Russia is today just as keen on Western unity as is the West itself.

According to specialists, this is just the beginning of the challenges facing Russia. Transatlantic rivalry will keep on intensifying in the foreseeable future, which will pose continual dilemmas for Russia. Each of the parties realizes perfectly well that playing the other two parties off against each other would be an absurd mistake[18].

The states of Western Europe and North America have not stopped criticizing Russia for its various departures from the rules and standards of the Western world, but at the same time they are striving to improve the climate and develop

[18] Lynch D., *Russia Faces Europe*. Chaillot Papers, May 2003, no. 60.

relations, not freeze or worsen them. There is a certain dualism in the way Russia is treated. Western states declare that they are striving to build "something truly common" with Russia, but treat it like a "partner from outside", whose interests and values often diverge from those of Europe. Such "partnership", in the opinion of Russian experts, is simply doomed to cyclical reproduction of crises.

Conclusions

Processes emerging in Russia are complicated and difficult to evaluate or interpret in an unambiguous way. Observers of Russia do not express categorical opinions either regarding the effects of internal transformation or their influence on international processes. It is interesting that there was a greater variety of scenarios and predictions in the early years of Russia's transformation (mostly pessimistic) than now at the beginning of the 21st century. Various observers view Russia with pessimism or with optimism. Pessimists view it as a nuclear power in a very precarious position because of its political and social instability. Optimists see a semi-authoritarian leadership, striving for stability, but at the price of sacrificing certain democratic freedoms. It is obvious that both the pessimistic and optimistic views lead to oversimplification in the face of an unclear reality – just as a catastrophic or euphoric view does not at all reflect reality. Many observers are stuck in a normativistic if not idealistic current of thought on the question of Russia, demanding conditions that it must fulfil in order to be recognized as a normal state. Normativists are convinced that the world can be rapidly rebuilt on the Western model. They are infected with the "end of history" vision, i.e. the victory of liberalism on a global scale, when in the meantime the world is undergoing further diversification, not turning back to communism. Examples of China's transformation, and also the dynamics of growth of the so-called Asian tigers should be instructive. Therefore it is worth looking sometimes at the future of Russia as well from a non-Western perspective.

ISOLATION AND MARGINALIZATION: RUSSIA'S OFFENSIVE IN THE BALTIC REGION

Janusz Bugajski*

Russian policy toward the Baltic states must be seen in the broader context of the Kremlin's long-range geo-political strategy. There are two contrasting views in Europe and America of contemporary Russia: as a benign or as a menacing power.

In the benign interpretation, Russia is a semi-democratic large power reliant on petro-dollars, living on past glories, often alienating its neighbors, but cooperative and helpful to the US and the EU, especially in the anti-terrorist campaign, and ultimately benign for American and European interests. Hence, some Western observers believe that in his domestic and foreign policies President Putin has made errors and misjudgments, whether toward Ukraine's Orange Revolution or in the "gas war" that impacted negatively on European energy supplies. However, Putin is evidently seeking to defend Russia's legitimate national interests and we should be supportive of his attempts to stabilize the region's bordering Russia. The conclusion is that we should not be overly concerned about Russian policies. Even when these are damaging to Allied interests, Russia is too important to be sanctioned or openly opposed.

A contrary position, which I share on the basis of hard evidence, is that Putin's Russia is a calculating neo-imperialist power seeking to restore its spheres of dominance and influence, threatening to its neighbors, and capable of seriously undermining Western interests. Russia continues to possess significant tools at its disposal to gradually realize its ambitions or at the very least to undermine security and democratic development along its borders and any further expansion of the democratic world. Russia is both a model for authoritarianism and a source of regional insecurity, and the two are closely related.

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President Putin wants to leave an ambitious legacy – to restore Russia as a great power with a strong state, a dominant position toward its neighbors, and respected as a key global player. To achieve these goals, Putin has employed various tools to project Russia's influence and to reverse Moscow's decline during the 1990s. Putin developed an assertive two-pronged foreign policy: to reign in wayward neighbors within its orbit and to establish strategic global alliances that can help project Russian power and undermine the unipolar world order. In this context, Russian policy toward its Baltic neighbors has specific objectives and methods.

The Central European and Baltic states are viewed as vital buffers against Western encroachment on former Soviet territories. Moscow wants to forestall close bilateral contacts between the Baltic states and the CIS countries and limit the process of democracy and security promotion. It also wants to weaken any rival alliances that could effectively block its strategic goals. Russia seeks to limit the scope and pace of Western institutional enlargement and pursues closer military integration in Russian dominated "collective security" mechanisms.

The Kremlin realizes that direct control over CEE and the Baltics is impractical. It has therefore sought to promote weak, isolated, and subservient neighbors, either devoid of close ties with Western security structures or maintained as peripheral players inside the Atlantic Alliance and the EU. I will briefly outline six major ways in which the Kremlin has pursued the objective of marginalizing, neutralizing, and isolating the three Baltic countries.

Diplomatic offensives

Russia's long drawn out process of signing and ratifying border treaties with Estonia and Latvia has contributed to raising the sense of threat. The initial purpose was to disqualify these countries from NATO and EU membership because they had outstanding disputes with Moscow. Subsequently, disputes over treaties and over the history of Russian occupation became a useful way of exerting diplomatic pressure and stirring domestic hostility inside Russia against the alleged "Baltic threat." Final frontier delineations have remained unratified in a shrewd calculation that unsettled borders would raise tensions and unsettle neighboring governments.

Disinformation campaigns

Moscow claims that the Baltic capitals are injecting "Russophobic" positions into NATO and the EU. In traditional Soviet fashion, Russian officials and commentators assert that opposition to Kremlin policy is actually "anti-Russian." This simplistic proposition is unfortunately accepted by some gullible EU and NATO officials, many of whom prefer to overlook the threatening posture of the Putin regime toward Baltic sovereignty. Instead, some accept the propaganda image that depicts the Baltic governments as nationalistic and xenophobic and whose policies will purportedly poison EU and NATO relations with Russia. This amounts to attempted marginalization through misinformation. Moscow seeks ways to counteract alleged "Russophobia" through closer bilateral relations with West European states and the isolation of CEE newcomers in the EU's decision-making process.

Economic leverages

Russia has endeavored to gain increasing economic influence among all former satellites through targeted foreign investments and strategic infrastructural buyouts. This can supply Moscow with substantial influence over any country's financial, trade, and investment policies. Russian company officials have also been encouraged to gain political influence through involvement with government officials, political parties, interest groups, and media outlets in targeted states.

Energy blackmail

As the major energy supplier to the region, Moscow has periodically sought to disrupt the Baltic economies in order to apply strategic pressure and gain political advantage. As a result, each government has tried to limit its dependence on Russia and its susceptibility to blackmail. Moscow also endeavors to control energy transit routes as this is both financially and politically profitable. Energy supplies are used as leverage to purchase shares in local refining and transportation systems. Periodic threats to reduce or halt supplies are a means of extracting concessions to allow for Russian investments in the local economy. Moscow aims to convert overwhelming dependence on Russian energy supplies and economic investments into long-term governmental influence.

Military threats

Russian officials have regularly threatened the Baltic countries, claiming that Estonia, Latvia, and Lithuania were positioning themselves as an alleged launching pad for NATO aggression against Russia. Some politicians have called for more forceful measures to coerce the three republics into submission. Frequent unauthorized military overflight of Baltic airspace indicates that the Kremlin seeks to intimidate its neighbors and to demonstrate that NATO will not ultimately defend their interests in any confrontation with Russia.

Political subversion

There have been several reported cases of direct political subversion in which influence is bought by Russian businessmen tied to the Kremlin's intelligence services. This has unseated at least one Baltic President and placed other officials under suspicion of collaboration. If influence cannot be bought, the promotion of suspicion and distrust among neighboring countries also serves Moscow's interests and brings into question their stability and reliability.

A policy of differentiation has also been practiced by Moscow. While Lithuania appeared to be favored in the late 1990s, Latvia was depicted as a major anti-Russian offender and intensive political pressures were applied against Riga. The pressure on Estonia has been more consistent and predictable, while it has intensified on different occasions toward Latvia. These attempts at differentiation serve the purpose of marginalization and are designed to weaken inter-Baltic solidarity, disrupt a united foreign policy, and undercut arguments that the Baltic states generate regional stability.

Ethnic manipulation

Moscow has tried to benefit from local political, ethnic, subregional, religious, and social turbulence in order to keep each Baltic country off balance. In particular, it has exploited the Russian minority question to depict the Baltic governments as failing to meet European standards for minority protection and human rights. The Kremlin claimed the right to represent and defend the interests not only of Russian ethnics but all "Russian-speakers" in order to raise the number of alleged victims of Baltic repression.

Claims by officials that the Baltic governments actively discriminated against Russians, despite the conclusions of international human rights organizations, contributed to heightening international tensions. Moscow continues to manipulate the ethnic issue at convenient venues, including UN Human Rights Commission sessions. This heightened concerns that a future nationalist regime in Moscow could employ military means to support secessionist movements and establish new Russian exclaves in the Baltic states in the pursuit of a Greater Russia.

Conclusions

In sum, Russia's leaders have sought to place Estonia, Latvia, and Lithuania in an undefined "neutral zone" between NATO and the CIS and between Central Europe and Russia. In this way, NATO influences would be minimized and Russia's expansive national interests safeguarded. Russia experienced several disappointments in its Baltic policy. It failed to draw the three independent states into a Russian security orbit and it proved unable to prevent them moving westward politically and establishing close relations with the U.S. Moscow was left with a policy of limiting the Baltic states from exerting a magnetic influence on former Soviet republics that wanted to move westward not eastward. The Kremlin's policy of marginalization and isolation continues. Being aware of the extent and seriousness of such a policy is the first step in countering its effects and devising a more assertive European and Allied strategy to expand democracy and security eastward.

THE BALTICS – A FORGOTTEN FUTURE PROJECT

Alvydas Butkus, Leonidas Donskis*

Distant ethnic brothers

Historians from the Baltic States like to say that the Lithuanians, Poles and Byelorussians are historical brothers, since they lived in one state for many centuries, whereas the Latvians are only ethnic brothers of the Lithuanians because they lived in German-founded Livonia for some 300 years.

In reality however, we lived with our Latvian brothers in one state for an equally long period of time as we did with the neighbouring Slavs, although that experience has not been actualised yet as the case with the Poles, Byelorussians or Ukrainians has. Furthermore, in Latvian historiography this period is traditionally called the Polish times (poļu laiki). This is also because the annexation of Latvian (and southern Estonian) lands to the Grand Duchy of Lithuania went on just before the Union of Lublin; in Polish sources the annexed lands are called Inflanty (a distorted version of Livland), and after the war with the Swedes (1600–1629), Latgale left to the Polish-Lithuanian Commonwealth (also known as the Republic of Two Nations) was called Inflanty Polskie.

In discussions about history, it is also emphasised that in the times of prosperity of the Grand Duchy of Lithuania perhaps up to 80 per cent of its inhabitants were Slavs. This is also not quite true. During the rule of Vytautas, the Grand Duchy of Lithuania had three main ethnicities: the Balts in the west, the Slavs in the central regions, and the wandering Tatars in the south-east (by the Black Sea). The number of Balts outweighed the others in the times of Žygimantas Augustas, when in 1561 the lands inhabited by Latvians were an-

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nexed to the Grand Duchy of Lithuania, i.e. Vidzeme, Latgale and the vassal Duchy of Courland and Zemgale, and Ukraine was taken by the Poles. Latgale belonged to the Grand Duchy of Lithuania (from 1569 called the Republic of Two Nations) until the first division of the republic, i.e. as long as 211 years. Being in the Grand Duchy of Lithuania helped the inhabitants of Latgale remain Catholic and receive the writing tradition from Vilnius, and it encouraged the formation of greater linguistic peculiarities. Because of this, some Latgalians consider themselves a distinct Baltic ethic group.

Regarding the Duchy of Courland and Zemgale, it belonged to the Republic of Two Nations according to vassal rights up to 1795, which is longer than the period during which Ukraine belonged to Lithuania.

We became very distant due to the events in two particular centuries: the 17th century, when most Latvians became Lutherans, and the 19th century, when we belonged to the Russian Empire.

The Lutheran church was especially interested in the peasants being literate, so that they could read Christian literature at home. Therefore, Latvian peasants soon became more educated and more civilised than our peasants. In Lithuania, Catholics published the Bible only in the 20th century. (Latvians published the New Testament in 1685 and the Old Testament in 1689.) Two uprisings against the Tsar (1831 and 1863) only provoked a negative reaction: we lost our university, we lost the right to write using Latin characters, and we lost our Lithuanian parochial schools. The different times of the abolition of serfdom also had an impact. In the German provinces of Russia—Estland, Lifland and Courland—serfdom was abolished in 1817 and 1819, whereas in ethnographic Lithuania (and Latgale) it was abolished only in 1861. Thus Latvian peasants could earlier start sending their children to schools of higher education, and the national intelligentsia and pride in the native language and native ethnic culture began forming earlier. Lithuanians at that time were just looking at the Poles and imitating their "seigniorial" language and manners. The first newspaper in the Latvian language was published in 1822 (the Lithuanian Auszra was published only in 1883), and the first international Latvian song festival took place in 1873 (the Lithuanian one took place in 1924).

Therefore, it is not surprising that in the late 19th century Lithuanian peasants were viewed by Latvians as culturally and economically underdeveloped

neighbours. It is probably then that the old ethnonym *leitis* acquired its negative connotation.

For the sake of justice, it should however be mentioned that the 19th century Latvian intelligentsia had a totally different view of Lithuanians. They praised the only past state of the Balts—the Grand Duchy of Lithuania—and its rulers and admired the antiquity of the Lithuanian language, borrowing words from it in order to replace their German words.

The relationship between the intelligentsia of our countries, especially philologists, people involved in theatre, and artists, has traditionally been good and warm. All we have to do is further develop this tradition and expand it to other levels of society. The media on both sides of the border having a positive attitude could do a lot in this case.

Different statehood-related ambitions

Lithuanians have been famous for their military and commercial activities since ancient times, as evidenced by the chronicles of neighbouring countries and Livonia, whereas there are no hints of the Latgalians, Selonians or Zemgalians military activities into neighbouring lands or any active trade. Of the northern Balts, only the Curonians were famous for being as active.

The subjugated northern Balts lost their statehood-related ambitions together with the destroyed or assimilated aristocracy. Soon they became loyal to their subjugators.

The Latvians' statehood-related ambitions appeared only during the First World War. At first, Latvia was viewed as an autonomous unit in Russia ("A free Latvia in a free Russia"); however, after the autumn of 1917 ideas about a state independent of Russia appeared.

After the loss of the state in 1795, the Lithuanian nobility, who already had some experience with statehood, were trying to get it back. The leitmotiv of the Latvian national revival in the 19th century was the nourishing of their national identity, whereas the Lithuanian revival was characterised by a greater variety of objectives, which among others included the restoration of the state. These objectives and priorities and the differences between them are clearly reflected in the national anthems of the two countries, which are pieces created in the latter part of the 19th century: Karlis Baumanis' *Dievs, Svētī Latviju!* and Vincas Kudirka's *Tautiška Giesmė*.

The Lithuanians' unwillingness to serve in a foreign army was demonstrated by the Hitler's unsuccessful plans to create an analogue of the Latvian legion in Lithuania and by the lack of submission of General Plechavičius to the Germans, who instructed him where the local squad lead by him was supposed to go and what it was supposed to do. The much more intensive and longer post-war Lithuanian resistance was caused both by deeper traditions of statehood and by a more radical view about the occupants' army.

Thus the present-day Lithuanian entrepreneurship and Latvian passivity can also be explained by historical traditions: having restored their state, Lithuanians dedicate all their energy to the spheres of "peaceful expansion", i.e. to the development of trade and business, and even emigration (not being satisfied with the present situation), whereas Latvians behave as if they accept things the way they are.

The undiscovered Latvia

One of the unique attributes of the Baltic States often forgotten by Western European and North American politicians and commentators are some multi-ethnic and ethno-political cultural elements that the West itself lacked in the 20th century. One of these is the especially broad cultural autonomy that Lithuania ensured its Jewish community and that Latvia and Estonia ensured their German communities (in Estonia, some elements of cultural autonomy were also noticed in relation to the Russian community).

Latvia became famous not only for ensuring the autonomy of its Germans but also for some of its prominent Germans. The German influence on Latvian artistic and intellectual culture is usually defined as the impulse of Johann Gottfried von Herder to study the ethnic culture and folklore of this country. The Koenigsberg academic impulses are mentioned as well, first of all thanks to Immanuel Kant, Herder, and Johann Georg Hamann.

In European political life, nobody promoted Latvia as widely as the recently discovered Latvian German Paul Schiemann (1876–1944) who worked as a journalist at the newspaper *Rigasche Rundschau* and became the most prominent representative of minorities' rights and the cultural protection movement in the Baltic region, and perhaps all of Europe. The European Congress of Nationalities, which included 40 million members, was established in Riga by

the German Schiemann, who stated that Latvian Germans must be loyal to the Latvian state, yet at the same time maintain their own culture and not submit to Nazi Germany. For his anti-Nazi and anti-totalitarian beliefs (Schiemann strongly opposed both National Socialism and Bolshevism), Schiemann was negatively viewed in Hitler's Germany. He was also disliked by some Latvian Germans who supported the Nazis and had anti-Latvian attitudes; however, Schiemann did not change his behaviour or beliefs. Thus it is important to emphasise that the ideas of loyal minorities and of individual rather than territorial autonomy raised in the late 19th century in Austria were implemented in the Baltic States for the first time in European history, i.e. as mentioned before, in relation to Jews in Lithuania and Germans in Latvia.

Thus the Baltic States have something to say in the EU today as discussions on the issues of minorities and multiculturalism theory and practice are underway.

Does the Baltic region really exist?

The question as to whether the Baltic region is a political and cultural phenomenon that really exists or whether it is just the closeness of the Baltic nations inherited from the Soviet times probably become acute for the first time when current Estonian President and former Foreign Minister Toomas Hendrik Ilves (who held the position in 1996-1998 and 1999-2001) made his famous statement, which has become a classic, that Latvia and Lithuania might indeed be the Baltic States, but Estonia is one of the Nordic countries. And the problem he raised can indeed be substantiated.

The region which was once called the Baltic provinces and which became the point of intersection of the historically-formed interests of the Danish, the Germans, and the Russians had a chance to acquire a significant political weight in inter-war Europe. We should remember that at that time Finland was considered a Baltic state as well, and thus there were four Baltic States. Due to the efficient Soviet foreign policy, which allowed it to successfully manipulate the foreign policy of the new political players in Europe, the Baltic States failed to create any common defence forces (even though such an objective had been set) and formulate a coordinated common political stance. The Baltic States were a category of political geography rather than a socio-political formation with a deeper significance.

By a miracle (and also thanks to the heroism of the Finns), after the Second World War Finland managed to maintain its statehood and independence and started to seek to get integrated into the organisations of the Nordic countries, thus moving away from the occupied and annexed Baltic States. And Lithuania, Latvia and Estonia became the Soviet Baltics, i.e. three prisoners in the same prison of nations, which were united only by the same cell and by their fragile sentiments provoked by the notion of a common enemy.

The weakness of the self-image and self-identity of the Baltic region is often emphasised by the feelings about neighbouring countries and cultures notion in all three states of the region. Latvia and Estonia, Lutheran and historically close to the Nordic countries (especially to 17th-century Sweden, in which Riga was the largest and the most economically powerful city, a great degree ahead of Stockholm for a long period of time, and Dorpat (or Tartu), after the establishment of a university there in 1632, became one of the main academic centres of the Kingdom of Sweden), have a strong and obvious Nordic dimension in their history, as well as in their political and cultural experience. On the other hand, in Lithuania this dimension is much weaker, since after the successful Counter-Reformation, Catholic Lithuania was close to Poland. It is obvious that modern Lithuanian culture has many more Eastern and Central European traits (first of all in Vilnius) than the Latvian and Estonian cultures.

Therefore, it should not be surprising that Estonia has much in common with Finland, which has virtually the same national anthem and national epics, and Latvia, at least in the sphere of historical and cultural sentiments, is closer to Sweden (and at the same time to Germany) rather than to its ethno-linguistic and ethno-cultural sister Lithuania. In the context of resistance to the Soviet occupation and annexation, these ethno-linguistic and ethno-cultural sentiments were indeed important. Whatever the case might be, since the restoration of the independence of the Baltic States, it has become clear that Poland is much closer to Lithuania than the other two Baltic States are. And Lithuania is close to Poland not because of any ethno-linguistic or ethno-cultural characteristics, but due to common modern policies, earlier existence of a common state, administration of international relations, and experience of urban culture.

On the other hand, the logic of state life and common experience should make Finland closer to Sweden or to some extent to Russia. In the case of Fin-

land and Estonia however, it is not only linguistic and cultural links that are important, but also their similar experience of modernisation, national revival, and creation of a modern state, as well as the fact that these events took place in the same period of time. From this point of view, Lithuania, which remembers its previous experience of statehood and has a clear perspective of the Slavic countries and all its neighbours, can be hardly called a country that is close to Latvia. Is it therefore right for us to hope for quick results not through joint political activity and the joint creation of the future in the region, but only by remembering the similarity of languages and customs?

After almost sixteen years of independence, we may ask what the links between the Baltic States are like. If we do not mention some institutions that exist only on paper and some economic cooperation, the Baltic region as a coordinated policy or cooperative unit with common priorities, rather than just a geographic concentration of states, does not show any signs of life today. It is sufficient to compare us and such regional political formation as the Nordic countries. It is well known that the Danish and the Norwegian languages are quite close; therefore, representatives from these countries can talk to each other in their native languages and understand each other perfectly. It is a little more difficult for the Swedes, and even more difficult for the Icelanders, yet people already at school in all Nordic countries are familiarised with the languages of the neighbouring countries so that they can understand them.

Those who had a chance to attend conferences organised by the Nordic countries know very well that the Norwegians, the Danes, and the Swedes (and sometimes even the Icelanders) speak their native languages there. True, this idyll is sometimes changed by the Finns, who prefer English to their second state language, Swedish. The Finns, who belong to the Finno-Ugric group, reorient such forums to the English language.

How can Lithuania and Latvia be brought together?

Have Lithuania and Latvia ever attempted to achieve anything similar? It is often said that these two countries are the only Baltic tribes that became modern nations. We also know the indisputable phrase about the affinity of our languages. But why have attempts not been made to discuss more seriously in the education systems of these two countries the idea that Lithuanians could

study the Latvian language and Latvians could study the Lithuanian language at secondary school?

Why couldn't we broadcast Latvian television stations, subtitling the programs in Lithuanian? If Latvians did the same and broadcasted Lithuanian television programs with Latvian subtitles, just a decade would be sufficient for some real changes in the two countries' mutual understanding to occur. Soon, a time would come in which young people could talk to each other in their native languages and understand each other perfectly.

For the purposes of professional communication, high-level language skills are undoubtedly required. It is therefore obvious that scholars at international forums will always switch to English. By the way, it should be mentioned that this does not concern our politicians, diplomats or businessmen, who still use only Russian in Latvia and even Estonia. In order for us to become a region with a real political content and common cultural life and not remain just a formation existing on paper, all we need is some political imagination and will.

Finally, should our relations with Russia ever be normalised and become warmer, there is nothing bad in the Russian language together with the English language becoming actively used in the Baltic region—not only because of the Kaliningrad region and neighbouring St. Petersburg, but also because of its possible use as the *lingua franca* in Eastern Europe. Yet in order to arrive at this point, some serious changes need to occur in Russia, and first of all in the attitude of Russian politicians towards the small European nations and to Russia's former colonies.

By the way, relating the future of Lithuania above all with education and multilingualism, we should consider studying the basics of the Estonian language at schools. Of course, this will not begin today, since in order to do that we should first of all start to view languages and culture more seriously and start to develop some respect for education. For the time being, the above-mentioned things are not included among our country's priorities. Lithuania will inevitably change, however, so we can already start thinking about the possible changes.

All this can happen in the future. What we have to do today is to start from basic things such as the expression of our interest in each other. The pace of globalisation does not allow us to quickly understand the current situation and

acknowledge that if we do not make any conscious attempts and do not express our political will, soon when in Latvia we will feel as if we are in a more distant place than the United Kingdom or Ireland.

We have not done one thing yet; we have not used our Baltic dimension to the full. We have not tried to enter the world as the two Baltic nations. Our historical experience links us to the Poles and links the Latvians to the Germans. However, the present gives us a chance to create modern history. And to try what has not been tried yet.

BETWEEN RUSSIA AND THE EU: TRANSFORMATIONAL OPPORTUNITIES FOR BELARUS

Tomas Janeliūnas*

The crisis in relations between Belarus and Russia that started at the end of 2006 is forcing Belarusian authorities to look for new foreign policy directions. Alexander Lukashenko has mentioned the necessity to balance Belarusian foreign policy and stop being dependant only on Russia. Such changes may encourage the EU to review its policies towards Belarus. The EU policy of isolating Belarus and applying sanctions to it is absolutely inefficient since it has not promoted either the liberalisation of the Belarusian regime or any democratisation of the society. In this article, it is argued that because of the crisis in relations between Belarus and Russia, one of two scenarios for the transformation of Belarus in the nearest future is likely to be seen: Belarus might become "a shadow of Russia" and definitively transfer its economic and political sovereignty to Moscow, or the country might become a "typical Eastern European state" trying to balance between pro-Russian and pro-European policies. The EU should strengthen selective cooperation with Belarus, first of all in the fields of economic and energy relations. Only in this way can the EU increase the opportunities for Belarus to reduce its dependency on Russia and thus maintain its political and economic independence in the future.

Introduction

For a long time, the EU has viewed Belarus as a frozen problem that it is not very eager to solve. On the one hand, relations with the official authorities of Belarus after the election of Alexander Lukashenko as president in 1994 have probably been colder than those with any other European state. These relations

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especially worsened in 1996 when Lukashenko held a referendum, by which he changed the constitution and extended his term of office until 2001. Having easily won the presidential elections in 2001, Lukashenko once again ensured his possibility to remain in power by referendum in 2004. In 2006 he once more took part in the presidential elections, which he won by an overwhelming majority. On the other hand, even though diplomatic relations have practically stopped, the EU does not feel any particular concern or need to look for serious solutions regarding Belarus. European institutions and representatives have become used to periodically expressing their concern about violations of human rights in Belarus, declaring their support for the Belarusian opposition, and expressing the hope that one day Belarus will join the group of democratic European states. Official reactions to the Belarusian elections or referendums were almost identical, and often old statements about the elections or referendums being organised in violation of standard democratic procedures were repeated. Such calm non-recognition of the official Belarusian authorities has been accompanied by mild sanctions such as visa-ban for the top representatives of the Belarusian authorities. In the long run, the policy of isolating Belarus has become an ordinary and inert matter, accepted both by Belarus and the EU.

Alexander Lukashenko could stay rather calm about being isolated by the EU since he was always supported by his large neighbour Russia. The relations of Belarus and Russia have been quite successful for a long time, because Moscow recognised the Lukashenko regime and provided substantial support to the Belarusian economy. The most important aspect of the Russian support was the supply of energy to Belarus at almost the same conditions as those enforced in the internal Russian market. Cheap oil and gas permitted the Lukashenko regime to maintain a state-controlled economy, freeze market liberalisation, and at the same time ensure economic growth. In 2004, real Belarusian GDP growth amounted to as much as 11.4 %, and in 2005 it reached 9.2 %[1]. However, this Russian support had a certain price, because Russia actively aimed at ensuring more political influence in Belarus. The most important instrument in binding Belarus as much as possible was the creation of a Union State. In accordance with this initiative, Belarus was supposed to create a joint state with

[1] Eurostat. *European Union and its main trading partners: Economic and trade indicators. Belarus*, 15 September 2006. <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113351.pdf>

Russia. In reality this meant that Belarus was to become a part of Russia. Its autonomy and rights would not differ much from those of the other constituent entities of the Russian Federation. Although Belarusian authorities understood that and tried to postpone such final for as long as possible, they avoided any radical actions that could offend Moscow. Intense economic dependency on Russia forced Lukashenko at least publicly to declare support for the project of creation of the Union State and this way maintain Moscow's political and economic support.

Russia therefore became a natural donor, without which the Lukashenko regime would be unable to survive. Economic and political alienation from Russia would mean the political death of Alexander Lukashenko and an economic catastrophe for Belarus. Belarus has become the smaller Siamese twin of Russia.

This situation was also recognised in the capitals of the EU member states. It was said again and again that the key to Belarusian reforms lays in Moscow, and that it depends only on Russia whether any political or economic reforms take place in Belarus. At the same time, the hope existed that Russia's care would prevent Belarus from any radical actions that could harm its neighbouring countries or the entire EU.

However, the 2006 presidential elections in Belarus and the 2007 energy conflict between Belarus and Russia forced the EU to consider Belarus in a more serious way. After the orange revolution in the Ukraine, more hopes were expressed that a consolidation of democratic forces could also occur in Belarus, and that intolerance towards authoritarian government could grow in that society, encouraging a regime change in Belarus. Such hopes had to be postponed, however, since the 2006 presidential elections in Belarus did not bring about any serious political change.

The disagreements that started in late 2006 and early 2007 between Belarus and Russia over prices and conditions for the supply of energy resources have provoked even more concern in the EU about the situation in Belarus. The interruptions in the oil supply through Belarus to Poland, the Czech Republic, and Germany that lasted for several days have forced EU politicians to remember that Belarus still remains an independent state and is not a part of Russia and that Minsk might have its own interests that conflict with the policies of

Moscow. The increased tension between Belarus and Russia makes us consider the future opportunities of Belarus in a more comprehensive manner. Is Belarus indeed destined to remain just a periphery of Russia? Perhaps today is the right moment for the EU to review its policy towards Belarus and to suggest new instruments of cooperation?

This article aims at providing an overview of the transformational opportunities for Belarus and its possible alternatives of political orientation. It is rather probable that the need for balance between Russia and the EU in Belarusian policy will arise; therefore, the EU must be ready to react to such changes in Belarusian foreign policy.

1. Transformation of Relations between Belarus and Russia

The relations of Belarus with Russia have been close and successful since Alexander Lukashenko came to power. Belarus became one of the most active supporters of Russia's initiatives concerning new forms and institutions intended for keeping closer the former Soviet republics. As early as December 8, 1991 the agreement on the Commonwealth of Independent States was signed in Minsk, and the headquarters of this new regional organisation was established in Minsk. In 1996, a bilateral agreement on the establishment of the community of Russia and Belarus was signed, and in 1999, Russia and Belarus signed the agreement to establish the Union State, according to which Russia and Belarus were to become a common economic, financial and political area. However, regardless of the initial enthusiasm, the programs to establish the Union State are not being implemented as planned. In 2001, a customs union was created, but the 2006–2007 crises raised some doubts as to whether these agreements will be adhered to[2]. The first plans to introduce a common currency failed in 2004 because of the failure of the central banks of Russia and Belarus to coordinate their actions. The introduction of a common currency was postponed until 2006, but that deadline was not met either. At the end of 2006, Alexander

[2] "Unified state of Russia and Belarus discussed in Kremlin", *Russia Today*, 15 Dec. 2006. <http://www.russiatoday.ru/test/index.php?id=8&tx_ttnews%5Btt_news%5D=1331&tx_ttnews%5BbackPid%5D=1&cHash=911f63b335>, 4 April 2007.

Lukashenko started to openly express his discontent about the proposed constitution for the Union State and about the fact that Russia was raising obstacles blocking the way to the creation of the Union State. According to Lukashenko, Russia simply wants Belarus to become a part of the Russian Federation[3].

Lukashenko's unwillingness to follow Russia's instructions about the conditions under which Belarus must join Russia has provoked a strict response. Vladimir Putin declared that Russia should not provide economic support to Belarus any longer by supplying cheap energy resources[4]. According to Putin, Russia was annually subsidised the Belarusian economy for the total amount of 5.8 billion USD[5].

The gradually increasing tension between Belarus and Russia led to a real crisis in their relations at the beginning of 2007, when new oil import duties were introduced for Belarus. Russia has clearly demonstrated that Alexander Lukashenko had no other choice but to accept the conditions dictated by Moscow. However, the crisis has also revealed new political opportunities for Belarus. At the beginning of 2007, Lukashenko mentioned that Belarus had for a long time been looking only towards the East and that now the time had come to improve its relations with the West. Although for the time being such statements are simply rhetorical and not proved by any actions, it may be implied that the Belarusian authorities would like to have an opportunity to resist the harsh demands of Moscow and start balancing Belarusian foreign policy. The relations of Belarus with Russia look not as clear as they seemed just one year ago. Alexander Lukashenko's position is not so strong either as it was after the 2006 presidential elections, when he was supported by Moscow.

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[3] "President: Russia slows unification with Belarus", *Interfax,* 29 Sep. 2006. <http://www.data.minsk.by/belarusnews/092006/216.html>, 4 April 2007.

[4] "Unified state of Russia and Belarus discussed in Kremlin"**,** *Russia Today*, 15 Dec. 2006. <http://www.russiatoday.ru/test/index.php?id=8&tx_ttnews%5Btt_news%5D=1331&tx_ttnews%5BbackPid%5D=1&cHash=911f63b335>, 04 April 2007.

[5] "Russia's underwater pipeline to Germany 'most foolish idea': Lukashenko" *Russia Today*, 15 Jan. 2007. <http://www.russiatoday.ru/test/index.php?id=8&L=0&L=&tx_ttnews[backPid]=1&tx_ttnews[tt_news]=2058&cHash=f0c437d9e7>, 04 April 2007.

1.1. Obstacles in the Path of the Union State Project

The reasons for the conflict between Russia and Belarus should be searched for in the political sphere. Tension between Moscow and Minsk started to grow almost as soon as Alexander Lukashenko once again won the presidential elections in 2006. Although prior to the 2006 presidential elections, there were some doubts as to whether Russia would continue to support Lukashenko, the elections themselves did not produce any surprises, and Vladimir Putin congratulated Lukashenko on winning the elections. Already prior to the Belarusian presidential elections, Putin, meeting Lukashenko on 4 April 2005, assured the Belarusian leader that Russia would not change the gas price for Belarus in 2006 and that it would amount to 46.68 USD for 1,000 cubic meters.[6] At approximately the same time, Russian Foreign Minister Sergey Lavrov rejected the U.S. Secretary of State Condoleezza Rice's calls to stop supporting "the last European dictator". This allowed Alexander Lukashenko to feel calm before the presidential elections. Moscow's support for the Belarusian dictator was not unconditional, however. 2006 was supposed to become the crucial year for the definition of the status of the Union State of Belarus and Russia and of the autonomy of the states to be united. 2006 was also supposed to be the year for the introduction of the common currency and adoption of the proposed Union State's constitution, in which the presidency and common parliament were to be provided for.

On 21 October 2005, it was announced that both countries had agreed on a draft of the constitution, which stated that the Union State would have a common two-chamber parliament: a House of Representatives comprising 103 members, of which 28 would represent Belarus, and a House of the Union comprising 36 senators and 36 deputy senators, representing the two states in equal numbers. The Union State was supposed to have a prime minister, but it was not clear whether the union state was to be led by a single president. Due to this lack of clarity, various interpretations were offered. Analysts stated that the position of the leader of the Union State provided for in the constitution would allow Vladimir Putin to maintain his presidential position and also formally

[6] Maksymiuk J. "Belarus: Lukashenka Plans No 'Democratic Change'". *Radio Free Europe*, 23 April 2005. <http://www.rferl.org/featuresarticle/2005/4/87B6738A-F1E9-4522-9207-C1057ABE9EAE.html>, 4 April 2007.

lead Belarus. In this case Alexander Lukashenko would become a vice-president and thus remain an important political figure.[7] However, the process of coordinating the Union State constitution has been postponed.

At the end of September 2006, after long and fruitless discussions, Alexander Lukashenko accused Russia of hindering the creation of the Union State. According to Lukashenko, the Russian side had proposed supplements to the Union State constitution that were unacceptable to Belarus. Belarus was not willing to agree to Russia's proposals that the Union of Russia and Belarus should act like an analogue of the EU. In accordance with the other alternative suggested by Russia, Belarus would be granted only the status of a constituent entity of the Russian Federation, which, according to Lukashenko, the Belarusian nation would never find acceptable. Lukashenko expressed his resentment at Moscow's pressure by stating that "even Stalin had not gone that far".[8] This was not the first time Lukashenko had expressed his discontent with Russia's pressure to create such a Union State in which Belarus would lose most of its sovereignty. The first divergence of opinion regarding the form of the Union State - confederation, federation, or EU-like union - occurred as early as 2002, when Vladimir Putin presented his vision of the Union State as a federation[9]. The Russian president said that he hoped that as soon as in 2003 referendums regarding the approval of the Union State constitution and creation of a federal state would be held in Belarus and Russia. According to Putin, elections to the common parliament could be held in 2003, and presidential elections in the Union State could be held in 2004. Lukashenko's reaction to such proposals was categorical; he rejected the option of creating a federate state as an alternative totally unacceptable to Belarus, since in accordance with this project Belarus would have been divided into seven administrative units and actually become part of the Russian Federation[10].

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[7] Marples D. "The Significance of the Russia-Belarus Union." *Eurasia Daily Monitor*. Volume 2, Number 198 25 October 2005. < http://jamestown.org/edm/article.php?article_id=2370386>, 4 April 2007.

[8] Marples D. "Lukashenka: Why the Union State does not exist." *Eurasia Daily Monitor,* Volume 3, Number 181, 2 October 2006 <http://jamestown.org/edm/article.php?article_id=2371498>, 4 April 2007.

[9] Пензин А. "Короткая встреча, сенсационные проводы" (Penzin A. "A short encounter and a sensational farewell"), 14 August 2002. <http://www.smi.ru/02/08/14/665705.html>, 12 April 2007.

[10] Ibid.

It may be stated that in the past few years negotiations regarding the creation of the Union State have followed the same cycle: Russia presses Belarus to accept its vision of the Union State, which would more or less mean the loss of sovereignty of Belarus, whereas Lukashenko categorically refuses and states that "Belarusians will not agree to lose their sovereignty", while later trying to improve his relations with Moscow and stating that the Union State project is being continued and common stances are being looked for. However, Lukashenko's desire to continue creating the Union State ceases as soon as Moscow starts talking about the final approval of the Union State constitution.

This game has been continuing for a long time, but it now seems that at the end of 2006 Lukashenko's discontent with the new proposals of Russia made Putin lose his temper. It is probable that Russia's support of Lukashenko during the 2006 presidential elections was directly linked to the hope of accelerating the creation of the Union State of Russia and Belarus. After Lukashenko had ensured a new presidential term for himself, however, he decided not to fulfil his obligations to Moscow. It was Lukashenko's inconsistency and failure to fulfil his promises even in his relations with Russia that became the most important reason for the worsening relations between Belarus and Russia. Moscow must have understood that no joint state can be created with Belarus. Therefore, the time had come to seriously review political and economic relations with Belarus.

1.2. Tension in economic relations

The EU's political isolation of Belarus has led to the strong economic dependency of Belarus on Russia. This economic dependency occurred not only because of imported energy resources, but also because of the orientation of the entire economy towards Russia. Russia is the most important foreign trade partner of Belarus. In 2006, Belarusian imports amounted to 22.32 billion USD, and imports from Russia equalled 13.08 billion USD, or 58.6% of total Belarusian imports. Belarusian exports in 2006 amounted to 19.74 billion USD, and goods and services worth 6.85 billion USD, or 34.7% of total Belarusian exports, were exported to Russia[11].

[11] "В Беларуси в 2006 г. отрицательное сальдо внешней торговли товарами составило 2.6 млрд USD" ("In Belarus, the negative balance of foreign trade in goods in 2006 amounted to 2.6 billion

No major economic reforms have taken place in Belarus yet, and the state's interference with the economy remains very high. Belarus is dominated by almost socialist notions that the state has to control everything everywhere.[12]

According to the Economic Freedom Index drawn up by the Heritage Foundation, the Belarusian economy in 2007 was only 47.4% free and occupied the 145th position in the global economic freedom rating. In Belarus, the state controls almost all large companies, 30 of the 31 banks operating in the country, and private property is not protected in a sufficient manner.[13] Foreign investments are regulated rather strictly in Belarus; the volumes of foreign investments are therefore very low, e.g. investments amounting to 305 million USD were attracted in 2005.[14]

However, despite the restrictions on economic activity in Belarus, over the past years its economy has continued to grow stably. According to official data provided by Belarusian institutions, annual GDP growth over the past five years exceeded 5%. However, this successful period is coming to an end. According to International Monetary Fund data, Belarusian GDP grew 9.9% in 2006, whereas it is expected to grow only 5.5% in 2007 and 3.9% in 2008.[15] (According to data from the Belarusian Ministry of the Economy, GDP growth of 8% is forecasted for 2007.)

Most of the time Belarusian economic growth and stability is explained by the fact that it receives cheap energy resources from Russia and successfully participates in the Russian energy resources transit system. The low price for energy resources has for a long time allowed Belarus to maintain low production costs, guarantee the supply of energy to the population, control inflation, and allocate considerable money for the social obligations of the state.

USD"). AFN News Agency, 30 Jan. 2007. <http://www.afn.by/news/news.asp?d=30&m=1&y=2007&x=8&y=6&newsid=82832>, 12 April 2007.

[12] Lewis A. (edit), *The EU and Belarus*, London: The Federal Trust, 2002, p. 132.

[13] Hermitage Foundation. *Economic Freedom Index 2007, Belarus*. <http://www.heritage.org/research/features/index/country.cfm?id=Belarus>, 12 April 2007.

[14] Sokolovsky A. "Promising Potential for Investment." *Беларусь. Belarus*, No. 11–12 (878–879), November–December 2006.

[15] International Monetary Found. *World Economic Outlook 2007*. (Table 2.6. Commonwealth of Independent States: Real GDP, Consumer Prices, and Current Account Balance), April 2007, p. 72. <http://www.imf.org/external/pubs/ft/weo/2007/01/pdf/c2.pdf>, 23 April 2007.

About 90 million tonnes of Russian oil and 60 billion cubic meters of gas are transported through Belarus to the EU annually. Belarus is guaranteed not only transit fees, but also the opportunity to earn more on crude oil refining. According to estimates, by receiving Russian crude oil without any fees and processing and exporting it to the West, Belarus could have earned about 1 billion USD by 2007. According to the Russian president, by supplying cheap, tax-free energy resources, Russia could have subsidised the Belarusian economy for the total amount of 5.8 billion USD. Taking into consideration that the Belarusian GDP is estimated to reach 32–34 billion USD, such Russian aid was significant indeed.[16]

Belarusians believed that the Union State project would automatically guarantee a supply of cheap energy raw materials and energy from Russia. That is why Alexander Lukashenko continued negotiations with the Kremlin regarding the creation of a Union State. However, creation of the Union State was supposed to mean not only favourable conditions in the energy sector, but also the transfer to Moscow of the autonomy to take major economic decisions. First of all, this meant unification of the monetary system. Russia has continuously put Minsk under pressure to make it take real steps towards the introduction of a common currency. Initially, that would mean the introduction of the Russian rouble in Belarus. Accordingly, the Central Bank of Belarus would lose the right to issue money. This major restriction on Belarusian economic policy was unacceptable to Alexander Lukashenko. Therefore, the common currency introduction program, which was postponed until the end of 2006, has not been implemented.

Not seeing any efforts on the part of Belarus to enter a monetary system controlled by Russia, Moscow has not waited any longer and started using the most important pressure lever, i.e. review of the conditions for the supply of energy resources. After rather long negotiations and tension, at the end of 2006 Belarus and Gazprom signed a new gas supply agreement, according to which Belarus has to pay 100 USD for 1,000 cubic meters (for the 2.5 years prior to that, the price equalled 46.68 USD). Furthermore, Gazprom agreed to purchase 50 % of the shares of the Belarusian gas operator Beltransgaz for 2.5 billion USD. In

[16] RFE/RL Report. "How hard could gas price hike hit economy?" 5 January 2007, Volume 9, Number 1. <http://www.rferl.org/reports/pbureport/default.asp>, 12 April 2007.

the long run, this will allow Gazprom to control the conditions for the transit of natural gas through Belarus. Although Belarus managed to achieve higher gas transit prices (which were raised from 0.75 USD to 1.45 USD for 1,000 cubic meters transported 100 km), it is estimated that due to the increased gas prices alone Belarus will lose approximately 500 million USD.

However, the biggest surprise for Belarus came when Russia decided to apply an oil export fee. Starting at the beginning of 2007, Russia began to apply a fee of 180 USD to each tonne of crude oil exported to Belarus (from April 1, Russia reduced the fee to 156 USD). Alexander Lukashenko considered this a major violation of agreements and in turn introduced a 45 USD transit fee for Russian oil.[17] It was due to this oil fee war that the supply of oil to Western Europe through Belarus was interrupted for several days.

The energy crisis forced Belarusian authorities to urgently look for opportunities to stabilise the economic situation at least in the short term. As announced by Belarusian Finance Minister Nikolay Korbut, the Belarusian budget deficit in 2007 may reach 653.9 million USD. Belarus will therefore need to look for opportunities to obtain credits from abroad. First of all, the Belarusian government applied for a 1.5-billion-USD loan from Russia.[18] However, Belarusian authorities also mentioned the possibility of asking for a 1.2-billion loan from China.[19]

Moscow has mentioned the possibility of granting a loan to Belarus. The Russian Minister of Economic Development and Trade German Gref said that Russia was ready to discuss the possibility of granting Belarus a loan amounting to 1.5 billion USD. Russian experts believe that Russia may continue to finance the Belarusian economy if this neighbouring country remains loyal to Moscow. Such a partnership would be reminiscent of the Cold War relations between Cuba and the USSR.

According to economists, Russia could grant a loan to Belarus on favourable conditions and later review or even annul the debt. During the Cold War, the relations of Moscow and Havana were similar; the USSR financed the Cuban

[17] Ibid.

[18] Charter97. "Russia to reply to Belarus loan request in 1.5 months". 1 Mar. 2007. <http://www.charter97.org/eng/news/2007/03/01/economic>, 14 April 2007.

[19] Charter97. "Belarusian regime ready to go into debt", 26 Feb**.** 2007. <http://www.charter97.org/eng/news/2007/02/26/dolg>, 12 April 2007.

economy in return for political loyalty and the maintenance of socialism. Some time later, Russian officials announced that for the 1.5-billion-USD loan Russia would like to obtain some Beltransgaz shares as a guarantee, which taking into consideration the market value of Beltransgaz would account for approximately 30% of the company's shares.[20]

In the Belarusian case, Russia might decide to choose the public crediting process instead of invisible support for the neighbouring state. Opposition activists state that in this way Russia is seeking to maintain the ineffective Belarusian economy in which signs of crisis will soon emerge. The leader of the united democratic forces, Alexander Milinkevich, said that such a loan would even worsen the dependency of Belarus on Russia.[21] Former Belarusian National Bank Head Stanislau Bagdankevich also said that such support from Russia would only freeze the current inefficient Belarusian economy. According to Bagdankevich, the growth of the Belarusian economy does not reflect the fact that some industrial sectors are absolutely inefficient; according to him, the quantity of unpaid products in Belarus amounts to 7 billion USD, and the quantity of unsold produce in 2006 alone grew 25%. All this is leading the Belarusian economy to an inevitable crisis, which Moscow's loans can only postpone but not eliminate.[22]

The energy war between Russia and Belarus almost instantly revealed the fragility of the Union State project. Lukashenko openly accused Moscow of violations of the principles of the customs union between Belarus and Russia and of destroying the Union State idea. Never losing the possibility to publicly declare his efforts to protect the desire of Belarusians to maintain independence, Lukashenko has almost become the guarantor of the independence of Belarus in the eyes of Belarusians. As public opinion polls demonstrate, due to the disagreements in the energy sector, Belarusians have started viewing the possibility of a Union State with Russia more sceptically. In June 2006, approximately 42% of Belarusians were ready to vote at a referendum for the unifica-

[20] Charter97. "Россия требует в обмен на кредит акции Белтрансгаза" ("Russia demands shares of Beltransgaz in exchange for the loan"). 23 Apr. 2007. <http://www.charter97.org/rus/news/2007/04/23/russia>, 23 April 2007.

[21] Charter97.org. "Nezavisimoya Gazeta: Russia will finance Belarusian economy for the Belarusian loyalty." 26 Feb. 2007. <http://www.charter97.org/eng/news/2007/02/26/ng>, 13 April 2007.

[22] Ibid.

tion of Belarus with Russia, and 37.6% planned to vote against unification. In January 2007, only 35.1% of respondents intended to vote for the unification of Belarus and Russia, and the number of those against unification increased to 39.3%.[23]

Summarising this brief overview of the relations between Russia and Belarus over the past few years, it can be stated that from the very beginning of the coming of Lukashenko to power, Russia has consistently restricted the structural conditions for the autonomy of Belarus. Although Lukashenko has periodically expressed his discontent with the increasing dictate of Russia, he has not attempted to reduce the Russian influence by taking any real actions. Long-term indirect Russian support for the Belarusian economy has created a strong asymmetric dependency that makes it impossible for Minsk to block off Moscow in any sudden manner.

Economic dependency on Russia has become the most serious threat for Belarus in its attempts to maintain its political independence. Therefore, the only way for Belarus to remain an independent political subject is to reduce the need for Russian support of the Belarusian economy. The best opportunity to eliminate or at least reduce this economic dependency on Russia is to seek economic liberalisation and opportunities for strengthening economic links with the EU. It is this necessity that was mentioned by Lukashenko himself that may become the most important change in Belarusian foreign policy since 1994.

Lukashenko's statements still do not allow one to hope that he will undertake any reforms in the economic system. Lukashenko will not acquire more trust by only talking about the desire to maintain the sovereignty of Belarus, because such political manoeuvres are not new to Belarusian politics. However, it is probably the first time that Belarusian authorities have understood that any further avoidance of playing the "Union State" game with Russia could bring about an economic and political catastrophe. Therefore, the case might be that the efforts to warm relations with the EU this time will be real rather than only declared. However, it is not clear yet whether the EU is ready for such major changes in its relations with Belarus.

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[23] Independent Institute of Socio-Economic and Political Studies (IISEPS). *Results of the national opinion poll conducted on January 20–30, 2007.* <http://www.iiseps.org/edata1.html>, 12 April 2007.

2. Challenges for Relations between Belarus and the EU

On 22 July 2004 (that is, before the 2004 referendum by which Alexander Lukashenko's opportunity to hold the presidency was extended), Lukashenko gave a speech entitled "Belarusian foreign policy in the new world" to representatives of foreign countries.[24] In his speech, the Belarusian president talked about multi-vector politics. The Belarusian president clearly said that the basis of foreign policy was maintaining the sovereignty of Belarus. This means that Belarus will seek to maintain its independence by balancing between Russia and Europe. Lukashenko called this "a new stage" in Belarusian foreign policy. Emphasising that Belarus must preserve its dignity, Lukashenko said that it was necessary to eliminate one-sided economic dependency. Energy security became the most important requirement for the assurance of economic independence; Belarus therefore has to look for alternative sources for the supply of energy resources. According to Lukashenko, Belarus needs to get rid of its dependency "on one market". As a strategic resource for Belarus and an opportunity to strengthen the country's economic position, transit services between Russia and Europe were named. This way Alexander Lukashenko defined the wish of Belarus to seek its own role as an economic intermediary between Russia and the EU. Although in his speech Lukashenko did not deny the possibilities of further economic integration with Russia, he stated that Belarus may reject the introduction of a common currency and will not necessarily approve the proposed Union State constitution. Furthermore, the EU was named "a strategic neighbour". Therefore, Belarusian foreign policy towards the EU should also become a priority.[25]

The speech of the Belarusian president could be considered a wish to change the attitude of the EU towards Lukashenko as a vassal of Moscow. However, the 2004 Belarusian parliamentary elections and referendum concerning the extension of the president's term of office have destroyed even theoretical chances to improve the relations between Minsk and the EU.

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[24] "Выступление Президента Республики Беларусь А.Г.Лукашенко «Внешняя политика Республики Беларусь в новом мире» на совещании с руководителями загранучреждений Республики Беларусь" (Speech of Belarusian President A.G. Lukashenko "Belarusian foreign policy in the new world" at a meeting with heads of foreign entities in the Republic of Belarus), 22 July 2004. <http://www.president.gov.by/press18726.html>, 15 April 2007.

[25] Ibid.

In November 2004, the EU Council announced that the Belarusian parliamentary elections and the referendum were not democratic. Taking into consideration that the opposition, independent media, and nongovernmental organisations were still persecuted in Belarus, the EU Council decided to impose more stringent political sanctions in Belarus. The EU imposed a visa ban on the representatives of the Belarusian authorities responsible for the organisation of the non-democratic elections and violations of human rights and violence against peaceful demonstrators. Furthermore, the EU Council instructed that bilateral ministerial contacts of the European Union and its member states with President Lukashenko and his government would be established solely through the Presidency, the SG/HR, the Commission, and the Troika. The EU Council emphasised that the EU Commission will continue to strengthen its efforts to support Belarus in its attempts to meet the challenges encountered due to isolation of the country. In other words, it will support projects that promote the democratisation, opposition, and independent nongovernmental organisations of Belarus. It was also emphasised that the EU will remain open to bilateral cooperation and its gradual development if it sees Belarusian authorities take concrete actions and demonstrate a genuine desire to accept the EU calls.[26]

In 2005, the EU Council once again confirmed its intention to strengthen EU support for democracy and the protection of human rights in Belarus and stated that for these purposes the European Neighbourhood Instruments have to be applied flexibly.[27]

In 2006–2007, the EU increased its pressure on Belarus. In May 2006, the EU Council imposed more stringent visa sanctions and decided to freeze the accounts in European banks of the representatives of Belarusian authorities. In March 2007, the EU Council extended the term of sanctions (visa ban and

[26] European Commission. "The EU's relations with Belarus", 2006. <http://ec.europa.eu/comm/external_relations/belarus/intro/>, 15 April 2007.

[27] The council welcomed the Commission's significant allocation for support for independent media in Belarus and its commitment to designate Belarus a priority country for the European Initiative for Democracy and Human Rights and Decentralised Cooperation Instruments in 2005–2006. The Council requested that the Commission, on the basis of experience gained, consider taking further action. The Council also stressed the importance of the flexible use of existing instruments and of the European Neighbourhood Partnership Instrument (ENPI) serving as a more flexible source of funding for building and promoting democracy from 2007 to 2013. See: European Commission. "The EU's relations with Belarus", 2006. <http://ec.europa.eu/comm/external_relations/belarus/intro/>, 15 April 2007.

account freezing) in relation to the representatives of Belarusian authorities for one more year. The most significant EU decision regarding the increase of economic pressure was the proposals to eliminate Belarus from the Generalised System of Preferences. On 20 December 2006, the EU decided not to apply the Generalised System of Preferences in relation to Belarus if the country did not fulfil EU requirements regarding the release of Belarusian political prisoners, organisation of free and fair elections, abolition of the death penalty, respect for the basic human rights and freedoms, halt to persecution of the opposition activists and oppositional media, and pursuance of investigations into the circumstances behind the disappearance of democratic parties leaders and journalists. It is believed that because of these trade sanctions, Belarus may lose about 400 million euros per year.[28] This decision was not approved by all EU member states, e.g. the Lithuanian Foreign Minister Petras Vaitiekūnas said that the imposition of economic sanctions on Belarus would only worsen the opinion of Belarusians about the EU. The imposition of economic sanctions was also opposed by Belarusian opposition leader Alexander Milinkevich.

The increased pressure on the part of the EU did not seem to have the needed effect on Alexander Lukashenko. On 4 April 2007, Lukashenko said that Belarus wanted to start a dialogue with the EU but was first of all demanding that the EU revoke the economic sanctions imposed on the country's officials and review its decision to eliminate Belarus from the Generalised System of Preferences.[29]

Thus it may be stated that the nature of the relationship between the EU and Belarus has not changed. Alexander Lukashenko has not demonstrated any real intention to fulfil the requirements set by the EU, and the EU is basically continuing its policy towards Belarus formulated a decade ago. Even though the situation has changed rather radically, the EU is not ready to review its political measures in any substantial manner, and Alexander Lukashenko still does not want to accept the pressure of the EU. In other words, neither of the parties is able to take the first step that would change the current inert relations.

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[28] Charter97. "EU decides to impose mini-trade sanctions on Belarus." 21 Dec. 2006. <http://www.charter97.org/eng/news/2006/12/21/rada>, 15 April 2007.

[29] Charter97. "Lukashenka wants to mend relations with Europe, but refuses to fulfil Europe's conditions." <http://www.charter97.org/eng/news/2007/04/04/europa>, 15 April 2007.

2.1. The Dilemma of Cooperation and Punishment

The following unsolved dilemma is present in EU relations with Belarus. Should Belarus be punished or should more cooperation with Belarus be promoted? It is not easy to solve this dilemma. On the one hand, it is clear that the authoritarian Belarusian regime and major violations of civil and human rights call for strict condemnation and decisive measures on the part of the EU. However, the moral pressure of the EU has not made any visible effect on Belarus for a long time and has only provoked the nervous response of Belarusian authorities, who state that the EU is interfering with the internal affairs of Belarus. The media controlled by Belarusian authorities often presents the EU democratisation requirements in such a manner as to make it seem that Europe is only interested in imposing its democratic norms and has no regard for the opinion of Belarusians. Taking into consideration that the popularity of Alexander Lukashenko in Belarus has remained high for a long time, the EU unconditionally repeating that the Lukashenko regime must be changed more often than not provokes a negative reaction from the majority of Belarusian society.

The political isolation of Belarus has also had only a minor effect, since Belarusian foreign policy for more than a decade was oriented exclusively towards Russia and the CIS region. Over the past few years, when disagreements between Alexander Lukashenko and Vladimir Putin became deeper, Belarus started to look for new allies. However, Lukashenko looked for potential friends among those state leaders who had clearly declared their hostility towards the West, e.g. he started creating closer links with Iran and Venezuela.

Belarus will be further forced to surrender to the economic dictate of Moscow if the EU imposes more stringent economic sanctions against it. And if the road to the development of trade and economic relations with the EU is closed, Belarus will be left with only one possibility—to further hope for subsidised relations with Russia.

Looking from a pragmatic point of view, Belarus could become an important EU partner. A big part of Russian oil and gas is supplied to Europe through Belarus. The great need to increase energy security that arose in the European Union over the past few years has made it pay serious attention to any countries that are related to the assurance of EU energy needs. Therefore, the EU states, especially Lithuania, Poland, Germany, and the Czech Republic, do care who

will be managing Belarusian long-distance oil and gas pipelines and whether an uninterrupted supply of energy resources to the West will be ensured.

Although the CIS remains the most important foreign trade area for Belarus, trade with the EU is also increasing. In 2005, the total volume of Belarusian foreign trade with the EU amounted to 6.5 billion euros, and Belarusian exports to the EU (mostly oil products) accounted for 34.5% of total Belarusian exports and 28.4% of imports.

Table 1. **EU and Belarus trade (in millions of euros)**

Year	Imports	Annual change, %	Exports	Annual change, %	Total trade volume
2001	1358		2018		3376
2002	1537	13.2	2086	3.4	3623
2003	1972	28.3	2211	6	4183
2004	2577	30.7	2636	19.2	5213
2005	3343	29.7	3220	22.2	6563

Source: Eurostat. *EU trade with Belarus, 2006 Sep.*
<http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113351.pdf>

Belarus may be viewed as a potential market for EU goods and investments. Taking into consideration that at present Belarus has a state-controlled economy, the future privatisation process may be an attractive opportunity for EU entities to invest in this country.

The pragmatic interests of the EU states, especially of those maintaining more active trade relations with Belarus, include the wish to see a stable Belarus and to strengthen economic relations with Belarus or through Belarus with Russia. That is why some of the EU countries (such as Lithuania, Poland, and Latvia) have not supported the EU proposals not to apply the Generalised System of Preferences to Belarus.

Until now, the carrot and stick principle in EU-Belarus relations has not worked. This was based on a situation in which Belarus did not need the "carrot" from the EU, because as long as the economic relations with Russia remained favourable, Belarus did not need to look for economic reorientation opportunities. Therefore, the EU could basically use only the "stick", i.e. politi-

cal and economic sanctions. However, it is well known that the imposition of punishment more often than not only leads to the opposite result; the punished state is less eager to look for opportunities to cooperate and starts looking for support elsewhere. The more the EU punishes Belarus, the less Minsk will need the EU. This way the EU, inertly adhering to its policy of sanctions and not able to offer any attractive measures of encouragement, is only pushing Belarus in the direction of Russia.

It can be stated that the EU is implementing an erroneous policy because it is emphasising the significance of political rather than economic reforms. Most of the EU requirements for the Lukashenko regime demand that substantial reforms of political system must be initiated. However, implementation of the political reforms expected by the EU would mean the fall of the current authoritarian regime. Thus it is understandable that Alexander Lukashenko does not agree to undertake any political changes that would mean his political suicide. This creates an unsolvable problem: cooperation with Alexander Lukashenko is impossible as long as he maintains his authoritarian regime; however, Lukashenko himself does not intend to either liberalise the political system or leave his position.

The application of economic liberalisation among the most important actions might reduce the hostility of present-day Belarus to EU policies. If the EU makes such changes in its priorities, this might produce more visible results in the process of transforming Belarus than emphasising only political requirements, which to date has not brought about any positive results.

2.2. Fruitless Efforts to Promote Democratisation

Perhaps the most important problem in relations between the EU and Belarus is the fact that the EU does not have an effective partner to cooperate with in Belarus. The EU formally supports the Belarusian opposition forces and warmly welcomes the opposition representatives in the EU countries, but this does not ensure any major opportunities for the opposition to get involve into decision making process in Belarus. The EU cannot afford any open or stronger support to the opposition, and the minimal efforts to support democratisation projects in Belarus are mostly of a symbolic nature. Thanks to the European Ini-

tiative for Democracy and Human Rights (EIDHR), projects supporting public organisations are often implemented by Belarusians together with organisations from EU states. Among the most important projects of this kind, it should be mentioned support for the European Humanitarian University established in Vilnius in January 2006. The EC granted 2.2 million euros to help set up the European Humanities University (EHU) in exile in Vilnius.[30]

One of the recent projects aiming at the promotion of critical thinking in Belarus and potentially reducing the public support for Alexander Lukashenko was the decision of the European Commission to allocate aid for independent media broadcasts in Belarus. A project worth 2 million euros was intended for the training of journalists, radio and television broadcasts, and internet projects.[31]

However, regardless of this EU aid, public support for Alexander Lukashenko is high, and support for opposition forces is minor. Public opinion polls show that 55.4% of Belarusians trust Lukashenko, and 28% do not trust him (data from January 2007). In case of presidential elections, many Belarusians would continue to support Lukashenko: 50.9% of respondents would vote for Alexander Lukashenko, 11.4% would vote for Alexander Milinkevich, and 4.2% would vote for Alexander Kozulin. The activities of the public and political campaigns "Solidarity" and "For Freedom" are supported by approximately 10% of Belarusian respondents.[32]

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[30] The EIDHR and decentralised co-operation (calls for proposals) has provided €1.5 million per annum, whilst in 2005 the EIDHR targeted projects provided €3 million in funding. Media projects in Belarus were granted €2.4 million in 2006. The European Initiative for Democracy and Human Rights (EIDHR) plans a more active role in Belarus in the coming years. There is a specific allocation for Belarus for micro-projects (in total €450,000 was made available through several calls for proposals in 2005). Belarus is also eligible under the calls for proposals for macro-projects. In 2005–06, Belarusian applicants were able to apply for support under two campaigns, notably "Fostering a culture of human rights" and "Promoting democratic process". Belarus is eligible under the Decentralised Cooperation budget line (a total of €1.7 million in 2005 and €1.5 million in 2006 was made available through several calls for proposals). Envisaged projects include an information component regarding the role of NGOs in assisting vulnerable groups, social and cultural development, and community mobilization.

[31] European Commission. "The EU's relations with Belarus", 2006. <http://ec.europa.eu/comm/external_relations/belarus/intro/>, 15 April 2007.

[32] Independent Institute of Socio-Economic and Political Studies (IISEPS). *Results of the national opinion poll conducted on 20–30 January 2007.* <http://www.iiseps.org/edata1.html>, 12 April 2007.

Public support for the opposition has not been strong enough for Belarusian democratic forces to be considered a possible alternative to the Lukashenko regime. The activities of the opposition in Belarus often take the form of public events, meetings, and demonstrations against the Lukashenko regime. However, the opposition has not been able to present a common leader who is able to mobilise society or formulate a joint political program that could be supported by the majority of the Belarusian population. Being officially and de facto restricted from making any political decisions in the country, the Belarusian opposition is not able to suggest any practical solutions that could be useful for present-day society. The opposition cannot undertake even minimum cooperation with Alexander Lukashenko either, because if it did, it would recognise the legitimacy of his regime. Furthermore, the opposition's attempts to get involved in the decision-making process in any form could lead to an even greater division in the opposition forces.

Western support for the opposition does not increase the popularity of democratic forces, because Lukashenko's propaganda is able to present this support as the attempts of forces hostile to Belarus to interfere with its internal affairs. Excessively active EU support for the Belarusian opposition might not only lead to even greater tension between the EU and Minsk, but also increase the hostility of Belarusian society towards the EU.

We can believe that strengthening the Belarusian opposition will above all depend on internal efforts to get mobilised and use possible public discontent with the policies of Alexander Lukashenko, especially if any economic and social crises occur in the country. The role of the EU in this case can only be of a secondary nature. The EU should avoid any persistent proposals regarding the opposition candidates as the only possible alternative to Alexander Lukashenko. Only indirect and general support for society and encouraging democratisation and freedom of choice can be accepted positively in this rather isolated country, which still views with distrust any attempts made by the West to change Belarusian politics.

2.3. Opportunities for the Involvement of Belarus in the EU Neighbourhood Policy— Principles of Selective Action

One of the most important EU foreign policy instruments in its relations with its eastern neighbours is the European Neighbourhood Policy. Although in theory the European Neighbourhood Policy includes Belarus as well, because of frozen political relations, Belarus is not participating in the implementation of the policy. The EU has drawn up a new strategy for cooperation with Belarus, which is to be implemented in the framework of the European Neighbourhood and Partnership Instrument (ENPI).[33] This strategy emphasises that support for Belarus must be directed to the assurance of the society's needs and efforts to reduce the negative effects of the isolation of Belarus on its society. In order to achieve this objective, two priorities have been outlined, in accordance with which aid for Belarus will be provided for a) social and economic development, including actions intended to reduce the consequences of the Chernobyl catastrophe, and b) promotion of democracy and good management. The total amount planned to be allocated for the implementation of these priorities in 2007–2010 equals 20 million euros (70% of this amount is planned for the first priority and 30% for the second priority).[34]

It may be stated that regardless of the newly formulated strategy and priorities, this document reveals that in relation to Belarus the EU does not have any serious strategy that would demonstrate any guidelines for substantial change. The approved strategy and the National Indicative Programme only show that the EU will maintain the status quo in its relations with Belarus. Even the financial aid provided for seems symbolic, because 20 million euros will not change anything in the democratisation or economic and social development of the entire country. And substantial political changes, for which the EU should start preparing today, might to take place in Belarus by 2010.

Russia's economic pressure on Belarus and Alexander Lukashenko's reaction to this pressure allows one to believe that the most probable political changes in Belarus could take place in accordance with one of two scenarios.

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[33] European Commission. Belarus: ENPI Country Strategy Paper 2007–2013 & National Indicative Programme 2007–2010. <http://ec.europa.eu/world/enp/pdf/country/enpi_csp_nip_belarus_en.pdf> 7 March 2007.

[34] Ibid.

The first scenario can be called "shadow of Moscow." The main characteristic of this scenario is the Belarusian political system being further formed by Russia. That would likely mean that Russian-type authoritarianism would be strengthened in Belarus. The authoritarian leader supported by Moscow would have to guarantee that the Belarusian economy and political system would operate in a way most favourable to Russia. If Belarus is led by a president loyal to Moscow, even the Union State project would not be the most important objective (although it could certainly remain a good excuse for Russia to control the Belarusian financial, transport, energy transit, and defence sectors). Because Alexander Lukashenko has already showed himself as an unreliable partner for Russia, Moscow would likely try to replace him with a new person. The next two years might be dedicated to the undermining of Lukashenko's prestige in Belarus itself or to forcing him to give up his position to a Moscow nominee.

The second scenario is the movement of Belarus away from Russia and increasing political and economic liberalism. It would be naïve to think that Belarus will become a fully democratic state within a short period of time. However, fiercer political competition and increasing economic liberalism might turn it into a "typical Eastern European state", i.e. politically and economically similar to Ukraine or Moldova. Such movement towards political and economic freedoms could be initiated even by the representatives of present-day administration if they understood that otherwise an economic crisis would threaten the country. Still, it should not be linked any political and economic reforms to Lukashenko. On the other hand, seeing the inability of Lukashenko to solve a threatening economic catastrophe, internal opposition might be formed from some acting Belarusian officials and state-owned large company directors. An opposition comprised of the nomenclature and potential oligarchs having political and economic resources might become a more serious alternative to Alexander Lukashenko than the current opposition formed by political and public forces. As can be seen from the recent past, it is this model of the "internal revolution" that is most characteristic for post-Soviet states.

The "typical Eastern European state" scenario is not very optimistic, but it is more favourable to the EU than Belarus losing its sovereignty. But is the EU able at least to some degree to increase the probability of this scenario?

As mentioned before, the most important dilemmas for the EU occur when it tries to reduce the isolation of Belarusian society and at the same time not provide Alexander Lukashenko with any opportunities to legitimise his regime. Thus the only way to strengthen relations with Belarus is to selectively increase the involvement of Belarus in the European Neighbourhood Policy. The selective inclusion of particular Belarusian policy sectors into the European Neighbourhood Policy would not deny the EU's political obligations to support democracy and the development of human rights and freedoms in Belarus. On the contrary, more active cooperation in the "lower policy" sectors, especially in specific economic sectors, could be beneficial both for the EU and for Belarusian efforts to avoid the overall domination of Russia.

The selective or sector-specific cooperation opportunities are also mentioned in the strategy of relations with Belarus drawn up by the European Commission, in which they are called "sectoral issues". In the document, it is emphasised that Belarus is an important energy transit state, especially in the sphere of assuring the supply of gas to the EU. Therefore, it is specified that EU aid may be provided to energy infrastructure projects in accordance with the ENPI (Eastern Regional Programme).[35]

Starting at the end of 2006, energy security issues gained major importance for Belarus. Thus any EU initiative that could give Belarus more confidence in the energy security sphere would be accepted favourably. Perhaps this would also make Belarusian authorities seriously consider the EU conditions concerning economic and political liberalisation. In this regard, the most important EU representatives in its relations with Belarus might become Poland and Lithuania, i.e. the states that are also looking for opportunities to increase their energy security and reduce their dependency on Russia. Alexander Lukashenko once mentioned that in case of any problems in his relations with Moscow he might consider the possibility of importing oil through the Lithuanian terminal at Būtingė or the Port of Klaipėda. In February 2007, Lithuanian President Valdas Adamkus mentioned that he had talked to Dick Cheney and the U.S. Secretary of Energy Samuel Bodman about the possibility of creating an oil transportation system that would allow oil to be supplied to Belarus and Ukraine if

[35] European Commission. Belarus: ENPI Country Strategy Paper 2007–2013 & National Indicative Programme 2007–2010. p. 23. <http://ec.europa.eu/world/enp/pdf/country/enpi_csp_nip_belarus_en.pdf> 7 March 2007.

these countries suffered a Russian energy blockade.[36] Thus we can state that the neighbours of Belarus would be ready to discuss the possibilities of assuring the energy needs of that country. However, for that purpose some clear signals from the Belarusian authorities showing that the liberalisation of the country is going to be started are required.

Selective cooperation with Belarus could also strengthen the trust of Belarusian society towards the EU. Specific economic projects that would help Belarus resist possible Russian pressure should increase that society's belief that the EU is not indifferent to the fate of Belarus. In the long run, this could be very important if two different visions of Belarus (as a vassal of Russia and as a partner of the EU) start to compete in a more liberal political system.

Conclusions

The recent crisis in the relations between Belarus and Russia is rather different from the previous disagreements between Vladimir Putin and Alexander Lukashenko. Russia has decided to bring an end to its indirect support for the Lukashenko regime. This could mean not only the end of economic growth in Belarus, but also a decrease in public support for Alexander Lukashenko. Moscow's unwillingness to further support Alexander Lukashenko does not mean that Russia intends to weaken its influence on Belarus, however. On the contrary, by increasing its pressure on Belarus, Moscow is seeking to take over the most important spheres of political and economic autonomy of Belarus (energy and transit sectors, finance system controls) within the shortest time possible. If Belarus is not able to quickly reorient its economy in such a way as to reduce its current dependency on Russia, the inevitable fate awaiting Belarus is to become a political and economic province of Russia or a part of the Russian Federation.

It seems that the EU has not noticed any of these significant potential transformations in Belarus and is continuing its inert policy of isolating Belarus, which has not brought about any positive results. Being unable to resolve the communication and punishment dilemma, the EU has not taken the decision

[36] "Lithuania Steps In between Belarus and EU", *Kommersant Moscow,* 15 Feb. 2007. <http://www.kommersant.com/p742866/r_527/Lithuania_Belarus_oil> 20 April 2007.

to change its policy towards Belarus. This inability to decide will likely contribute to Belarus being forced to surrender to the dictate of Moscow, because even though Alexander Lukashenko might leave his position, it is likely to be taken by a politician supported by Moscow and loyal to Moscow.

Having stayed away from Belarusian issues for a long time, the EU does not have any significant opportunities to have an impact on the direction of transformation in Belarus. Only Belarusian society itself can become the driving force able to change the basis of the Belarusian political and economic system. However, the EU can offer Belarus some selective instruments of cooperation that would give that country an opportunity to reduce the economic losses incurred due to Russia's pressure. Strengthening economic relations between the EU and Belarus and the rational benefits arising from such relations could ensure an indirect yet greater usefulness than the current political confrontation. Even the Belarusian opposition, which encourages society to closely follow Western principles of political and economic liberalisation, would be more actively supported by the society if Belarusians saw the positive support of the EU, especially in their attempts to resist Russia's economic blackmail.

RUSSIAN BALTIC POLICY – COHERENT INCOHERENCE

Leonid Karabeshkin*

Russia in its policy towards the Baltic States in 1990s employed almost all available tools. It evolved from coercion (economic pressure) through attempts of "engagement and reassurance" (e.g. initiation of Russian security guarantees in 1996-97) to "differentiation" which conditioned development of economic cooperation from resolution of political problems, first of all, status of Russian-speaking minority rights in Latvia and Estonia and respect of Russian interests by Governments of the Balts. Lithuania due to objective conditions was chosen to play a role of a positive pattern of conducting relationships with Russia for other Baltic republics. Alongside with the interdependence on Kaliningrad issue, such vector of Russian Baltic policy provided for stability in bilateral relations independently from the domestic conjuncture in Russia and Lithuania. The latter often was not positive, coloured by different interpretations of history and fuelled by mutual prejudices and misinterpretations of intentions.

The first term of Putin's presidency affected Russian Baltic policy towards its "pragmatization" and "economization". The instruments of "differentiation" proved to have been inefficient, while the domestic developments in Russia and the Baltic States and international environment seemed to be benevolent for Russian attempts of normalizing relationships with the Balts. Domestically, Russia was getting stronger economically, while its weight in the world policy at least stopped its decline. In the Baltic States more moderate political forces came to power. Internationally, Russian-West relationships seemed to improve because of certain reconsidering the previous confrontational foreign policy line of Primakov and the growing range of common interests, first and foremost, international terrorism. The EU and NATO enlargement were approaching,

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thus encouraging the Baltic States to pursue less adversarial stance towards Russia. Russia in its turn softened its anti-Baltic rhetoric and expressed readiness to settle old problems – to sign border treaties with the Latvia and Estonia, to intensify economic cooperation with them, and finally recognized the very legitimacy of NATO aspirations of the Baltic States. The elements of strategy "reassurance without engagement" in Russian policy towards the Baltic States strengthened.

Simultaneously, Russia became more persistent in supporting economic activities of its companies abroad and diversifying the routes of oil and gas transit. Such a line was aimed at decreasing political risks of Russian energy export and providing more favourable economic terms for it.

The years 2003-2004 became a certain watershed in Russian-West relationships. Deterioration was catalyzed by Iraqi invasion, YUKOS prosecution in Russia, growing activism of the USA and Europe on the post-Soviet space, etc. At the same time, the Baltic States were looking for their niche in the system of European political coordinates after the end of the previous decade – NATO and EU membership - had been achieved. Instead of becoming a bridge between Russia and the West, they perceived the demand (from the West) and preferred playing a role of permanent critics of Russia on the international arena. The Balts joined the voices of international public on jeopardizing trends of Russian domestic developments, such as growing authoritarianism and state interference into economic life. Simultaneously, the attempts to bring the issues of history into political agenda were undertaken. The Latvian president was the only Baltic leader who positively responded to invitation for celebrations of 60th Anniversary of the Great Victory in Moscow, making some controversial verbal reservations. The steps of Estonian and Latvian parliaments prevented from signing and ratification of bilateral border treaties between them and Russia. The Baltic States adhered to reinforcement of Transatlantic relationships and raising its regional status through cooperation and assistance to the CIS countries, first of all its European part and the Caucuses, which is viewed in Moscow as a traditional realm of influence, which is of utmost importance for restoring the (regional) great power status.

At the same time, the foreign policy approaches selected by the Baltic States, were not homogeneous. If Estonia opted for inscribing its foreign policy into the context of EU politics, thus willing to channel dialogue with Moscow exclu-

sively through Brussels, Lithuania chose more proactive strategy of its foreign policy, trying to affect policies of the EU and NATO more actively and simultaneously preserving direct dialogue with Moscow. This should help in raising the regional status of Lithuania, producing both economic and image/prestige benefits. The modus of relationships with Russia differed as well. Though in general they could be defined as stable, the quality of this stability for Latvia and Estonia is "negative"[1], while for Lithuania rather "positive but vulnerable".

Russia's policy towards the Baltic States has become even less comprehensive than earlier. On the one hand, as a response to growing anti-Russian critics and activism in CIS Russia employed the "marginalization" option – presenting negative images of the Balts (using such aspects as "heroization" of Nazism, attempts of rewriting history and still problematic situation with integration of Russian-speaking minorities) alongside with dividing "old" and "new" Europe, reinforcing traditional relations with the largest European countries, first of all, through Russia-Germany-France link. It worth reminding such events as celebration of 750th Anniversary of Kaliningrad without the leaders of neighbouring states but with participation of French President and German Chancellor and signing the agreement on construction of the NEGP.

On the other hand, Russia indicated readiness to respond positively to the signals from the Baltic States aimed at resolving the most painful issues of bilateral relations and widen cooperation with them on political level. There are clear signs of gradual improve in Russian-Latvian relationships, which is to be supplemented by signing border treaty. Russia decided not to exaggerate the meaning of a new spy scandal with Lithuania and the response to the expulsion of the Russian diplomat from Lithuania was rather asymmetric. The head of the Russian parliamentary delegation to Lithuania even appreciated Lithuanian side for not blowing up this issue[2]. Even in relationships with Estonia concerning the attempts of some political forces to utilize the issue of the Bronze Soldier monument in the centre of Tallinn for electoral purposes, initial Russian rigid reaction has transformed into more moderate one. Though some signals of dis-

[1] Ozoliņa Ž., Rikveilis A. Latvian and Russian Foreign Policy: Bound by a post-Soviet History // Latvian-Russian Relations: Domestic and International Dimensions / N. Muižnieks (Ed.). Riga: Latvian University, 2006. P. 87-97.

[2] ИА «REGNUM». *«С Россией надо говорить культурно». Литва за неделю*. 10 13 2006. <http://www.regnum.ru/news/721139.html>

satisfaction were sent to Tallinn (official statement of the State Duma, cancellation of the meeting of the intergovernmental commission on construction of a new bridge through Narva river on the border between Russia and Estonia), the option of introducing sanctions has been rejected (though certain implicit punishment in economic sphere is possible).

Seemingly, there some factors which should objectively pave more positive Russian policies towards the Baltic States. First, the interdependence (which was often perceived as dependence by both sides) on transit vs. fossils present in 1990-ies, has weakened. Russia has diversified its transit facilities, while it is difficult to imagine that its energy leverage for pressing the Balts could be applied, because its limited benefits in relations with the Baltic States will not cover the image costs of unreliable supplier. The energy leverage for Russia is week because it meets strongly negative reaction in Europe and is harmful for achievement of "Grand Energy Superpower" status.

Second, Russia with account of problems with a number of its neighbours and the growing perception of emerging a *cordon sanitaire* around the perimeter of Russian borders is interested in normalizing relations with the Balts. This is instrumental for decreasing their critical stance towards Russia in framework of NATO and the EU, as well as for developing mutually beneficial economic projects. Natural re-orientation of a part of Russian-European trade flows through the roads of the Baltic States and tense relations with still the main transit country Belarus need mutual efforts for development of road and border infrastructure.

Third, the "democratization of Russia on the part of the EU, or the USA..., has retreated from the political agenda"[3], while the European common foreign policy (CFSP) is still a policy in-making, which often is unable to help in settling bilateral problems of the Balts through Brussels. So, the demand for critic of Russia from abroad is going to decrease, while the need for establishing direct dialogue between Moscow and the Baltic capitals grows up.

The contemporary Russian policies towards the Baltic States are featured by the following characteristics. First, they are getting less comprehensive, more multi-layered (and lobby-affected) with loose coordination among specific ap-

[3] Lejiņš A. The CFSP and the PCA: Between Realpolitik and Values // The EU Common Foreign and Security Policy toward Russia: the Partnership and Cooperation Agreement as a Test Case / A.Lejiņš (Ed.). Riga: Latvian Institute of International Affairs, 2006. P. 5.

proaches towards each country. Of course, objectively the Baltic States and their positions on different issues are still a point of comparison for each other as it happens with the Bronze Soldier monument story in Estonia. Second, economic relationships (except the strategic energy sector) are getting less dependent on the level of political dialogue. Third, the issue of Russian-speaking minorities is not anymore a condition for cooperation development on broader agenda. Moreover, the contacts with moderate political forces in the Baltic States have been intensified. Russia is ready to resolve such issues as border treaties and to set up more active institutional basis for bilateral cooperation. The elements of strategy "reassurance without engagement" are getting more persistent in Russian policy toward the Baltic States.

For Lithuania the consequences of lack of coherent Baltic policy of Russia are ambiguous. On the one hand, Lithuania will be able to benefit less from positive distinguishing in framework of "differentiation". Some economic interests of Lithuania and Latvia compete and Russia will be able to play on it. On the other hand, the general environment of Russia's relationships with the Baltic States should improve. Besides, cooperation with Lithuania will preserve its stabilizing backbone – the Kaliningrad issue. Further development depends on readiness of Lithuania to send a signal whether it is going to proceed with resolving the problem issues of bilateral relations. Moscow seems to be adoptive to such signals, while the agenda is well known.

Russia's policy towards the EU: the search for the best model

Laurynas Kasčiūnas, Žygimantas Vaičiūnas*

The objective of this article is the construction of an analytical model that would allow making a complex assessment of Russia's attitude towards the EU integration model, structuring the trends of Russia's policies towards the EU, identifying the logical links of these trends, and forecasting Russia's further actions. In the article, it is argued that the content and form of Russia's projections of cooperation with the EU are determined by the evolvement processes of the EU's geopolitical subjectness. That is why the authors analyse the patterns of current EU-Russia cooperation mechanisms (for instance, the four Common Spaces initiative), model the possible scenarios of development of the EU-Russia Partnership and Cooperation Agreement (PCA), and study Russia's attitude towards various EU integration models.

In the article, it is concluded that Russia is especially interested in the limiting of the autonomy (geopolitical subjectness) of the EU in those areas where certain processes might have a direct impact on Russia's political autonomy and on the trends of integration of the CIS region. This includes the following: a) limiting of the EU's autonomy in the spheres of the CFSP and ESDP; b) control of the political and economic agenda of relations between the EU and the states belonging to the eastern dimension of the ENP; and c) blocking of the EU's common energy policy.

Introduction

When analysing Russia's policies towards the EU, most Lithuanian and foreign analysts rely on the Euro-continentalist geopolitical perspective. The es-

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sence of this traditional approach consists of the view that Russia seeks to create a new European balance of powers and to force the US out of the European security system.[1] Russia is implementing this interest by strengthening the integration of the energy infrastructure, economic and security structures of Russia and Western European States, and by creating common economic spaces and common political institutions. This means that Russia needs the EU only as a counterbalance to the US, and that it is doubtful that Moscow is interested in the strengthening of the EU. Russia would like to participate in the creation of a "new multi-polar global order" together with the EU; however, in the long-term perspective Russia's interests would demand a strategic joining of the EU. Therefore, in the short and medium term Russia is likely to seek getting linked to the EU by a network of common political institutions and by closer energy and economic ties, at the same time remaining outside of the EU and maintaining its sovereignty in order to conduct its internal policies. Moscow does recognise the significance of European structures; however, strategically Russia would welcome dissolution of the integration structures and the return to the national state balance.

Thus the works of both Russian and European scholars are dominated by the view that Russia's diplomacy in its relations with the EU relies on the perspective of superiority of the state sovereignty[2], which makes it possible to formulate the hypothesis that the best EU development model for Russia is disintegration of the EU as a political union, which would mean return of the European security system to the national state balancing policy.

This article aims not only at proving the above-mentioned hypothesis, but also at constructing an analytical model which would allow making a complex assessment of Russia's attitude towards the EU integration model, structuring (systemising) the trends of Russia's policies towards the EU, identifying the

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[1] Laurinavičius Č., Motieka E., Statkus N. *Baltijos valstybių geopolitikos bruožai. XX amžius [The Baltic States in the Twentieth Century: A Geopolitical Sketch],* Vilnius*:* Lietuvos istorijos institutas, 2004; Smith A.M. „Russia & The West", *Working paper F78, Conflict Studies Research Centre,* July 2003, <http://www.csrc.ac.uk>, 15.03.2007.

[2] Kaczmarski M., "The policy of Russia towards the European Union", *Centre for International Relations,* 2005, <http://www.csm.org.pl/en/files/raports/2005/rap_i_an_1305a.pdf> 25.02.2007.; Karaganov S., Bordachev T., Guseinov V., „Russia-EU Relations: The Present Situation and Prospects", *CEPS Working Document*, <http://www.isn.ethz.ch/pubs/ph/details.cfm?lng=en&id=13590>, No. 225/July 2005., 15.02.2007.

logical links of these trends, and forecasting Russia's further actions. In the article, it is argued that the content and form of Russia's projections of cooperation with the EU are determined by the evolvement processes of the EU's geopolitical subjectness.

The opinions and interpretations presented in this article can become a useful analytical instrument in the process of analysis and assessment of Russia's position in the negotiations on the new Partnership and Cooperation Agreement (PCA) with the EU. It is the new PCA that should shed more light on the model of relations with the EU as projected by Russia.

1. The dichotomy of post-modern geopolitical actor (EU) and the traditional geopolitical actor (Russia)

An analysis of formal, popular and practical EU's geopolitical discourse[3] allows stating that the EU is seeking to acquire a geopolitical subjectness. The EU's institutional ties, which lead to the "melting" of the powers of the Member States in the supra-national structures, act as a safeguard restricting the possibility of the EU Member States to "re-nationalise" their foreign policy (i.e. to return to the traditional *realpolitik* paradigm).

The basis of the development of the EU's geopolitical subjectness consists of the process of Europeanisation and promotion of the "European method" (institutionalised multi-sidedness). The spreading of the "European method" is based on the policy of institutional binding (or institutional moderation) of third countries implemented by the EU. This allows considering the EU as a "normative power"[4], which among other things is also characterised by features of a socio-economic "magnet," i.e. power levers acting as a force attracting states not belonging to the EU and at the same time imposing certain rules upon them.

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[3] See: Mamadouh, V. „Framing the European Union as a geopolitical actor", *Paper, presented at the SGIR Conference "Constructing World Orders"*, The Hague, 9-11 September, 2004, <http://www.sgir.org/conference2004/papers/Mamadouh%20-%20Framing%20the%20European%20Union%20as%20geopolitical%20actor.pdf>, 15.02.2007.

[4] Manners, I. "Normative Power Europe Reconsidered", *CIDEL Workshop*. Oslo, 22-23 October 2004, <http://www.arena.uio.no/cidel/WorkshopOsloSecurity/Manners.pdf>, 11.02.2007.

On the other hand, the EU is not an independent international actor but rather a unique system, the component elements of which (the Member States) delegate some of their decision-making powers to the European (supra-national) level. The delegation of the decision-making powers of the Member States to the EU is not absolute – the sovereignty delegated by the Member States is characterised by a sectoral and functional criterion. Sectoral delegation of the decision-making powers means that the extent of the decisions delegated to the supra-national level depends on specific public policy sectors, whereas functional delegation of the decision-making powers means that the Member States delegate their powers to the supra-national institutions (first of all to the European Commission) to the extent needed for effective implementation of specific functions.[5] Sectoral and functional delegation of the decision-making powers limits the subjectness of the EU, because the Member States only partially delegate their decision-making powers to the supra-national EU institution. Considering the fact that the possibilities of deepening of the EU integration are limited (the EU's institutional structure will continue to remain a combination of a supra-national and inter-governmental features in the future as well, because the EU Member States will seek to maintain a certain national autonomy), the geopolitical subjectness of the EU is first of all possible though an "external" Europeisation, i.e. through a process of spreading of the rules, principles, and political and economic regime features formulated by the EU.[6] In this context of "external" Europeanisation the EU's impact on Russia's internal political and economic processes should be evaluated. In other words, the spreading of the "European method" to Russia happens in two ways: the policy of institutional "moderation" and (or) institutional "binding" of Russia (the currently enforced Partnership and Cooperation Agreement between the

[5] The logic of functional delegation of the decision-making powers is reflected by the principle of subsidiarity, which is applied only to the areas not categorised as belonging to the exclusive EU's competence. In accordance with the above-mentioned principle, the EU starts to act only where the Member States are not able to properly fulfil the proposed objectives, and where the EU will be able to achieve them better due to the extent or impact of the objectives in question. Thus in the areas not categorised as belonging to the exclusive competence of the EU, decisions must be made on the level on which they are most efficient.

[6] Olsen, P. J. "The Many Faces of Europeanization", *Arena Working Papers*, WP 01/2, 2002, <http://www.arena.uio.no/publications/wp02_2.htm>, 05.03.2007.

EU and Russia, and the four Common Spaces initiative can be evaluated as a "binding methods").

Russia is a traditional geopolitical subject, which is very sensitive to the possible interference of outside actors within its political and economic processes.[7] In other words, Russia formulates its policy towards the other actors of the international system (such as major states or international organisations) first of all evaluating the possible impact of new directions of cooperation on the country's political sovereignty. The principle of supremacy of sovereignty also has a direct impact on Russia's policy towards the EU.[8] The tools of influencing the internal EU processes used by Russia are conceptualised by the traditional concept of the balance policy. The purpose of the balance policy is the encouragement of "re-nationalisation" of foreign policy of the EU Member States through bilateral agreements, as a consequence limiting of the autonomy of the EU as a united geopolitical subject.

Another important aspect having an impact on the nature of the Russia-EU relations is the growing trends of centralisation of the Russian political system and economy. The centralisation trends in the Russian economy basically reflect the processes which are going on in the political system of the country. The result of these parallel processes is the disappearing line between targeted political decisions and economic patterns. Russia is looking for an economic model, which would allow it combining the principles of political centralisation (protectionism) applied in the internal economic system and participation in the "networks" of economic relations with the EU based on the principles of liberalism. The combination of these diverse interests would allow Russia to create the necessary preconditions for ensuring the synergy effect in the country's economic policy, i.e. Russia would like to use the benefits provided by the economic interdependency with the EU and at the same time maintain its sovereignty in order to carry out its internal political and economic processes. The possibilities of implementation of this model depend on the "negotiation

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[7] Nikitin A., "Russian Perceptions and Approaches to Cooperation in ESDP" in Lynch D, ed., *Russian Perceptions of the CFSP/ESDP,* EU ISS, 2006, p.7.

[8] Lynch D., "The Russia-EU Partnership and the Shared Neighbourhood", *report presented to the „Eastern Europe and Central Asia" Working Group (Coest),* The Hague, July 2004. <http://www.iss-eu.org/new/analysis/analy090.html>, 12.03.2007.

power" of the EU in binding Russia to "de-politicise" its internal and foreign economic policy and to make it more transparent.

2. Assessment of the EU's impact on Russia's geopolitical subjectness

The source of effectiveness of the institutional "binding" and institutional "moderation" of Russia implemented by the EU lies in the possibilities of the EU in its relations with Russia to use its multi-sectoral integration potential. Using its multi-sectoral integration potential as a source of the "negotiations power" in its relations with Russia, the EU can attempt to "link" the process of solving of problems important for the EU Member States with issues important for Russia. For instance, the EU can link its transport policies with the energy sector and thus create certain preconditions for "tying" Russia to the EU. The EU seeks to implement its energy objectives by the European Energy Charter and its Transit Protocol: in accordance with the latter, oil pipelines and gas pipelines are to be equalled to the transport infrastructure, which will allow increasing influence on Russia. In accordance with the Transit Protocol, Russia has to open its pipelines for the transit of other independent energy resources (first of all from Central Asia and Southern Caucasus) to Western Europe – in this case Russia would de facto lose the management monopoly of energy resource transportation network. Participation of Russia in the EU's common transit area would mean that each time Russia exports energy resources to any EU Member State, it has to transport them pursuant to law enforced in the entire EU. This example demonstrates that the EU can strengthen its interdependence with Russia. The EU's relations with Russia should be based on the principle of reciprocity, i.e. involvement (and participation) of Russia in the internal market of the EU must be accompanied by consistent processes of liberalisation/decentralisation of the economic (energy) sector in Russia. The interdependence ties based on the principle of reciprocity can limit the energy subjectness of Russia, and due to the close links between energy and politics eventually Russia's political autonomy can be reduced as well.

Another (indirect) channel of the EU's influence on Russia lies in the potential of the EU as an economic "magnet." This is above all related to the possibilities of actual integration into the EU of the states (Ukraine, Moldova, and Southern Caucasus States) belonging to the eastern dimension of the European Neighbourhood Policy (ENP) (more precisely – participation of these states in the EU's internal market). The opportunities of the states belonging to the eastern dimension of the ENP to participate in the EU's internal market intersect with Russia's initiatives to involve these countries in the Single Economic Zone (SEZ). Thus Ukraine, Moldova and Southern Caucasus States become an object of interaction of the two "economic integration areas." Participation of the above-mentioned "borderline" states in one of the two economic integration areas might impede their participation in the other initiative. This means that the economic dimension of the ENP is an external factor, which can change the CIS integration context projected by Russia – for instance, by changing the directions of economic integration of the CIS States. If the EU starts concluding free trade agreements with the states belonging to the eastern dimension of the ENP in the absence of similar agreements with Russia, Moscow will lose the control levers of economic integration within the CIS.

Furthermore, a major impact on the disintegration of the CIS zone might be made by consolidation of the CFSP and ESDP instruments and their integration in the ENP framework. Consolidation of the CFSP and ESDP instruments serves as a prerequisite for development of the geopolitical subjectness of the EU[9], whereas integration of the above-mentioned instruments into the ENP framework means a possibility for the EU to get involved in the processes of restructuring of the CIS area (first of all in the process of solving of "frozen" regional conflicts in the CIS). Involvement of the EU in the process of solving of the "frozen" regional conflicts would have direct implications for Russia's security policy in the CIS, because control over "frozen" conflicts can be viewed as one of the most important "pillars" of the regional security system projected by Russia.

Having evaluated the content of the instruments of the EU's influence on Russia's geopolitical subjectness, we may argue that Russia might be especially

[9] Rontoyanni C., "Russian and Ukrainian views of the European Security and Defence Policy", *Colloque CERI*, July, 2002. <http://www.ceri-sciencespo.com/archive/july02/colloque/papercr.pdf>, 13.03.2007.

interested in the limiting of the EU's autonomy (geopolitical subjectness) in those areas where certain processes might have a direct impact on Russia's political autonomy and on the CIS integration trends.

3. Evaluation of the mechanisms of cooperation between the EU and Russia

3.1. The four Common Spaces concept: sectoral *vs.* complex cooperation

The concept of four Common Spaces was formulated in 2003, when the EU and Russia decided to strengthen and expand their bilateral cooperation in the framework of the Partnership and Cooperation Agreement (PCA). The four Common Spaces comprise the following: the 1st Common Space – economic cooperation; the 2nd Common Space – cooperation in the areas of freedom, security, and justice; the 3rd Common Space – cooperation in the area of external security; the 4th Common Space – cooperation in the areas of research, education, and culture.[10] Although cooperation in the four Common Spaces is multi-sectoral, actual cooperation differs depending on specific areas. This difference between the official cooperation format and actual cooperation depends on the differing interests pursued by the EU and Russia. The four Common Spaces initiative is an instrument of sectoral cooperation between the EU and Russia, which is gradually becoming the basis of the EU-Russia relations and determines the form and content of other instruments of the EU-Russia cooperation (first of all the form and content of the Partnership and Cooperation Agreement). In other words, the four Common Spaces define the political cooperation between the EU and Russia, which is implemented through a politically binding document, i.e. the Partnership and Cooperation Agreement. In this case, the four Common Spaces principle is a wider cooperation principle, which does not provide for a specific binding mechanism.[11]

[10] Kaczmarski, (note 2) p.20.

[11] Karaganov, Bordachev, Guseinov, (note 2) p.12.

The most important objective of the EU's cooperation with Russia in the four Common Spaces format is an institutional "binding" of Russia and overall Europeanisation of Russia.[12] In the view of the EU, the four Common Spaces comprise a single cooperation format, which de facto complies with the content of the PCA. The EU views the four Common Spaces as a field of interests of the EU and Russia, in which other Russia-EU cooperation formats can coexist (PCA, dialogue in the energy sector) that might help to implement the four Common Spaces agenda. The EU seeks to unite all four sectors into one cooperation format, whereas Russia prefers separating the four spaces in order to increase its manoeuvring possibilities. In other words, the EU would like to turn the four Common Spaces into the axis of Russia-EU relations, whereas Russia considers the four Common Spaces just as one of the economic cooperation tools supplementing other cooperation formats.

The four Common Spaces constitute an example of the logic of multi-sectoral EU integration expansion outwards; therefore, first of all the four Common Spaces should be evaluated as a mechanism through which the EU influences Russia[13], whereas Russia manages to successfully amortise such EU influence, because the content of the four Common Spaces cooperation (the specific policy areas, in which bilateral cooperation can be dynamic) is defined by Russia. Nevertheless, the EU seeks to expand the format of bilateral relations to the maximum possible extent by obligating Russia to act in accordance with European norms. In other words, Russia is subordinated by the cooperation form chosen by the EU, and the EU is subordinated by the content of the four Common Spaces cooperation formulated by Russia. This means that the EU does not have any effective tools in order to promote economic and political reforms in Russia in the framework of one sector; therefore, the EU seeks to expand cooperation to a greater number of sectors and this way to exert complex pressure on Russia. Russia in its turn does not accept the strategy of total "integration of sectors" implemented by the EU, because it would increase the EU's possibilities to exert pressure on Russia. In other words, Russia wants to cooperate with the EU in a limited number of sectors, because such cooperation weakens the levers of the EU's influence on Russia.

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[12] Kalland T., "The EU-Russia Relationship: What is Missing?". *Sipri Policy Brief,* April 2004. <http://www.sipri.org/contents/conflict/eu_russia.pdf>, 15.03.2007.

[13] Karaganov, Bordachev, Guseinov, (note 2) p.7.

Summarising the above-mentioned, we can formulate two different models of the EU-Russia cooperation in the four Common Spaces. If the EU is able to unite all four sectors into one cooperation format, it is likely that the four Common Spaces project will function as a mechanism of "tying" of Russia to the EU, because Russia would be bound to adapt its internal and foreign policies to the norms enforced in the EU. If Russia is able to further neutralise the EU's strategy of "integration of sectors," it is likely that the four Common Spaces project will become some sort of "set of instruments," out of which Russia will be able to choose the most profitable areas.

The four Common Spaces model in the relations between Russia and the EU represents one of the most important cooperation format determining the relations of these two parties; therefore, the four Common Spaces model designed by Russia can be viewed as a universal expression of Russia's interest towards the EU. The nature of Russia's policies in the four Common Spaces format is determined by Russia's wish to reduce its asymmetrical economic and political dependence on the EU. In order to reduce this asymmetry in the political and economic relations with the EU, Russia applies the principle of differentiation of cooperation institutions: the channel of influence on the EU's decision-making process is chosen depending on the cooperation issue. The form of Russia's strategy of cooperation with the EU is determined by the method of the EU policy coordination: on the one hand, in areas where the EU is characterised by inter-governmental features, Russia would like to see formation of the Member States core and periphery within the EU and to maintain exclusive bilateral relations with some EU Member States (i.e. to act through the capitals of the EU Member States)[14]. On the other hand, in areas which belong to the exclusive supranational competence of the EU Russia keeps gradually increasing its influence on the supranational EU structures (first of all on the European Commission). With the deepening of integration of the EU (with the increase of the number of policy areas regulated on the supranational level), Russia intensifies its contacts with the EU institutions, especially with the European Commission and Council Secretariat, and mobilises its administrative and institutional resources at the above-mentioned institutions. This way Russia is able to supplement its traditional methods of acting through the EU Member

[14] Kalland, (note 10).

States with new forms of influence on the EU's decision-making process (by acting through supranational institutions). Acting through the EU institutions, Russia can "mask" the mechanisms of real influence of acting through individual EU Member States. This way Russia hopes to be indirectly involved in the process of EU policy formation. If Russia manages to do this, it will have some additional opportunities to influence the EU-Russia cooperation agenda. Thus Russia's possibilities of cooperation with the EU are expanded by the fact that Russia is able to apply at the same time both traditional (influence on specific EU Member States) and non-traditional (influence through the European Commission) tools of influencing the EU's decision-making process, whereas the possibilities of the EU as a geopolitical subject to influence Russia's internal processes can be visible only on the supranational EU level, where the EU acquires a greater "negotiation power."

Russia applies not only the principle of differentiation of cooperation institutions, but also, in its striving to increase influence on the EU's decision-making process and at the same time to decrease the EU's influence on Russia's internal processes, applies the principle of differentiation of cooperation sectors. Russia strives to cooperate with the EU in those areas, in which it can maintain equal and balanced relations, i.e. where it has a relative advantage in relation to the EU. This is the model of Russia's selective cooperation with the EU that determines the fact that the cooperation mechanism proposed by the EU is not accepted by Russia – Russia intensifies the relations only in those areas, which it can use to influence the EU's agenda. Russia is "scared away" by the too broad four Common Spaces cooperation structure, because in the case of a wide format of cooperation the EU might have a multi-sectoral influence on Russia and force it to implement political and economic reforms.[15]

Taking into consideration the above-mentioned trends, it can be forecasted that the asymmetry of the EU-Russia relations (the relative advantage of the EU) is likely to be gradually replaced by more balanced (symmetrical) EU-Russia relations. Major factors contributing to this transformation are as follows: first, Russia is able to cooperate with the EU on issues on which the EU is unable to formulate a "single voice" (for instance, the energy sector); second, the inability of the EU to use its own relative advantages. In order to maintain close

[15] Karaganov, Bordachev, Guseinov, (note 2) p.7.

cooperation with Russia, the EU is bound to carefully choose the "methods of binding", otherwise Russia will avoid concluding any agreements with the EU. On the other hand, if the EU-Russia relations do not change towards symmetry, the EU-Russia cooperation might remain limited and constitute only economic cooperation. In this context it should be emphasised that the EU-Russia economic cooperation without proper transformation of the Russian economic system based on liberal reforms would mean that Russia will gain more favourable conditions to compete on the EU's internal market compared to the chances of the EU's economic entities to compete on the Russian market.

The mechanism of four Common Spaces also serves as a tool for Russia to control the cooperation between the EU and the states belonging to the eastern dimension of the European Neighbourhood Policy (Ukraine, Moldova, and Southern Caucasus States). Russia would like that certain economic or political cooperation instruments (for instance, free trade or facilitated visa regime) are first of all applied in the EU-Russia relations, and only afterwards transferred to the relations of the EU and the states belonging to the eastern dimension of the ENP. In other words, Russia seeks to maintain a monopoly on relations with the EU and control the content of cooperation of the EU with the ENP states. Furthermore, the Partnership and Cooperation Agreement with the EU allows Russia, by influencing the cooperation of the EU with the ENP states, to withdraw from such influence of the EU on Russia, because as Russia does not participate in the ENP initiatives the conditionality principle is not applicable to it[16], which is very important in the relations of the EU and the ENP states.[17] It should also be emphasised that Russia, by strengthening its control over the economic cooperation between the EU and the states belonging to the eastern dimension of the ENP, uses not only the four Common Spaces format but also other multilateral economic organisations, first of all the World Trade Organisation (WTO). For instance, favourable conditions for deepening of the EU-Ukraine economic integration (by concluding a free trade agreement) may

[16] The logic of the conditionality principle is based on the spreading of the EU's influence for a certain price. The EU provides external stimuli to the neighbouring states to accept its conditions.

[17] Zagorski A., "Policies towards Russia, Ukraine, Moldova and Belarus" in Dannreuther R., ed., *European Union Foreign and Security Policy: Towards a neighbourhood strategy*, London: Routledge, 2004, p. 86.

arise only in the case when Ukraine becomes member of the WTO.[18] In this context Russia's entry in the WTO earlier than Ukraine's might become a real opportunity for Russia to use tools of negotiations with Ukraine in order to achieve some political objectives (for example, to slow down Ukraine's becoming member of the WTO and this way to limit Kiev's possibilities of deepening economic relations with the EU).[19] In other words, becoming member of the WTO earlier than other CIS States, Russia can maintain levers of control of the intensity of contacts of the post-Soviet states belonging to the CIS integration zone with other integration zones, i.e. to "act as an intermediary" in the process of integration into international economic structures (first of all to the EU). Furthermore, Russia may use negotiations regarding the WTO membership as a tool in order to reduce the asymmetry of its relations with the EU. In this case, the following mechanism might operate: in its internal policies, Russia, by selectively adapting the WTO norms (international standards), acquires opportunities for deepening of its relations with the EU and at the same time for avoiding the "transfer" of the EU norms into Russia's internal policies (adaptation of the EU norms in the country would basically mean the growing dependency of Russia on the EU).[20]

Summarising it may be argued that the four Common Spaces cooperation initiative rather than being a method of cooperation between Russia and the EU is becoming an instrument of Russia's influence on the EU's internal processes and on the EU's external relations (more precisely – on the eastern dimension of the European Neighbourhood Policy).

3.2. Scenarios of development of the new EU-Russia PCA: Russia's vision

The EU-Russia Partnership and Cooperation Agreement which was signed in 1994 and entered into force in 1997 covers all areas of bilateral cooperation. This means that a single document covers various sectoral agreements between

[18] Ukraine's membership in the WTO is one of the most important conditions of the EU-Ukraine free trade agreement. "EU forges closer cooperation with Ukraine over free trade", *European Commission*, http://ec.europa.eu/news/external_relations/061116_1_en.htm, October 2006, 28.02.2007.

[19] It should be noted that in the end of October 2006, the Russian Prime Minister M. Fradkov suggested Kiev agreeing upon the process of accession of Russia and Ukraine to the WTO.

[20] Karaganov, Bordachev, Guseinov, (note 2) p.10-11.

the EU and Russia. The EU-Russia PCA was drawn up for a ten-year period, which expires on December 1, 2007. It is obvious that the current institutional expression of the EU-Russia relations (the currently enforced PCA) does not comply with the needs and actual issues in the EU-Russia cooperation agenda. This inevitably forces both the EU and Russia to create various scenarios of the new PCA. Furthermore, negotiations concerning the new PCA make it possible for both Russia and the EU to look for new areas of bilateral cooperation, additional methods of "binding" of the other party, etc.[21]

On the other hand, the division between the institutional EU-Russia relations and actual cooperation might lead to further development of actual EU-Russia cooperation avoiding the institutional instruments. Thus in the future we might see the EU-Russia partnership without any formal agreements, i.e. a partnership, whereby mutual relations are developed without making any advance arrangements and without undertaking any detailed legal regulation in individual sectors. Such form of the EU-Russia cooperation would mean that the EU Member States and the European Commission will lose the levers of control of cooperation between the EU (that is, between individual EU Member States) and Russia. In other words, such form of cooperation will give Russia more possibilities to get involved in the EU's internal political and economic processes on the basis of bilateral agreements with some EU Member States. At the same time, this will ensure a wider area for Russia's political manoeuvres inside of the EU, because for Russia sectoral agreements with the EU are much more favourable compared to an all-inclusive coherent document regulating the EU-Russia relations. Sectoral agreements reduce the EU's opportunities to exert pressure on Russia and increase Russia's opportunities to cooperate with the EU in those sectors, cooperation in which is useful first of all for Russia itself.

Taking into consideration the above-mentioned trends in the EU-Russia relations, we can identify the following possible scenarios of development of the PCA[22]:

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[21] Bordachev T., "EU Crisis: What Opportunities for Russia", *Ifri Research Programme Russia/CIS,* <http://www.ifri.org/files/Russie/bordatchev_english.pdf> No. 7, October 2005, p.16., 10.03.2007.

[22] Scenarios were taken from the study prepared by *Centre for European Policy Studies*, „The Elephant and the Bear Try Again: Options for a New Agreement between the EU and Russia", http://shop.ceps.be/BookDetail.php?item_id=1402, 2006., 10.02.2007.

- **"Dissolution" of the PCA**: in case of this scenario the EU-Russia PCA will gradually lose its significance for the EU-Russia relations; however, it will not be replaced by any other document of the same level regulating the EU-Russia relations. The possibility of this scenario is increased by the fact that after Russia becomes a WTO member, the PCA will lose its former significance for Russia; therefore, the EU-Russia relations will be developed following the EU-US scenario, whereby strategic relations are not based on any all-inclusive legal agreements.
- **Status quo of the PCA, supplementing it with a political declaration**: in case of this scenario, validity of the PCA will be extended automatically, as provided for in the current PCA; however, negotiations concerning the EU-Russia cooperation sectoral agreements will also take place. Failure to formulate a document reflecting the actual EU-Russia relations will lead to a search of an alternative agreement. A political declaration supplementing the PCA will mean that the EU-Russia relations are based on an intensive political cooperation (up to date, the EU-Russia cooperation has been based on a more pragmatic and technocratic cooperation). This scenario is probable after Russia has entered the WTO and ratified the European Energy Charter.
- **Replacement of the PCA with a short-term strategic partnership agreement (in the medium and long term – replacement of the PCA with a comprehensive strategic partnership agreement)**: unlike in the case of drafting of a political declaration, in this case the EU-Russia strategic partnership will be based not on a political declaration but rather on a more specific partnership agreement. In accordance with this scenario, the EU-Russia agreement will have to be ratified both by Russia and all EU Member States, which reduces the probability of this scenario. An all-covering strategic partnership agreement will be dealing with relevant issues of the EU-Russia relations and provide for a new institutional mechanism. This scenario will mean that the EU-Russia relations will be institutionalised following a modified or updated PCA both in legal terms, and in terms of content.
- **Agreement regarding a strategic union**: in this case the EU-Russia relations will be institutionalised by an ambitious bilateral agreement, which

will be aimed at common formulation of the EU's and Russia's foreign policy stances. This scenario is not likely to occur, because it is possible only after fundamental changes both in the EU and Russia have taken place (if the EU becomes a united international actor, and if Russia becomes a real democracy with a revised approach to security).

The above-mentioned scenarios constitute some sort of "field of alternatives" of Russia's policy towards the EU. Each of these scenarios of development of the new PCA might mean a different model of the EU-Russia relations. The spectre of possible models of bilateral relations is sufficiently wide, from a "mutual integration without Russia's formal membership in the EU" (for instance, the model of relations between the EU and Norway) to a non-institutionalised bilateral cooperation (for instance, the model of relations between the EU and US). Yet it is likely that Moscow in negotiations concerning the new PCA will be aiming at an exclusive, "Russian" mechanism of relations with the EU, which would combine principles of various models of cooperation of the EU with third states.[23] The most important feature of this "Russian" model is the de facto involvement in the EU's decision-making process and at the same time avoidance of any impact of the European norms (mechanisms of institutional binding) on the country's internal policies. Considering the logic of Russia's cooperation with the EU in the format of four Common Spaces, it may be forecasted that Russia might prefer the "Swiss" model of relations with the EU, in accordance with which Russia might create a matrix of relations with the EU out of which to choose the cooperation areas ensuring major profits.

On the other hand, such choice made by Russia might limit its possibilities to control the depth of cooperation between the EU and the states belonging to the eastern dimension of the ENP. The model of selective cooperation with the EU might prevent Russia from performing any "intermediary" functions in the EU political and economic initiatives in the eastern dimension of the ENP. Therefore, we should not exclude the possibility that Russia might choose the cooperation model meaning "mutual integration without the formal membership in the EU." However, such choice is possible only in the long-term and will depend on the trends of development of the EU's geopolitical subjectness.

[23] Karaganov, Bordachev, Guseinov, (note 2) p. 11.

Russia would welcome the process of diffusion of the geopolitical subjectness of the EU, which means that a deeper mutual integration of these two international relations actors in Russia's view is possible only if the political integration within the EU weakens, i.e. if the EU becomes only an economic bloc.[24]

4. Russia's attitude towards scenarios of development of the EU's geopolitical subjectness

The scenarios of development of the geopolitical subjectness of the EU are drawn up considering three major vectors[25]: first, deepening of integration, i.e. delegation of the Member States' competence to the existing or newly created EU institutions (movement of the EU in the direction of deepening of integration will basically mean the strengthening of supranational trends within the EU); second, broadening the areas of integration, i.e. spreading of the Communities method to new areas of public policy, that is, increasing the number of areas regulated by legal acts of the EU rather than by legal acts of the Member States; third, horizontal widening of the EU, that is, a full-fledged process of Europeanisation of the states close to the EU (oriented towards the ultimate objective – the EU membership). It should be noted that in this case the first two vectors (that is, deepening and broadening of integration areas) must correlate.

Movement of the EU in the above-mentioned three directions will basically mean a scenario of development of the geopolitical subjectness of the EU oriented both inwards (strengthening of the supranational dimension) and outwards (the intensifying process of Europeanisation of the neighbouring countries). The outward-directed development of the geopolitical subjectness of the EU is one of the most important conditions for successful limiting of Russia's political and economic influence on Eastern Europe and Southern Caucasus and for the strategy of "tying" of Russia to the EU. The basis of such policy is a structural and systematic Europeanisation of the post-Soviet CIS area as an

[24] *Ibid*., p. 10.

[25] Friedrichs J., Mihov J., Popova M. "Synergies and Tradeoffs in International Cooperation: Broadening, Widening and Deepening". *European Integration online Papers*, Vol. 9 No. 13, 2005. <http://eiop.or.at/eiop/texte/2005-013a.htm>, p. 2-5, 05.04.2007.

alternative to the currently existing sectoral and fragmentary entry of the European structures into the CIS region. This scenario of development of the geopolitical subjectness of the EU is not favoured for Russia. In case of this scenario, the EU in its relations with Russia will implement a strategy of "integration of sectors," which will inevitably limit Russia's chances to turn the mechanisms regulating bilateral relations into some sort of "set of instruments," out of which Russia could choose the cooperation areas which ensure maximum added value. The EU-Russia cooperation formats would function as a mechanism of "tying" of Russia to the EU, because Russia would be forced to adapt its internal and foreign policy to the norms enforced in the EU.[26]

On the other hand, the deepening of the EU integration and broadening of areas of integration can correlate in case of a weakened EU widening policy as well. This correlation might be conditioned by the fact that with the increasing level of integration the states willing to become EU members will find it very difficult or even impossible to comply with the EU membership criteria, i.e. the EU will become some sort of "exclusive club" (a "European fortress"). This scenario of development of the geopolitical subjectness of the EU would mean stagnation of the eastern policy of the EU, which in its turn would weaken the impact of Europeanisation instruments on the post-Soviet CIS States. The "European fortress" model would allow Russia to form in the CIS zone a consolidated regional security system, because the influence of EU as an external source of disintegration of CIS would decrease. The scenario of development of geopolitical subjectness implying a "European fortress" would mean a selective and fragmentary bilateral cooperation of Russia and the EU. This, on the one hand, would reduce the impact of Europeanisation instruments on the internal political and economic processes in Russia, and, on the other hand, would limit Russia's chances to influence the EU's decision-making process acting through certain sectors. Furthermore, the "European fortress" is the EU development model, the main purpose of which is the deepening of the internal integration of the EU (strengthening of the EU's structural potential). With the supranational principles becoming stronger in the EU's decision-making process[27], it

[26] Kaczmarski, (note 2) p.20.

[27] The strengthening of the supranational dimension in the EU's decision-making process is first of all dependant on the expansion of the functions of the European Commission in various sectors of the EU's public policy. For example, in the negotiations regarding membership in the World Trade

might become more difficult for Russia in its EU-oriented policy to apply the state sovereignty supremacy principle, i.e. to get involved de facto in the EU's decision-making process acting through the EU Member States.

The processes of geopolitical transformation of the EU might also evolve following the formula "*yes* - to the horizontal widening of the EU, *no* - to the deepening and broadening of the EU integration." The EU agenda would be dominated by economic elements (first of all in terms of free trade with third countries) and elements of spreading of European values, rather than institutional or common supranational foreign policy elements. Such scenario will lead to a horizontal (outward) development of the geopolitical subjectness of the EU, i.e. to a "wider Europe" scenario. The impact of this scenario on Russia should be first of all assessed in the context of interrelation of the two security systems (the European security system, and the regional security system projected by Russia).

Enlargement of the EU constitutes the highest level of "outward" Europeanisation. Therefore, movement of the EU in the direction of the "wider Europe" scenario may be viewed as one of the most important external sources of disintegration of the regional security system in the CIS zone envisaged by Russia. The possible impact of the "wider Europe" model on the subjectness of Russia is defined by the following formula: if the EU is able to intensify the processes of Europeanisation of the post-Soviet CIS States and due to that Russia would be bound to adapt its internal and foreign policy to the norms enforced in the EU, it is likely that the preconditions of an institutional "tying" of Russia to the EU will appear. On the other hand, an intensive process of accepting of new members might lead to an internal EU integration crisis (horizontal enlargement of the EU vs. deepening of integration)[28], which in its turn might lead to the formation of a "two-speed" EU (a close core inside of the EU) or create preconditions for disintegration of the EU as a political union. In this context, it is should also be emphasised that a full-fledged systematic Europeanisation of the post-Soviet CIS zone (and an effective policy of "tying" of Russia) is possible

Organisation Russia's acting through the capitals of major Western European States is not effective, because in this case it has to deal with a supranational actor (the European Commission represents the EU's interests in the WTO framework).

[28] Hafner D., "Dilemmas in managing the expanding EU: the EU and applicant states points of view." *Journal of European Public Policy,* London, Routledge, December 1999, p. 798.

only if the diffusion of the geopolitical subjectness of the EU does not lead to an erosion of the structural potential of the EU.

The scenario of disintegration of the EU as a political union will automatically make the European security system return to the supremacy of principles of sovereignty of national states. Such model of development of the geopolitical subjectness of the EU would be a favourable environment for Russia's geopolitical plans.[29] We can draw this conclusion taking into consideration the fact that Russian diplomats apply the state sovereignty supremacy concept, whereas supranational EU institutional mechanisms reduce Russia's chances to influence the geopolitical behaviour of individual European states.[30] In other words, the scenario of disintegration of the EU as a political union would provide Russia with favourable conditions for the implementation of consistent balancing politics inside the EU, i.e. for influencing the EU's decision-making process through European capitals and this way limiting of the geopolitical subjectness of the EU.

5. Russia's view on the alternatives of development of the EU's political structure (polity)

The models of development of the EU's political structure are directly related to the problems of flexible or differentiated integration inside the EU. The flexible or differentiated integration methods inside the EU can be characterised by two opposite features: first, flexible integration, whereby the group of able and willing countries integrate faster than others, at the same time leaving a chance to others to join them; second, differentiated integration, whereby constant limits between states depending on the extent of their integration are set.[31] The extent of openness or closeness of the EU Member States who cooperate more closely (the flexible and differentiated integration dichotomy) indicates the bor-

[29] Bordachev, (note 19) p.16.

[30] Kaczmarski, (note 2) p. 12.

[31] Warleigh A., *Flexible Integration. Which Model for the European Union*, London: Sheffield Academic Press, 2002. p. 9–13.

der between a consistent integration and integration of the Member States into a closed core.

The nature of the flexible/differentiated integration method inside the EU basically depends on the movement of the EU's political structure between two poles: first, the EU dominated by a consolidated and close core of states (hard core as one of the modifications of the "two-speed" EU); second, the EU as a "set of instruments" (Europe a la carte), in which the Member States may freely choose in which areas of the EU public policy they want to participate (with the exception of the EU common market). The movement of the flexible/differentiated integration method in the direction of one or another pole (Europe a la carte vs. hard core) is likely to be dependent on whether participation of the Member States in certain EU's common policies is determined by a) a national decision (maintaining the possibility to join the closer cooperation initiatives in individual sectors of public policy at any time), or b) targeted barriers (requirements) for the peripheral EU States set by the core EU States.

Considering the fact that the impact of the Europeanisation process on Russia and on the regional security system projected by Russia depends on the development of the geopolitical subjectness of the EU, we can conclude that Russia would welcome the weakening and fragmentation of the external subjectness of the EU. Fragmentation of the external subjectness of the EU might also lead to a certain type of the EU's political structure (internal subjectness). The optimal model of the EU's political structure for Russia is the "two-speed" EU, because in this case the internal integration of the EU will develop following the centre (core) and periphery model (that is, the actual integration of the Central and Eastern European States into European structures will be limited); such model of the EU's political structure is also a scenario of partial (fragmentary) evolvement of the geopolitical subjectness of the EU, which might serve Russia as a safeguard against the intensive process of Europeanisation of the "borderline" regions (Eastern Europe, and Southern Caucasus). In other words, Russia would like to see such model of development of the EU's political structure, which would reduce the chances of an even integration inside the EU. A differentiated integration would mean that Russia will be able to strengthen its influence on the EU's internal political and economic processes.

6. Limited (geo)political subjectness of the EU: a chance for Russia to reduce the asymmetry of its relations with the EU

Russia would like to limit the autonomy (geopolitical subjectness) of the EU in those areas, the processes of which might have a direct impact on Russia's political autonomy and on the trends of integration of the CIS zone.

6.1. Limiting of the autonomy of the CFSP/ESDP

The development of the ESDP can be viewed as a constant search of the EU's subjectness in the defence sector. This search is also directly related to the issues of the (geo)political subjectness of the EU. These links are reflected by the following scheme: a) autonomous integration in the area of ESDP → b) internal integration of the instruments of the CFSP, ESDP, ENP, and other instruments → c) strengthening of the (geo)political subjectness of the EU. Considering the above-mentioned, we may argue that the integration processes in the ESDP sector might become one of the driving forces of the (geo)political subjectness of the EU. Considering the fact that the effectiveness of the EU as a source of disintegration of the CIS zone depends on the evolvement of the geopolitical subjectness of the EU, we may argue that Russia would like to limit (or at least control) the autonomy of the EU in this area. Still, Russia's view on the evolvement of the ESDP is complex. We can identify the following two Russia's strategic approaches.

First, the autonomy of the ESDP is an instrument, the function of which is the weakening of the role of NATO in the European security system.[32] Russia's strategic interests would be best reflected by a "two-speed" ESDP evolvement scenario, because: a) the trend of formation of a "core" in the sphere of ESDP will directly correlate with the deepening difference between Atlantism and Eurocentrism, b) this at the same time will mean that the EU's internal integration evolves following the centre (core) and periphery model, i.e. the actual integration of the Central and Eastern European States into European structures will

[32] Tangiashvili N., "Russia, the European Union and the ESDP: An Essential Misfit?", *Centro Argentino de Estudios Internacionales,* 2005, <http://www.caei.com.ar/es/programas/cei/P28.pdf> p. 4., 31.03.2007.

be limited, which will provide Russia with a chance to strengthen its influence on the EU's internal political processes, c) the "two-speed" ESDP is the scenario of a partial (fragmentary) evolvement of the (geo)political subjectness of the EU, and such scenario will serve Russia as a safeguard against the intensive process of Europeanisation of the "borderline" regions (Eastern Europe, and Southern Caucasus).

Second, Russia's strategic approach towards the ESDP is determined by the fact that the EU's supranational institutional mechanisms (for example, the actual integration of the EU's civil and military forces) reduce Russia's chances to influence the European security system. Therefore, Russia would like to weaken the internal consolidation of the instruments of influence inherent in the CFSP, ESDP, and ENP. In essence this means that Russia, by applying both direct (in the context of the security policy dialogue) and indirect (in the overall context of relations with the EU) measures, seeks to limit the EU's autonomy in the issues of security policy, which have direct implications for Russia's interests (for example, the "frozen" regional conflicts in the post-Soviet CIS zone).

It is due to these motives that Russia would like to ensure a regular dialogue with the EU concerning security and defence policy issues (the form of cooperation is more important than the content of cooperation). For instance, the decision concerning exchange of information on crisis management operations has been taken already. Formal and informal EU-Russia official meetings in various level take place (meetings of the troika and Russia, working-level Council Secretariat expert meetings with the Russian side, etc.), which include security and defence issues. Recently, the Russian side has been attempting to regularise the EU-Russia dialogue in the military sector. For instance, Russia seeks to expand expert contacts with the European Defence Agency (EDA) and to participate in the crisis management trainings organised by the EU. Furthermore, Russia would like to expand the mechanisms of military and civil interrelations with the EU.[33] The above-mentioned mechanisms should be based on the operational-level interrelation standards acceptable to both parties, and the implementation of operations should be based on joint commanding. Such mechanism will mean that Russia will be able to interfere with the implementation of joint operations (for instance, the joint operations regarding "frozen" conflicts in the CIS region), involve the EU in ineffective cooperation and this

[33] Nikitin, (note 7) p.5.

way weaken the EU as a security actor on the global arena. Russia would also like the EU contacts with the post-Soviet CIS States to take place through regional defence organisations (first of all through the Collective Security Treaty Organisation (CSTO)) rather than on the bilateral level. Such regional defence organisations would serve as a filter, through which Russia can control bilateral defence-related contacts of the CIS States with the EU.[34]

Summarising we may argue that the most important interest of Russia as an external actor is the acquiring of an exclusive status in its relations with the ESDP. Such status would grant Russia a chance to get involved in the early stages of the EU's decision-making process.

6.2. Russia as an intermediary between the EU and the states belonging to the eastern dimension of the ENP

Russia would like to prevent cooperation between the EU and the states belonging to the eastern dimension of the ENP. The essential point of intersection of the initiatives of the European Neighbourhood Policy and Russia's regional initiatives (for instance, the single economic zone, and the customs union project) in the post-Soviet region is the overlapping of economic integration projects, which constitute absolutely different models of economic integration. Therefore, Russia responds to the EU's initiatives to strengthen institutional binding of Russia by increasing the gap between the EU members and the states belonging to the eastern dimension of the ENP. Russia would like certain economic cooperation instruments to be applied in the EU-Russia relations first, and only afterwards transferred to the relations between the EU and the states belonging to the eastern dimension of the ENP. In other words, Russia seeks to maintain the monopoly on the relations with the EU and in this way to control the content of cooperation of the EU with the ENP countries (i.e. to "act as an intermediary" in the processes of Europeanisation of the Eastern European and Southern Caucasus States). For example, we should not exclude the possibility that the ENP economic dimension agenda in the long-term will be drawn up following the model of the EU-Russia common economic area.[35]

[34] *Ibid*., p.4.

[35] Duta P., "European Neighbourhood Policy and its Main Components", *Romanian Journal of International Affairs,* 10 (1-2), 2005, p. 236.

Russia's interest in the widening of the gap between the EU and ENP countries is determined by the fact that with the strengthening of the economic dimension of the European Neighbourhood Policy there inevitably arises the threat of Russia's economic and social exclusion (it is likely that the probability of this threat will increase, if the EU starts concluding free trade agreements with the states belonging to the eastern dimension of the ENP in the absence of such agreements with Russia). This is why the ENP agenda in relation to the Eastern European and Southern Caucasus States continues to depend on the agenda of the EU-Russia relations[36] (for instance, the EU still continues parallel cooperation with the states of the eastern dimension of the ENP, which takes place both in the framework of the ENP and in the framework of Partnership and Cooperation Agreements, which essentially represent the EU-Russia relations model). Considering the fact that Partnership and Cooperation Agreements are significantly more binding documents compared to the ENP action plans, the content of PCA has a greater impact on the development of the ENP states. Here, it should be noted that the lingering EU-Russia negotiation processes concerning the Partnership and Cooperation Agreement made it possible for the EU-Ukraine Partnership and Cooperation Agreement to "exceed" the analogous EU-Russia agreement in terms of content (in terms of depth of cooperation between the EU and Ukraine). For this reason, Russia would like to start negotiations regarding the new PCA, which would further ensure a chance for Russia to "act as an intermediary" in the processes of Europeanisation of the Eastern European and Southern Caucasus States.

The chances of the policy of institutional binding of Russia drawn up by the EU are limited by the following major factors: first, centralisation of the Russian economy. The EU does not have any levers in order to limit the "politicisation" of the Russian economy; therefore, centralisation of the economy can be viewed as Russia's "safeguard" against various external factors (for instance, against the EU's initiatives of institutional binding), which might lead to the diffusion of the country's political and economic subjectness (diffusion of the subjectness constitutes a prerequisite for the political and economic "tying" of the country to the EU). Second, the contraposition of the economic

[36] "Frontiers and Horizons of the EU: The New Neighbours Ukraine, Belarus, and Moldova", *129th Bergedorf Round Table*, October 15th – 17th, 2004, Lviv, 23.

dimension of the European Neighbourhood Policy (the de facto expansion of EU's internal market) to Russia's regional economic initiatives (for instance, the single economic zone or customs union projects), because overlapping of these integration areas serves Russia as an instrument of control over the regime of economic cooperation between the EU and the states belonging to the eastern dimension of the ENP.

6.3. Limiting of the EU's common energy policy

Russia's chances to limit the formation of the EU's common energy policy are increased by certain features of the EU itself, which make it a non-homogenous geopolitical entity. The status quo of the EU's energy dimension (the absence of a common energy policy) is a favourable condition for Russia in its attempts to maintain the status quo of its bilateral energy relations with the EU Member States. On the other hand, Russia's bilateral relations with some EU Member States in the energy sector might express themselves as the centrifugal forces of the EU's common energy policy currently being formulated.

Safe supply of energy resources requires harmonisation of the EU's internal and external energy policies. Therefore, the following two factors can be identified, which are especially important in order to ensure safety of supply of energy resources: first, liberalised trade inside the EU; second, trade with the states supplying energy resources. Considering the above-mentioned factors, the following two most important conditions of the EU's common energy policy can be formulated: first, integration of the EU's internal market; second, regulation of the EU's relations with the external energy suppliers. Safety of supply of energy resources can be ensured only if there is a large, effective and integrated EU's internal market. Russia would like to complicate the chances of formation of the EU's internal market[37] and in this way to prevent the formation of the EU's external energy policy.

Russia, by limiting the formation of the EU's common energy policy which it finds unfavourable, applies the following two-fold strategy: first, Russia creates obstacles on the way of formation of the EU's internal policy from "the

[37] Smith K. C. "Security Implications of Russian Energy Policies", *CEPS Policy Brief*, 90, 2006, p. 4.

inside"; second, Russia limits the effectiveness of the potential EU's common energy policy, i.e. the EU's "negotiation power" in its relations with suppliers energy resources (for example, by concluding energy alliances with other suppliers of energy resources – the case of the "gas OPEC").

A negative impact on the EU's common energy policy is made by the following major directions of Russia's energy policy:

First, bilateral agreements with the EU Member States. For example, in the beginning of this year, Hungary became one of the most important targets of Russia's geo-energy policy. Gazprom agreed with the Hungarian Government on cooperation concerning continuation of the project of construction of the Blue Stream gas pipeline. This pipeline connects Russia and Turkey across the Black Sea. Under the agreement reached by Gazprom and the Hungarian Government, the Blue Stream has to be prolonged and pass though the territories of Bulgaria, Romania, and Serbia to reach Hungary. The largest Hungarian oil and gas company MOL participating in the project of extension of the Blue Stream gas pipeline has also reached an agreement with Gazprom concerning construction of a new complex of gas storage facilities in Hungary. By the above-mentioned initiatives, Russia seeks to make Hungary the major gas distributor in Central Europe (considering the fact that Austria has similar plans as well, we can see a conflict of interests of the two EU Member States). The planned route of extension of the Blue Stream basically matches the route of the Nabucco gas pipeline being projected. The Nabucco project is often viewed as one of the most important indicators of creation of the EU's common energy policy (or, to be more precise, of the effectiveness of the EU's external energy policy). Implementation of the Hungary-Russia agreement regarding extension of the Blue Stream gas pipeline will have a negative impact on the chances of commercial success of the Nabucco project and might even reduce its relevance inside of the EU due to the overlapping routes problem.

Second, agreements concluded between the EU Member States' energy companies and the monopolistic Russian companies directly dependant on political authorities (for example, the agreement between the Russian gas company Gazprom with the German BASF and E.ON regarding the Nord Stream gas pipeline construction across the Baltic Sea).

Thus Russia's policy in relation to the energy infrastructure can be viewed as a multidimensional policy: new gas and oil pipelines for transportation of energy resources, gas storage facilities, etc. are being built. Russia's wish to limit the formation of the EU's common energy policy originates from its wish to reduce to the minimum the chances of the EU to influence Russia's energy sector, i.e. a mutual EU-Russia dependency is favourable for Russia as long as asymmetry of the EU's and Russia's influence levers exists.[38] In this case the supranational competence of the EU in the energy sector (which would inevitably strengthen the EU's "negotiation power" in its relations with Russia) is viewed as a threat to the autonomy of Russia as a supplier of energy resources. Successful formulation of the EU's common energy policy will increase the EU's energy subjectness and at the same time reduce Russia's energy subjectness (and due to close ties between energy and politics Russia's political autonomy might eventually decrease as well).

Russia would like to limit the EU's common energy policy, because it seeks to prevent the increase of the EU's influence on Russia's internal energy policy. The EU, at least in theory, has numerous levers in order to influence Russia's energy policy – the EU can exert pressure on Russia forcing it to ratify the Energy Charter and the Transit Protocol; furthermore, the EU can integrate individual Energy Charter provisions into the newly drafted EU-Russia Partnership and Cooperation Agreement, or use Russia's objective to enter the WTO by linking Russia's negotiations regarding membership in the WTO with the requirements to liberalise the Russian energy market.

Summarising we may argue that Russia, seeking to prevent the formation of the EU's common energy policy, is implementing not only the policy of separation of the EU Member States, but also the policy of increasing of its influence on the EU's internal market. If Russia manages to increase its influence on the EU's internal market, the EU in its negotiations with Russia will lose the possibility to use the reciprocity argument. In other words, the EU will lose the possibility to persuade Russia to open its internal market, because the reciprocity principle that dominated in the EU's policy towards Russia will gradually lose its significance. Russia is gradually expelling the EU's companies from its

[38] Johnson D., "EU-Russian Energy Links: A Marriage of Convenience?", *Government and Opposition*, 2 (40), 2005, p. 261.

national market, at the same time continuing to strengthen its own positions on the EU's internal market.

Conclusions

In the EU-Russia relations, the four Common Spaces cooperation model represents one of the most important formats determining the cooperation of the two parties; therefore, the four Common Spaces model projected by Russia can be viewed as the universal expression of Russia's interests in relation to the EU. Two alternative models of the EU-Russia cooperation in the four Common Spaces can be formulated. If the EU is able to unite all four sectors into one cooperation format, it is likely that the four Common Spaces project will function as a mechanism of "tying" of Russia to the EU, because Russia would be bound to adapt its internal and foreign policies to the norms enforced in the EU. If Russia manages to neutralise the strategy of "integration of sectors" drawn up by the EU, it is likely that the four Common Spaces project will become some sort of "set of instruments," out of which Russia will be able to choose those areas of cooperation which ensure maximum benefits.

It may be forecasted that if the current model of European integration remains, the asymmetrical EU-Russia relations (the relative advantage of the EU) will be replaced by more balanced (symmetrical) EU-Russia relations. The major factors leading to such transformations are as follows: first, Russia manages to cooperate with the EU on those issues, on which the EU is not able to generate "a single voice" (for instance, the energy sector); second, the EU's inability to use its relative advantages. In order to maintain close cooperation with Russia, the EU is bound to carefully choose "methods of binding" of Russia, otherwise Russia will avoid concluding any agreements with the EU. On the other hand, if the EU-Russia relations do not move in the direction of symmetry, the EU-Russia cooperation may remain limited to economic cooperation. In this context, it should be emphasised that the EU-Russia economic cooperation without certain changes in the Russian economic system based on liberal reforms would mean that Russia can acquire more favourable conditions for competing on the EU's internal market compared to the chances of the EU's economic entities to compete on the Russian market.

In the future, we might see the EU-Russia partnership without any formal agreements, i.e. a partnership whereby mutual relations are maintained without any advance decision-making and without any detailed legal regulation in individual sectors. Such form of cooperation would increase Russia's chances to get involved in the EU's internal political and economic processes on the basis of bilateral agreements with certain EU Member States. This would provide Russia with more space for its political manoeuvres inside of the EU, because sectoral agreements with the EU are more beneficial for Russia. Sectoral agreements minimise the EU's chances to exert pressure on Russia and increase Russia's chances to cooperate with the EU in those sectors, where cooperation with the EU is first of all useful for Russia itself.

Summarising we may argue that the spectre of the possible models of bilateral EU-Russia relations is quite wide, from the "mutual integration without Russia's formal membership in the EU" to a non-institutionalised bilateral cooperation. Still, it is likely that Moscow in the negotiations concerning the new PCA will seek for an exclusive, "Russian" mechanism of relations with the EU, which would combine principles of various models of cooperation between the EU and third countries. The most important objective of the above-mentioned "Russian" model is Russia's de facto involvement in the EU's decision-making process and avoidance of the impact of the European norms on the country's internal politics.

CROSSROADS OF COOPERATION: THE FUTURE OF EU-RUSSIAN RELATIONS AND THE IMPACT OF THE BALTIC STATES

Iris Kempe and Daniel Grotzky*

When Russia stopped oil shipments to Ventspils, Lithuania threatened in February 2007 to add its veto to Poland's on the renegotiation of the Partnership and Cooperation Agreement. This highlights the challenges Russia-EU relations are facing. Russia's domestic trajectory has raised alarms, yet the country remains vital to European interests. The colour revolutions of Eastern Europe put pressure on the EU to strengthen its Eastern policy. The Russia-EU legal framework is no longer adequate; a new one needs the consent of ten new members with very sceptical views of Russia, among them Estonia, Latvia and Lithuania, whose relation to Russia is unique.

How different are the policies and the perception of common threats among the EU, Russia and the Baltic states? What interests do they have concerning future relations? What contribution can the Estonia, Latvia and Lithuania make towards a new EU-Russia policy, given the frame conditions? The article designate a strategic gap in Eastern Europe due to the EU and Russia's inability to adequately respond to rapid change in the region and shows how the perceptions of common energy security and other challenges differ not only between the EU and Russia, but within the EU itself. As full EU-members the Baltics are facing the challenge to bring their particular experiences and interests to EU-Russia relations and realize their potential as an advocate for European policy reform and transition in Eastern Europe.

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Introduction

In 2007 the relations between Russia and the European Union have reached a critical juncture. As their common border has steadily expanded over the accession rounds of 2004 and 2007, so too have the significance and intensity of Russia and Europe's relationship. Accession has not only broadened the range of common issues, but also increased the number of actors within the EU who hold high stakes in how Europe's Russia policy is conducted. Among the ten Central and Eastern European states now in the EU, the Baltic countries Estonia, Latvia and Lithuania find themselves in a particularly crucial position. Not only do they share the "communist experience" with the other new EU member states, but also the "USSR experience" together with non-EU Eastern European countries. They have close yet difficult historical relations with Russia which colour bilateral relations even today. As EU members in this unique situation, the Baltic states are expected to add their specific contribution to the Union's decision making process and Common Foreign Policy.

The aim of this paper is to identify the potential of the Baltics' policy input to EU-Russian relations against the background of differing concepts of integration, threat perceptions and interests. It draws on a number of policy paper contributions, which have been submitted as follow-ups to the second roundtable in the conference series "Russia, the EU and the Baltic states" of the Friedrich-Ebert-Foundation Moscow and the Center for Applied Policy Research Munich. The working group attempts to integrate viewpoints of the participants from Russia, the Baltic states, Finland, Germany and Poland.[1].

The call for increased Baltic policy input could not come at a more crucial time. Today, Russia and the EU are locked in a close interdependence highly energy, trade and security issues. Most EU member states, particularly the Baltics, depend on Russia for a large proportion of their oil and natural gas. Russia, in turn, needs European know-how and investment to sustain its economic growth. Both actors are affected by instability in their Eastern European common neighbourhood. This region, still undergoing a period of political and economic transition, is torn between Russia's newly energized efforts to maintain

[1] The results of the first meeting are documented in Buhbe, M., Kempe, I. (eds.), *Russia, the EU and the Baltic States – Enhancing the Potential for Cooperation*, Moscow: Friedrich Ebert Foundation, December 2005.

its sphere of influence, the after-effects of the rainbow revolutions in Ukraine and Georgia, and the persistence of frozen conflicts in Moldova and the Caucasus. The European Union is now confronted with demands to increase its role as an actor in this rapidly changing and often unpredictable environment.

The legal framework for dealing with these intensifying issues in EU-Russian relations is clearly outdated. The EU-Russia Partnership and Cooperation Agreement (PCA) of 1997, which treats Russia moving towards a free market democracy and does not incorporate the views of the new EU-member states, expires at the end of 2007[2]. Finding a consensus on drafting a successor or a revision of the document is proving difficult. An indicator for strained EU-Russian relations is the ongoing question of ratification of the EU Energy Charter by Russia. Furthermore, both the EU and Russia have failed to formulate a successful policy towards their neighbourhood which would guarantee stability. Instead, the focus of attention has shifted towards Russia itself: The EU-Russia summit in Helsinki on November 24, 2006 is a case in point. Not only was the summit overshadowed by Poland's veto of drafting a new PCA; it also saw renewed criticism of the domestic situation in Russia. The murders of Russian journalist Anna Politkovskaya and former secret service agent Alexander Litvinenko gave momentum to critics of Russia's human rights situation and democratic standards. These developments have brought fresh considerations about the question as to which extent EU-Russian cooperation can be seen as including common values or not.

To answer the challenge of rethinking the management of the European-Russian relationship, Estonia, Latvia and Lithuania have yet to develop their full potential. As a part of the former USSR that has succeeded in the transition to democracy and a market economy, they can act as a bridge to countries with shared Soviet experience, such as Ukraine, Georgia or Moldova. Their political relations to Moscow, however, remain strained by differing perceptions of history and a number of unsolved foreign and domestic issues, including the treatment of ethnic Russian minorities and border disputes[3]. In contrast to pre-

[2] *Agreement on Partnership and Cooperation establishing a partnership between the European Communities and their Member States, of the one part, and the Russian Federation, of the other part*, 1997 <http://ec.europa.eu/comm/external_relations/ceeca/pca/pca_russia.pdf>, 27.02.2007.

[3] Kononenko, V., ""Normal neighbours" or "troublemakers"? The Baltic States in the context of Russia-EU Relations" in Kasekamp, A., ed.: *Estonian Foreign Policy Yearbook 2006*, Tallinn, Estonian Foreign Policy Institute, p. 69., <http://www.evi.ee/lib/valispol2006.pdf> 28.02.2007.

dictions hat tensions between Russia and the Baltics would ease after the latter joined the NATO and the EU, relations have remained fraught, and the countries' contribution to EU-Russian relations has been slight.

The round-table meeting has revealed three topics of examination, which can provide the background for a stronger Baltic contribution to EU policy:

(1) The identification and evaluation of compatible (or converging) policies in the EU-Russia common neighbourhood.

Both the European Union and Russia are experiencing the limits of their policies in Eastern Europe as they fail to deal with the rapid changes affecting the region. Russia's concept of a "Near Abroad" has been rebuffed by the rainbow revolutions while the European Neighbourhood Policy lacks the attractiveness to provide for a stable development and transition in Eastern European states. The Baltic countries lie at the crossroads of these overlapping policy and integration spaces and have shown potential to add their own specific policy brand and ideas to the definition of European policy in its neighbourhood.

(2) The differing perception of threats and challenges, particularly energy policy within the EU, the Baltic states and Russia.

Though common challenges such as energy security are realized by all sides of the table, there is a strong divergence in their concrete interpretation and in threat perceptions. In evaluating their own and each others policies the European Union, the Baltic countries and Russia are drawing on different institutional, economic and historical perspectives, which have led to friction in certain areas.

(3) The future of Russian-EU relations in consideration of interests and policy projections of the various actors in the region.

The expiration of the PCA in December 2007 provides for vivid debates, on the nature of EU-Russian relations. The interests of all three actors, mainly Russia, the Baltic states as part of the EU and the EU as such, highlight the various possibilities of how these relations can be shaped in the future.

1. A changing political landscape in Eastern Europe: overlapping spaces of EU integration and Russian foreign policy

Through its Neighbourhood Policy the European Union has become an actor in Eastern Europe, while Russia retains a strong interest in the region. What are the Russian, European and Baltic policy priorities towards the former Soviet countries in Eastern Europe? To what degree do they achieve their goals? To what extent do they collide and what are the differences in approach?

1.1. The Russian policy of a "Near Abroad"

Perceiving them in their role as former members of the Soviet Union, Russia continues to define Ukraine, Moldova, Belarus and the states of the Caucasus as part of its "Near Abroad". Russia has attempted and continues to attempt to link these countries to its sphere of strategic, economic and political interests. Rather than follow an EU-like path of integration, Russian regional policy is made up of various instruments in its regional policy[4]. Three major tools can be identified: influencing domestic policy, attempts at economic integration and the use of its energy monopoly as a political tool[5].

The first strategy has been to sustain networks of loyal decision-makers in neighbouring countries to influence domestic political and economic decisions[6]. The deployment of Russian armed forces in the autonomy conflicts of Transdnistria, Abkhazia and South Ossetia has been described by some Western observers as following a similar motivation – though solving such "frozen

[4] Moses, A., „Priorität gesucht: Die EU, Russland und ihre Nachbarn" in: *Osteuropa*, year 57, issue 2-3, Feb./March 2007, p. 23.

[5] For an alternative analysis of Russian foreign policy tools see: Spruds, A. "Russia's Policy Towards Europe's "New Neighbours": in Pursuit of Partnership or Domination?" in: Lejiņš, A. (ed.), *An Enlarged Europe and Its Neighbourhood Policy: the Eastern Dimension – Research Project*, Riga, Latvian Institute of International Affairs, 2004, p. 29.

[6] See: Solonenko, I., Kempe, I. "International Orientation and Foreign Support" in: Kurth, H., Kempe I. (eds.), *Presidential Election and Orange Revolution: Implication for Ukraine's Transition*, Kiev, Friedrich-Ebert-Foundation, 2005, p. 124., see also: Petrov, N., Ryabov, A. "Russia's Role in the Orange Revolution" in Åslund, A., McFaul M. (eds.), *Revolution in Orange, The Origins of Ukaine's Democratic Breakthrough*, Washington DC, Carnegie Endowment for International Peace, 2006, p. 145.

conflicts" without Russia remains unthinkable. The limits of influencing the domestic agenda were illustrated by the rainbow revolutions, particularly in Ukraine. The attempt to support Viktor Yanukovych as a presidential candidate in December 2004 backfired on Russia after widespread public support, fair elections and a vibrant support by media and civil society swept Viktor Yushchenko into power instead.

A second policy tool has been the attempt to initiate deeper economic integration between Russia and its neighbours in Eastern Europe. The Commonwealth of Independent States (CIS) and the Single Economic Space (SES), both of which involve Ukraine, have however seen little of the expected success. First, such integration is perceived as too Moscow-centred, and second, the incentives have proven quite weak when compared to the potential alternative benefits of European Union membership.

The only exception might be the construction of the Belarus-Russia union based on treaties signed between 1995 and 1999. Even this relationship has taken a blow with the Russian-Belarus row over oil and gas prices in 2006/2007[7]. It is Ukraine where Western and Russian economic integration have overlapped the strongest. A Ukraine that would see itself forced to make a choice between EU-integration or ever closer economic ties with Russia remains the largest challenge for Moscow. The degree to which integration concepts will continue to conflict in Ukraine will heavily depend on whether the EU offers any strong form of integration or even membership.

Finally, Russia's position as the world's largest producer of oil and natural gas has led it to utilize its advantage to put pressure on neighbouring states in Eastern Europe. Most of these states rely heavily on Russia for their supply of cheap energy and fuel. In mid-2006, Russia was supplying gas to former Soviet countries at different prices, all below the world market price of roughly $230 per 1000 cubic meters (e.g., $47 for Belarus, $110 for Georgia)[8]. Prominent examples of Russian attempts to raise the gas price to world market stand-

[7] For an assessment see Lindner, R., "Friendship" Blockaded: The Russia/Belarus Conflict Is a Post-Soviet Tuning Point, Berlin, Stiftung Wissenschaft und Politik, 2007 <http://www.swp-berlin.org/en/common/get_document.php?asset_id=3704> 27.2.2007.

[8] Numbers taken from Whitmore, B.: Russia/Belarus: *Possible Gas Price Hike Could End Warm Ties*, Radio Liberty/Radio Free Europe, <http://www.rferl.org/featuresarticle/2006/06/fd976f93-2af0-4623-b09c-86eb42b8bb45.html>, 01.06. 2006.

ards, as in Ukraine in December 2005 and Belarus in December 2006, led to short-term shut-downs of energy transit to both Eastern and Western Europe. These prominent examples, and an incident of Russia closing down pipelines to Lithuania and Georgia in 2006, have continued to harm Moscow by damaging its credibility as a reliable energy supplier for Europe.

While valid economic reasons for all these developments can be found, many observers point out that price rises and technical difficulties seem to coincide with domestic political developments in the countries affected which are considered unfavourable by the Russian administration (such as the Orange Revolution in Ukraine or the arrest of Russian citizens for spying in Georgia). This suggests that Russia might continue to manipulate energy prices as part of a "carrot-and-stick" approach to punish or reward the behaviour of its neighbouring states.

1.2. The European Neighbourhood Policy: Europe's policy tool

In 2004, the European Union adopted the "European Neighbourhood Policy" (ENP) with regard to the post-enlargement situation in Eastern Europe. Aimed at creating a "ring of friends" around the Union (Romano Prodi), it attempts to offer neighbouring states participation in the freedom of movement, labour, goods and services related to their state of transition, and thereby promote prosperity and stability. Country reports and national action plans to be implemented by the neighbouring countries are supposed to provide tailor-made strategies for each individual ENP-country. The ENP coincided with the unprecedented EU-enlargement of ten new member states, most of them bordering in Eastern Europe.

When viewed as a strategy for Eastern Europe, however, the ENP has so far not lived up to the high expectations it had been met with[9]. While the ENP documents that the European Commission has acknowledged the strategic importance of policy beyond its eastern borders, a reality check two years after its adoption reveals numerous deficits. It combines the neighbouring countries in Eastern Europe and the Mediterranean, regardless of possible differences be-

[9] For a detailed critique of the ENP see O'Donnel, C., Whitman, R. "Die Konstruktionsfehler der ENP" *Osteuropa*, year 57, issue 2-3, Feb./March 2007, p. 95.

tween the two regions. Finding an agenda for Eastern Europe was fuelled by the neighbouring countries'—first and foremost Ukraine's—demands for EU membership. The Mediterranean countries were included in the ENP in order to assuage the fears of Southern member states that the EU would massively shift its policies towards the East. Indeed, 70 per cent of ENP-related funds are still allocated to the Mediterranean states, a distribution which does not reflect the original incentive.

The ENP has proven inflexible in reacting to regional developments. For instance, the European Commission proposed the first Ukrainian action plan on 9 December 2004[10], a month before the Orange Revolution and free and fair elections took place. Consequently, parts of the action plan related to a democratic election process were already outdated when the plan came into force. At the other end of the spectrum the authoritarian character of the Lukashenka regime has led to Belarus being excluded as a "blank spot" from the European strategic framework. Without a minimum standard of democratic norms and Western orientation, the ENP concept offers no incentives for the transition from an authoritarian regime to democracy.

It also does not foster regional cooperation between ENP states themselves, nor is it harmonised with the European Union's Russia policy. The great diversity of actors, interests and perceptions within the EU contribute to the complexity of prospective policy towards the Eastern European neighbourhood and Russia – though simultaneously the addition of eight new Central and Eastern European members (as well as the subsequent admission of Romania and Bulgaria in 2007) has markedly increased the awareness for the need to adjust the ENP.[11]

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[10] See *European Union Action Plan for Ukraine*, <http://ec.europa.eu/world/enp/pdf/action_plans/ukraine_enp_ap_final_en.pdf>, 27.2.2007.

[11] Indeed the European Commission has recently published a paper aimed at strengthening the ENP, which takes into account the need to improve regional cooperation and increase the incentives for transition by offering deeper economic and people-to-people exchange, while reallocating funds. The document, however, does not offer a specific Eastern dimension. See: European Commission, *Strenthening the European Neighbourhood Policy,* COM(2006)726, Brussels, Dec 4 2006 < http://ec.europa.eu/world/enp/documents_en.htm> 27.02.2007.

1.3. Baltic contributions to policy in the EU neighbourhood

Of all the EU-member states, the Baltics (and Poland) have been among the most adamant critics of the lack of efficiency in European policy towards Eastern Europe. Their position is also coloured by stronger scepticism towards Russian policy. Nevertheless, in part due to their strong economic ties to Russia, the Baltic countries realise the significance of their engagement in EU neighbourhood activities. Three dimensions of Baltic involvement might be considered here: One is an increasingly active participation in the inter-EU discussion on the reform of ENP, the second is strong advocacy of regional cooperation and the third the bilateral support for democracy in Eastern Europe.

Overall, the Baltic countries advocate a more coherent, coordinated and active EU policy in the post-Soviet region, with a stronger application of ESDP and ENP instruments[12]. The EU should play a more important role, equal to that of Russia, the United States and individual EU members in the region. A Lithuanian non-paper from September 2006 suggests a distinction between "European Neighbours" and "Neighbours of Europe" to rectify the Mediterranean/Eastern Europe divide within the ENP. While the need for this distinction within the ENP is increasingly acknowledged by other member states as well as the 2007 German EU presidency[13], the Baltics take advancement of the status of Ukraine, Moldova and the Caucasus states a step further: Unlike a number of large Western European countries, the Baltics are supportive of keeping EU membership open for these countries, provided the Copenhagen criteria be met[14]. Preliminary steps possibly ending in membership would include integration treaties, closer cooperation with EU foreign and security policy, as well as improved institutional dialogue and sectoral agreements.

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[12] for an analysis on the ENP from a Baltic perspective see Raik, K. "A bleak version of enlargement: The EU's democracy promotion policy in the eastern neighbourhood" in Kasekamp, A. (ed.), *Estonian Foreign Policy Yearbook 2006*, p. 27 ff. http://www.evi.ee/lib/valispol2006.pdf, 28.02.2007.

[13] Schmid, F., Zepelin, J. „Merkel plant neue Nachbarschaftspolitik. Engere Partnerschaft mit EU-Anrainern soll Alternative zu Mitgliedschaft werden", in *Financial Times Deutschland*, 15.6.2006, p. 14.

[14] Galbreath, D., Lamoreaux, J., "Bastion, Beacon or Bridge? The Role of the Baltic States in the EU's Relationship with the Eastern 'Neighbours' in: Kasekamp, A., Pääbo, H. (eds.): *Promoting Democratic Values in the Enlarging Europe: The Changing Role of the Baltic States from Importers to Exporters*, Tallinn, Estonian Foreign Policy Institute, 2006, p. 99 <http://www.evi.ee/lib/Promoting.pdf> , 27.02. 2007.

Due to its geographic location and proximity to both Poland and the Kaliningrad region, Lithuania had taken the role of a "lighthouse" for EU-Russian relations even before it joined the EU in the Kaliningrad issue. Profiting from less tension due to a much smaller ethnic Russian minority than in Estonia or Latvia, Lithuania was a driving force behind finding an acceptable transit visa regime for travel between Kaliningrad and mainland Russia. This constructive path has been continued by installing a joint committee for regional development between Lithuania and the Kaliningrad region.

Alongside participation in the EU "neighbourhood" activities, the Baltics have attempted to engage actively in regional and bilateral efforts. While bilateral relations with Russia for instance remain tense, there has been increased improvement in close regional cooperation between towns, such as Tallinn and St. Petersburg. Economic benefits from tourism and trade are one motivation factor to keep such cooperation going.

The Ukrainian Orange Revolution gave momentum to the Baltic-Black Sea regional cooperation, an initiative directed at intensifying cooperation between the new EU member states and EU Eastern neighbours in order to advance democratization and Europeanization processes in the region. Riga, Vilnius and Tallinn have been among the initiators of the Community of Democratic Choice[15] based on the 2006 Bojormi declaration[16] by Georgian President Saakashvili and Ukrainian President Yushchenko. At the founding moment, the Baltic states were the only EU-members in this initiative, aside from Slovenia. The Community was seen as a regional follow-up to the rainbow revolutions in Georgia and Ukraine. While the EU, the OSCE and the United State were granted observer status, Russia has not participated, which has led to claims that the initiative is meant to balance Russian influence in the region.

Finally, bilateral democracy promotion also takes on a crucial role for the Baltic states, which in this context have also pointed out the case of a missing strategy to deal with Belarus, where they are particularly active in promoting democratic structures. For Lithuania and Latvia the regional proximity to Belarus has led to both closer cooperation in civil society as well as economic ties

[15] see *Declaration on the Community of Democratic Choice* <http://nsc.gov.ge/download/pdf/declEN.pdf> 27.02.2007.

[16] Bojormi Declaration in *CEPS Neigbourhood Watch*, Issue 7, August 2005, p.1 http://www.ceps.be/files/NW/NWatch7.pdf 27.02.2007.

(Belarus is among the top-three non-EU trading nations for Latvia). The European Humanities University, exiled from Minsk, now has been re-established in Vilnius. Lithuania has also promoted regional cooperation, particularly with the Grodno region in Belarus which also has a large ethnic Polish population.

The Baltic states provide development and technical assistance to post-Soviet countries. Latvia, for instance, has defined Moldova and Georgia its development assistance target countries. Support in the domains of democratization, Europeanization, institutional capacity building and human resource development have been envisaged and already implemented. Belarus is included in the list, however the autocratic regime has forced Latvia to limit its assistance efforts in the country to establishing and consolidating civil society structures[17].

2. The origins of conflicting policies: divergence in threat perceptions

Mutual interest in economic and political stability for the common neighbourhood has not led to common policies. Rather, it is challenged by differing threat perceptions. How do the Baltic countries, the European Union and Russia perceive the common challenges they face, in particular the key issue of energy policy? What are the reasons for differing perceptions?

The policies of Russia, the EU and the Baltic states can all be traced back to how the actors evaluate the threats and challenges in their common neighbourhood. The way perceptions on foreign policy in Eastern Europe converge or diverge not only shows why the actors in the region are currently pursuing the courses they are, but also illustrates the extent to which policy can be coordinated in the future. In very basic terms, there is a consensus on common threats: international terrorism, drug trafficking, arms trade, trafficking in persons, the proliferation of weapons of mass destruction, environmental catastrophes and the destabilizing effect of failed states are perceived as dangers by Russia, the EU and the Baltics. A general desire for a stable development of economic ties and

[17] *Latvian Foreign Policy Guidelines* 2006-2010, http://www.am.gov.lv/en/policy/guidelines, 27.02.2007.

the demand and supply of oil and gas in Greater Europe can be found among all three parties.

However, in their interpretation of these principles, Russia, the Baltics and the European Union itself hold diverging views of the others' policy in Eastern Europe. Some security issues reveal wide gaps, such as to which threats the label "terrorism" should apply. The best example to illustrate the gaps in threat perception is the differing stances taken on energy interdependence with Russia. Other relevant differing threat perceptions include what strategies to pursue in solving frozen conflicts and towards Ukraine and Georgia since their democratic elections.

2.1. The European Union perspective: different ways of seeing Russia

The crisis of the EU's constitution treaty and management of the 2004 enlargement had initially led to a very "inward-focused" discussion about the EU's institutions for some time and stalled the discussion on future external policy priorities. This domestic fixation is, however, slowly receding, as is indicated by the signing of new ENP action plans with the Caucasus countries, the draft of a new ENP strategy paper and particularly a newly energized debate about the nature of Russian-EU relations.

Russian-EU relations today are perceived to a very large extent through the lens of energy interdependence. The common goal of energy security is interpreted differently by the EU member states: The large economies of Western Europe, e.g. France, Great Britain and Germany import large quantities of Russian gas at high international standard prices. However, Russian energy supply constitutes but a part of energy imports to Western Europe, hovering around a fifth of overall consumption. In Central and Eastern Europe, on the other hand, Russia still provides for 60 to 100 per cent of the affected countries' gas imports, in part at prices below world market level.

While Western European economies have a widespread energy mix and high levels of energy efficiency, post-transition economies in Eastern Europe are still subject to a Russia-focused energy infrastructure established before 1989 and lag behind in energy efficiency. While Western EU-members therefore tend to perceive Russia as an additional source of diversification for energy imports and

take the large amounts paid to Russia as a guarantee for its reliability the new member states remain wary of the dominant position of Russian energy supply. They neither have the alternatives nor the purchasing power to bargain with. This imbalance of interdependence with Russia, along with the historical experience of Soviet occupation in Central Europe has led to increasing discussion of how strongly the European Union should follow a coordinated approach in energy policy – among its members and in its neighbourhood. Though all members share an interest in diversifying the sources and transit routes of energy, as well as energy-efficiency and alternative energy technologies, the degree to which such issues seem pressing varies greatly. Poland, for instance, has advocated an "energy NATO", while Germany, whose largest energy company E.On is Gazprom's largest foreign shareholder, pursues a strong bilateral policy. These difficulties were clearly illustrated by the internal EU controversy surrounding the Northern European Gas Pipeline (NEGP), which circumvents Poland and the Baltics to directly supply Germany with Russian natural gas[18].

In its economic as well as its energy policy, the EU has been following a path of competition, liberalization and organisational transparency. These principles are also at the core of the Energy Charter which has yet to be ratified with Russia. Russia's behaviour towards foreign investors affects the interests of the large EU countries. Recent attacks on Western investments in the energy and commodities sector, such as the handover of a majority of the Sakhalin project by Shell to Gazprom, have increased European awareness on the whole of the need to aim at better guarantees for the investments of its companies.

Differing perceptions of Russia affect other fields of policy as well. This dilemma of the European Union has become obvious in its failure to react to the rainbow revolutions or effectively address the issue of frozen conflicts in its neighbourhood: Though the goal of promoting stability and democracy is shared by all members, the idea of to which degree these goals should be addressed greatly differs. New EU members stress that the Eastern European neighbourhood should be closely linked to the EU to avoid Russian intervention, and that Europe must strengthen pro-Western and pro-democracy forces in its neighbourhood and discuss the idea of eventual Ukrainian or Georgian

[18] Götz, R. *The North European Pipeline: Increasing Energy Security or Political Pressure?*, Berlin, Stiftung Wissenschaft und Politik, SWP Aktuell 41, September 2005 <http://www.swp-berlin.org/en/common/get_document.php?asset_id=2439> 27.02.2007.

EU-membership. This approach contradicts a long-held view of some policy makers in Western European states which want to avoid a conflict between European involvement in democracy promotion and Russian security interests.

The fault lines are complemented by the European Commission's growing desire to hold a moratorium on accession issues in order to "digest" the two enlargement rounds of 2004 and 2007 and reform the EU's institutional framework, before addressing any further geographical extension of the Union.

However, views on the necessity of a stronger European strategy for its Eastern neighbourhood are converging, and in no small part due to Russia itself. Ukraine's Orange Revolution has been an example for many EU-member states of how the Kremlin used energy dependence to exert influence on Ukraine's domestic situation. The interruptions at the beginning of 2006 in Ukraine[19], and the Russian-Belarusian conflict over oil transits at the outset of 2007 have brought home Europe's vulnerabilities in energy and are hurting confidence in Russia as a reliable supplier. This together with a changed domestic Russian political trajectory might cause Europe's capitals to re-examine their internal dispute over the EU's Russia policy.

2.2. The Russian perspective: energy-rich regional power with insecurities

The economic growth of the past years has increased the assertiveness of Russian policy makers, particularly with regard to its closest neighbours. It sees itself as having re-entered the stage of world powers, both economically and politically, after going through various crises during the 1990s. Accordingly, its role as an energy supplier in Europe is viewed both through an economic and a political prism. From the economic perspective, Russia has a keen interest in attracting foreign investment to modernize its pipeline system and resource extraction. The heavy reliance of the Russian economy on oil and gas revenues from the West (which make up about a full quarter of exports) on the one hand and low regulated prices for its domestic industry on the other have made it difficult for Russia to adhere to free market principles or allow other suppliers

[19] Götz, R. *Nach dem Gaskonflikt: Wirtschaftliche Konsequenzen für Russland, die Ukraine und die EU*, Berlin, Stiftung Wissenschaft und Politik, SWP Aktuell 3, January 2006, <http://www.swp-berlin.org/en/common/get_document.php?asset_id=2716>, 27.02.2007.

into its pipeline network, hence the economic unwillingness to sign the EU's Energy Charter, which would call for stronger liberalization.

From the political viewpoint, control over natural resources is regarded as crucial to national security, a position originating in a long tradition of etatism. This interpretation has also allowed for the political use of Russia's wealth of resources. While the NEGP, for instance, viewed from the Russian economic perspective certainly might make sense, it is also to be seen against a background where opinion polls show a majority of Russians believing the Baltics to be hostile towards the country. (When asked to name five countries the most hostile to Russia, respondents of a Levada-Center conducted survey in 2005 answered 49 per cent Latvia, 42 per cent Lithuania and 32 per cent Estonia, landing all the Baltic states among the top four perceived enemies of Russia.).

While the EU still is coming to terms with its new presence in the region of Eastern Europe, Moscow regards itself as a status quo power, experiencing a historical retreat over the past decade and a half due to the changing political climate in Eastern Europe. Many in the Russian political class have designated this as a fundamental geopolitical shift, an interpretation which has perhaps made Russia overly sensitive to signs of a change in the status quo which could result in a further reduction of the country's influence in post Soviet space. In these circumstances, the controversy over the Ukrainian Orange Revolution in 2004 has had a much larger impact than two consecutive rounds of NATO eastern enlargement and the wave of EU enlargement together, making Moscow highly sceptical of regional cooperation such as the Community of Democratic Choice or the Baltic-Black Sea Cooperation. Russia feels that any further integration of states into Western institutional structures is automatically directed against it – a perception based on the "flight" of former Warsaw Pact countries into NATO during the 1990s.

However, the European Union is not perceived in Moscow as the primary challenger of the status quo in Eastern Europe. This role is rather ascribed to the United States and NATO. As the ENP in its current form is considered a lesser challenge for Moscow, the European Union is not believed to be able to act at the expense of Russia any time soon. With governments in Ukraine and Georgia seeing the path to Western integration via NATO membership and close relations with the United States – as well as EU integration – Russia sees

a pro-American camp becoming stronger in Greater Europe, as well as within the EU, with Poland and the Baltic states consolidating a Russia-sceptic policy. The "Near Abroad" concept insofar is not directed against the ENP, but rather seems to be a "Cold War light", based on geopolitical interpretations[20].

2.3. The Baltic states: history still a major factor

From a strictly economic viewpoint, the Baltic states are closely interconnected with Russia, particularly in the energy sector. Virtually 100 per cent of the gas needs of all three countries are covered by Gazprom (about 5 bln. cubic m); oil and oil products, gas and mineral fertilizers from Russia amount to almost 75 per cent of Lithuanian, 60 per cent of Latvian and 50 per cent of Estonian imports. The income from the Russian energy transit made up for 25 per cent of the Latvian and 20 per cent of the Estonian and Lithuanian state budget. Also, Gazprom owns blocking share packages of the gas-distribution companies in the three countries. Despite their strong linkage and the countries' geographic specifics as the neighbours of Russia, the Baltics retain very tense relations with Russia, strongly coloured by sensitive history-related issues, particularly the Soviet occupation of the Baltic states following the Molotov-Ribbentrop pact. Until now, Russia has not recognized any historic responsibility.

The experience of Soviet occupation has not only become an integral part of Baltic identity, but has also led to numerous obstacles for cooperation, e.g. when in 2005 Estonian president Arnold Rüütel and Lithuanian president Valdas Adamkus turned down the Kremlin's invitation to visit Moscow on 9 May for celebrations of the 60th anniversary of the defeat of Nazi Germany[21]. Only Latvian president Vike-Freiberga attended the event. Estonia still has not signed a border treaty with Russia and it took the Latvian government until 2007 to do so. The question of potential compensation for material damages and deportation of Baltic citizens by the Soviets during the occupation remains an issue. History also overshadows the integration of Russian-speaking minori-

[20] For additional reading see Lo, B.: *Vladimir Putin and the Evolution of Russian Foreign Policy*, London, Royal Institute of International Affairs/Blackwell Publishing, , 2003.

[21] Kononenko, V. (note 4), p. 72.

ties in Latvia and Estonia. In short, deep distrust and fear of over-reliance on Russia remain strong in the Baltic states.

As far as Baltic-Russian-EU relations are concerned, energy relations recently have been burdened by the Northern European Gas Pipeline[22]. As the project circumvents the Baltic states to connect the Russian city of Vyborg with Greifswald in Germany it has been considered a violation of economic and geo-strategic interests, particularly by Lithuania and Poland. Though there is the fear of a potential loss of transit fees, the largest concern is the perceived decrease in energy security. The new pipeline offers Russia, at least in theory, the possibility of cutting off gas deliveries to the Baltic states and Poland for political reasons, while continuing to supply Western Europe. The NEGP has also resulted, however, in a domestic political discussion within the Baltic states of how energy dependence on Russia can be lessened and how to transform the Baltic energy strategy. Similar to the "oil shock" of the 1970s for the West, the NEGP might lead to an increase of use in alternative energy and stronger energy efficiency measures (these also being an aim of the EU in general). In Latvia's expert community voices have been making themselves heard advocating just that. These discussions not only indicate that the Baltic states might slowly be diversifying their perspective on energy security and their focus on Russia, but also enable them to bring valuable input into a new European energy strategy[23].

3. The Future of EU-Russian relations: Projections from three perspectives

The relations between the EU and Russia are set for a new round of negotiations. The Partnership and Cooperation Agreement between the two will expire by December 2007 and while it might be prolonged to avoid short-term cleavages on how to deal with Russia, there can be no doubt that in the long term, the EU member states

[22] Ibid. p. 74.

[23] for further reading on Baltic energy security and energy policy see Budrys, K. "EU-Russia Energy Dialogue and Lithuania's Energy Security" in *Lithuanian Foreign Policy Review*, issue 02/2006, <http://lfpr.lt/uploads/Flie/Crrent/Budrys.pdf> 27.02.2007 and Kasekamp, A. (ed.) *Energy Security of Estonia in the Context of the Energy Policy of the European Union*, Estonian Foreign Policy Institute, 2006, <http://www.evi.ee/lib/Security.pdf>, 27.02.2007.

and Russia will have to find a new consensus on how to manage their relations. What are the projections expected to shape the new partnership?

The increasingly conflicting policies and divergent perceptions of threats lead on to the question of how EU-Russian relations are to develop in the future and what part the Baltic states can play in this constellation. The nature of future EU-Russian relations will greatly depend on the actors' ability to find common, non-conflicting solutions and adapt their dispositions to a number of key issues, which include:

- What is the appropriate legal and treaty framework for the future of Russian-EU relations? Should there be a complete overhaul or should the existing Partnership and Cooperation Agreement of 1997 simply be prolonged or amended[24]?
- What is the future of the "common values" between Europe and Russia which have more recently been called into question?
- Can the EU and Russia find common policies or at least coordinated and non-conflicting policies towards their neighbourhood? To what degree can regional cooperation, security issues and the defusing of frozen conflicts be embedded in a Russian-EU framework?
- How should common energy and trade issues be regulated between Russia and the EU and how can obstacles to a common energy strategy be overcome?

3.1. Russian interests and projections

Framework

As far as the future institutional framework is concerned, Russia would prefer new basic principles to reinvigorate its relationship with the EU. Though it is automatically extended every year as long as none of the partners withdraws from the treaty, it was concluded in an international and domestic political en-

[24] for an overview of scenarios see also: Barysch, K. "Scenarios for a future Partnership and Cooperation Agreement, Notes from the 4th roundtable" in: *Partnership with Russia in Europe: Scenarios for a Future Partnership and Cooperation Agreement*, Fourth Discussion Circle Meeting, Friedrich Ebert Stiftung, 2006, p. 6 ff. <http://library.fes.de/pdf-files/id/04227.pdf> 27. 02. 2007.

vironment that has dramatically changed[25]. Russian policymakers have pointed out that the PCA in its current form regards Russia as a transition state en route to a free market economy and that its main principle is gradual adoption of the EU regulatory framework in numerous fields. They believe a new framework should treat Russia and the EU as equal partners on a level playing field, with Russia having been accepted as a market economy facing WTO accession. Common regulation should follow the principle of mutual convergence rather than one-sided adoption of EU standards. The principle of equality also means that any conditionality (e.g. concerning domestic developments) be removed from the joint framework. Which form such a new framework should take remains under discussion. Though a thorough redrafting of the PCA could include a maximum of adaptation to the new situation, it runs risk of getting stuck in the EU ratification process, particularly in the Baltic states and Poland.

Common values

From Russia's perspective, the argument on "common values" is seen too often as an instrument to pressure the country into changing its domestic policies. Russia is not opposed to declarations of joint values, as long as they are not accompanied by a conditionality principle. Furthermore, while there is (and historically has always been) a strong discussion on whether Russia is a European country or rather retains its own specific Eurasian character, Russia's economy, its exports, its elites and its young people are overwhelmingly oriented towards Europe in one way or another. A complete lack of formulated common values would be received with at least as much disappointment as a conditionality catalogue aimed at influencing Russia's domestic trajectory.

Common policies in the neighbourhood

Russian security interests assert that further NATO enlargement to Ukraine, the Caucasus and Moldova is not acceptable (Belarus being a special case).

[25] Schwall-Düren, A. "Wir brauchen eine Neue Europäische Ostpolitik für Russland" in *Gesprächskreis Partnerschaft mit Russland in Europa: Die Zukunft der EU-Russland-Beziehungen: Ist ein neues Abkommen notwendig? Drittes Treffen des Gesprächskreises*, Berlin-Moskau, Friedrich-Ebert-Stiftung (FES) /Stiftung Einheit für Russland (SER), p. 18, <http://library.fes.de/pdf-files/id/03607.pdf>, 27.02.2007.

Gradual integration with the EU for these countries, though not exactly a priority on Europe's own agenda, is a far less threatening perspective. However, the parliamentary elections in Ukraine in 2006 which saw pro-Russian forces back in power and ongoing difficulties in both Georgia and Ukraine with transition have led to a reprieve for Russian policy for the time being. Coordination with the ENP remains a distant prospect, as can be seen in the escalation of the Russian-Georgian conflict over the alleged arrest of Russian spies. Russia also seeks to maintain its military presence in Transdnistria, Abkhasia and South Ossetia, claiming the territorial conflicts there are legitimate independence movements.

However, Russia is also interested in stronger security cooperation with the EU in the way of "counterbalancing" American influence. Russian proposals go so far as to conceive a Russian-EU "Security Council", mirroring NATO-Russian cooperation. Beyond these issues of "traditional" security policy, Russia also remains concerned about the treatment of the large population of ethnic Russians living in the Baltics and Eastern Europe, as well as in the exclave of Kaliningrad. In this context, Russia would also like to see the long-term introduction of a visa-free regime or minimally lowered standards for visa for Russian citizens travelling to the EU, as well as closer economic and technological cooperation[26].

Trade and energy relations

The strongest link between the EU and Russia remains their interdependence in economic and energy affairs. Here, Russia holds a strong interest not only to increase its non-energy product exports to European markets, but also to increase the opportunities of Gazprom to acquire stakes in energy downstream businesses and gain access to European consumer markets. However, as a state-controlled entity and given the current European perspective on Russia's political system, Gazprom is still viewed with caution by European regulators and energy companies alike. The issue of free access to the European energy market is further complicated by Russia's ambivalent treatment of Western investments in its own energy and resource sector, as observed in mounting regu-

[26] See Arbatova, N., "Russia-EU Quandary 2007" in: *Russia in Global Affairs* No. 2, April/June – 2006, <http://eng.globalaffairs.ru/numbers/15/> 27. 02. 2007.

latory pressure which lead to Shell handing over the majority in its Sakhalin project to Gazprom. Despite these signals, Russia remains highly interested in increasing the flow of technology and capital from EU countries into Russia, which are necessary to tap into new sources of gas and oil, upgrade the country's infrastructure and diversify its economy.

3.2. EU interests and projections

Framework

There seems to be a growing sentiment that a new or revised PCA or similar framework with Russia would run the risk of a long, exhausting and painful process of renegotiating and ratification. The EU's Russia policy is far from unitary, oscillating with some countries pursuing a Russia-first approach and others opting for maximum strategic distance. Finding a consensus on a new EU common strategy on Russia is prone to arouse criticism from the Baltic states and other Central and East European countries on Russian shortcomings in implementing democratic values and its tendency to pursue hegemonic external relations. While both the Finnish and the German EU presidencies nonetheless announced their aim to at least renegotiate some of the PCA, the search for a new framework remains a rocky road, as the Polish veto in Helsinki[27] shows, and is bound to lead to a heated debate during the ratification process[28].

Common values

Originally, relations between the two partners were based on "common values" such as democracy, free market principles and the rule of law. Although these were considered underdeveloped in Russia's political system, they were nevertheless regarded by Europeans as a shared basis for cooperation that would

[27] European Union, *Press Release on EU-Russia-summit in Helsinki*, 24.11. 2006 <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/1626&format=HTML&aged=0&language=EN&guiLanguage=en>, 27. 02. 2007., see also: *Joint Communique of the Meeting of the Presidents of Estonia, Latvia, Lithuania and Poland*, 6.11. 2006 <http://www.lfpr.lt/uploads/File/Current/Joint%20Communique%20of%20the%20meeting%20of%20the%20Presidents.pdf>, 27.02.2007.

[28] For further reading see Kempe, I., Smith, H., *A decade of Partnership and Cooperation in Russia-EU relations. Perceptions, Perspectives and Progress – Possibilities for the Next Decade*, Helsinki/Munich, May 2006.

strengthen with increasing integration into the EU's economy and financial and technical assistance. The experience of domestic development in Russia as well as the continued strong-handed foreign policy in the neighbouring region has drastically changed this perception. Today's debate within the EU is not so much one of whether common values form the basis for a future EU-Russian relationship, but whether there still exists the potential to develop and include at least a rudimentary consensus on values whether, the value-based approach should be abandoned completely and cooperation be based only on the grounds of mutual economic and security interests. A debate on influencing Russia's current trajectory, which is leading the country away from multi-party pluralism towards an authoritarian centralised state, risks becoming counterproductive by endangering stable relations without gaining much. At the same time, member states do agree that cooperation with Russia can not be successful without any underlying principles.

Common policies in the neighbourhood

Democratic advancement and free market reforms remain the centrepiece of the EU's agenda for its Eastern European neighbourhood[29]. Unlike the Russian perspective, the EU regards democracy and the free market simultaneously as prerequisites to regional stability. However, there is no consensus yet on which policy tools are the most feasible. While conditionality remains a core approach for influencing domestic developments in the Eastern European neighbourhood, the search for an instrument that is neither enlargement, nor interference and yet offers enough incentives for successful transition in Ukraine, Belarus and the Caucasus goes on. The European Union does not intend its preference for democratic transition in Eastern Europe to threaten Russian security interests or economic involvement in the region and there is a wide consensus that without cooperation with Russia, strategic issues concerning Ukraine, Georgia, Belarus and other successor states of the former Soviet Union cannot be completely resolved. To which degree the EU's aim of promoting democracy and market economy in Eastern Europe might be compromised with Russia's priorities is likely to be increasingly influenced by the state of EU-Russian relations.

[29] Moses, A. (note 5), p. 31.

Russia's stop of oil supply through Belarus was perceived throughout the EU as highly negative. Further developments such as these might promote an intra-EU shift of opinion and policy away from the "Russia first" approach in regional strategy. At the same time, Romania's and Bulgaria's EU accession will increase the pressure on the EU to take a more active stance in resolving the region's frozen conflicts (Romania, in particular, will point to the Transdnistrian conflict in Moldova), which again would require Russian-European consensus on conflict-solving. Finally, while the EU still does not intend to play a more active role in the Caucasus for the time being, mounting problems of illegal trafficking in persons, drugs and weapons, terrorism and energy security will increase the Union's interest in stability in that region, as well.

Trade and energy relations

The growing Russian economy has already attracted a large amount of European investment, despite remaining anxieties about how strongly the rule of law permeates Russian business and to which degree state and energy sector are being held separate. Brussels and the EU capitals would welcome improved conditions for their companies in Russia, including stronger guarantees on investments, particularly in the energy sector. While the EU no longer aims at a maximum of integration of Russia into its economic structures (which was originally conceived to strengthen democratic transition), the adaptation of market principles and a reciprocity-related approach for economic relations between the two countries continue to be priorities. The European Union's aims of diversifying energy supply and origins require a balanced approach to Russia as a supplier. Too much reliance on Russia is increasingly being seen as harmful to energy security, while a rapid deterioration of Russia's role as a supplier would only shift energy dependency to other geographic regions.

3.3. Baltic interests and projections

Framework

Though at first sight, they are among the most critical EU-members of Russia, the Baltics have the most to lose in the long term if the framework and

the PCA remain as they are. For one, the documents were negotiated before these countries joined the EU, which would leave an agreement in place to which they have never brought input. With the passage of time the PCA would furthermore lose any remaining cohesive influence it does on the EU's Russia policy and EU-Russian relations would be even more undermined by bilateral relations between Russia and individual member states. Such a bypass of a common framework threatens to marginalize small EU-members, such as the Baltics. This is particularly dangerous, because the bilateral framework between Estonia, Latvia and Lithuania and Russia still remains fragmented in specific issue areas (even though Latvia's recent ratification of the border treaty with Russia signifies improvement).

Both conditionality in adherence to democratic and human rights norms, and reciprocity in economic issues are part of what the Baltic states would initially demand from a new policy framework. The end result might be something slightly different: For the Baltics, the inner-EU ratification process would provide a lever in their bilateral relations with Russia and prospectively could contribute eventually to solving a number of open bilateral issues with Russia, which have been prevented by a complicated character of political relationship. Hence, a renegotiated PCA may provide stimulus for "normalization" and "economization" of Russia-Baltic interaction[30].

Common values

The Baltic experience of "bottom-up" democratization and civil society lets them advocate a stronger support for civil society and a stricter monitoring of human rights and democratic development in Russia as a continued component of the EU-Russian relationship. However, this approach and current tense relations between Russia and the Baltic states are not likely to further the discussion on common values. The question is, whether the aim of continuing a value-based component in a partnership with Russia is focused at facilitating cooperation and showing potential future goals or meant as a benchmark for evaluating

[30] For additional information see also *Lithuanian foreign policy agreement between political parties*, <http://www.urm.lt/popup2.php?nr=1&item_id=255&_m_e_id=4&_menu_i_id=162;163&no_cache=> 27.02.2007) and Minister of Foreign Affairs of the Republic of Estonia Kristiina Ojuland addressing the Riigikogu on behalf of the Government of Estonia, *Main Guidelines of Estonian Foreign Policy*, 4.11. 2003, <http://www.vm.ee/eng/kat_140/4131.html>, 27.02.2007.

its domestic development. The Baltic approach of strengthening democracy by gradually encouraging the development of strong civil society structures is a strategy that other EU members are more likely to find consensual.

Common policies in the neighbourhood

A stronger involvement of the European Union, aimed at furthering democratic transition as well as establishing an involvement in security issues and frozen conflicts features prominently on the agenda of the Baltic states. Reform of the ENP in Eastern Europe and regional cooperation feature prominently in the foreign policy priorities of Estonia, Latvia and Lithuania, but they do not so much call for coordination with Russian influence but rather for counterbalancing it via the integration of Eastern Europe in European and transatlantic structures. From a Baltic perspective, the EU should put the "Europeanization" and "modernization" of Eastern Europe first. This would require closer inner-EU coordination and a strong role of individual EU actors (e.g. Germany) in shaping the Eastern Europe agenda. "Europeanization" would also include expansion of common spaces towards Ukraine and the Caucasus, which would bind these countries to the EU through more relaxed visa regimes, higher aid and funding levels and expanded free trade agreements, all pointing at a long-term membership perspective. This approach is fuelled by the Baltics' own transition experience, which has made them such an avid advocacy voice for the region.

Trade and energy relations

Economically, the Baltics would certainly support improving conditions for a more intensive economic cooperation with Russia and avoid discriminatory measures in taxation, transportation and energy sector interaction. The Baltic countries also want to see Russia ratify the Energy Charter and related documents on transit. While the Baltic states would profit from more economic cooperation, their current confrontational stance on a number of bilateral issues (trade agreements, energy security, border treaties) remain an obstacle to improvement. This stance also shows a lack of confidence in the EU's ability to prevent a deterioration e.g. of Russian-Baltic energy relations. If Baltic energy

security could be convincingly guaranteed from both the Russian and the European side, then a large obstacle to further economic integration would have disappeared.

4. Baltic input for future EU-Russian relations: proposals for vision instead of revision

As to the current strategies, threat perceptions and interest-based perceptions among all three sides involved, a number of proposals are necessary to facilitate the search for renewed partnership between Russia and the EU. The same is true for the increasingly growing strategic gap that spans the post-Soviet countries in Central Eastern Europe. The Baltic states have the potential to play a key role in this process. If Estonia, Latvia and Lithuania fully embrace a constructive and forward-looking role they can provide valuable input and become a crucial driver of the EU policy process. A prerequisite for this is finding a mechanism that prevents the historical burden with Russia to interfere with Baltic policy planning. The following proposals are aimed at adapting the strategies currently active in Central Eastern Europe, slowly converging the threat perceptions and bringing together the various interest-based scenarios.

Vision instead of revision

The Baltic states have already taken a strong proactive stance on promoting change in the European Union's neighbourhood policy, pointing at the ENP's deficits and making substantial suggestions to how it might be revised. So far a similarly constructive role on EU-Russia relations has failed to surface because of the large number of bilateral Baltic-Russian difficulties, which are troubled by historical burdens. The Baltics should realize the risks of this bilateral approach to Russia as opposed to the benefits of European policymaking. In order to make their mark on Europe-wide strategic planning, they will have to offer new, forward-looking concepts that are based on a vision of the future, rather than a review of past events.

Overcoming "zero-sum-thinking"

Baltic EU-membership has propelled the three countries into a realm, where zero-sum thinking will not longer provide for an adequate advancement of Baltic interests. The security and energy challenges of the 21st century are too complex to be viewed in absolutes of losses or gains. Overcoming this old thinking will also have to take place in Russia, as well, particularly concerning the use of economic assets as tools in regional power politics. But Baltic integration in Western institutions provides ample economic and security guarantees for initiating this process of rethinking.

Promoting balanced realism in EU-Russia policy

A new EU-Russia policy should be in the strong interest of the Baltic states. Rather than use bilateral issues as an obstacle to joint EU development, the Baltic states should promote a new brand of Russia-policy which treats Russia "as it is": a "European" power both culturally and politically, a crucial and strategic partner for the EU with its own, to some extent legitimate interests, but whose priorities do in part sometimes conflict with the EU's. This will require some compromise on the hand of the Baltics, but offers the opportunity of Baltic interests being on the whole better represented within the frame of a balanced EU agenda.

Regional focus as a starting point

All three Baltic countries share borders with Russian territory (though Lithuania's is merely with Kaliningrad). They lie at the crossroads between Russia, the EU, Eastern, Central and Northern Europe and are the EU members most directly affected by developments in Kaliningrad and Belarus. Lithuania has originally been successful by bringing up the topic of Kaliningrad[31] and should continue to do so. Estonia and Latvia could be drivers for improving Russian-EU cross-border management or visa regimes. There is a large potential for trade and tourism between the Baltics and Russia. Improved cross-border transit would allow the Baltic states' economies to stronger profit from the eco-

[31] See Government of Lithuania, *Lithuania's Cooperation with the Kaliningrad Region of the Russian Federation*, <http://www.urm.lt/index.php?-1164946521>, 27. 02. 2007.

nomic growth of Russia and its consumer boom€[32]. Additional fields include market access, investment, trade, technology transfer and, of course, energy. Departing from a "frontier"-perception which sees the Baltic states under constant pressure to ward off the threat of dependence on Russia, the countries could promote themselves and the region politically, economically and culturally as a hub and intersection. Instead of using deficits in cooperation (as has been the case with the Polish veto on PCA renegotiation), Estonia, Latvia and Lithuania could develop a joint program for expanding and improving common-interest fields which they then could promote within the EU policy process.

A motor for ENP-reform

The Baltic states point out that the EU is not living up to the responsibility it has for creating bridges to Eastern Europe and avoiding new dividing lines. As strong supporters of a new "Eastern Dimension" in European external policy, Estonia, Latvia and Lithuania could aid in reshaping the ENP. This could be achieved on two levels: On the policymaking level, the three states should closer coordinate their policy contributions within the EU decision-making process and act as alliance-builders which could bring together new EU member states and some of the more members more sceptical towards ENP extension in Western Europe. The goal here would be both to restart a discussion on further European integration, as well as introduce coherent policy proposals for an ENP redraft. At the operational level the Baltic states should put forward their experience and expertise in transition issues together with other new EU members in strengthening democratic governance and economic reform in Eastern Europe.

A positive advocacy role for individual Eastern European states

The Baltic states could become advocates for the integration or transition needs of individual Eastern European countries. For instance, Lithuania might expand on its advocacy role for Ukrainian EU integration and Latvia could take over the role as a voice for Belarusian civil society. In both cases, improving the

[32] See also Mikenberg, E., Euroregion – A new level in Estonian-Russian relations? in: Kasekamp, A. (ed.): *Estonian Foreign Policy Yearbook 2006*, p. 85 ff. http://www.evi.ee/lib/valispol2006.pdf, 27. 02. 2007.

freedom of movement for persons and trade is also a key to successful Eastern Policy. Such a coordinated division of labour would help bring attention to prominent aspects of the widely spaced challenge of a European perspective for these countries.

Relegation of history to inter-societal dialogue

There needs to be a genuine paradigm change in how history shapes the Baltic policy towards Russia. The differing views on history between Russia and the Baltic states should no longer be allowed to so strongly colour day to day policy. Rather, reconciliation and common assessment of history can be achieved by strengthening Baltic-Russian and European-Russian inter-societal dialogue. Some of the Russian roundtable participants went so far as to even suggest a "moratorium" on historical debate. In any case, the Baltic states could encourage the EU to take a more active stance in promoting the exchange between representatives from post-communist societies.

Start an honest dialogue on values

Whatever the future framework of EU-Russian relations, it does require a certain set of principles. Further economic progress and partnership in security issues can not be achieved without a commitment to the rule of law, international accountability and reliability. Adherence to such principles, with origins in universal values both necessary and inherent for EU-Russian relations, should assuage the Baltic states' fear of Russia being an unreliable partner. Further going questions of common values are best discussed in a dialogue framework. Russia, for instance, remains concerned about the treatment of ethnic minorities in the Baltics, while Europeans are concerned about Russia's domestic trajectory. Issues of how democracy and civil society are defined by Russia and the EU can provide for a discussion group which covers such issues on a basis of mutual inclusion, rather than one-sided conditionality.

Strengthen societal dialogue

The Baltic states' strength lies, among other things, in their focus on societal dialogue and strengthening civil society. Their experience with both modernisa-

tion and the establishment of civil society structures should be introduced more strongly into EU policymaking. "Bottom up" cooperation in business, science, education and civil society should be strengthened in order to create a sustainable long-term basis of understanding. A dialogue between the civil societies is a necessary prerequisite both for the long-term convergence of threat perceptions as for the formulation of durable common values.

Develop a consensus on immediate risks and threats

All actors should acknowledge the dangers posed by "failing states". Beyond any issues of autonomy or separatism, zones beyond state government control (as are all frozen conflicts in the region) will require joint commitment to a solution. The open question as to which degree the EU can and should be involved in the solution of frozen conflicts and security issues must be resolved and a tighter strategy based on genuine European interests must be established. Here, the Baltic states can initiate a discussion on the basic security and stability needs of all partners to provide ample basis for closer cooperation. The development of joint "minimum scenarios" could aid in concretising the risks posed by asymmetries and failed governance in Eastern Europe to a point where all actors assess them similarly.

Conclusions

The need for new common ground in both relations between Russia and the EU, as well as for the European Neighbourhood Policy, is obvious. While both Russia and the EU are in many fields mutually interdependent, Russia is no longer a country poised for democratic transition. Its domestic trajectory contrasts with the colour revolutions in Ukraine and Georgia, have opened up new perspectives for democracy and pressure the EU into strengthening the Eastern dimension of its external policies.

The EU must also take into account the internal shift that has accompanied the accession of ten new Central and Eastern European members. Of these, the Baltic states Estonia, Latvia and Lithuania are in a particularly good position to make a positive contribution to a new EU Eastern policy based on their transition experience and proximity to Russia. They advocate a leading role for

Europe in supporting democratic transition beyond its borders as a counterweight to a Russian "Near Abroad" policy, which today already conflicts with the goals of the European Neighbourhood Policy. Such a leading role would include membership perspectives for the countries concerned.

With relation to the common challenges faced by the EU and Russia, such as energy, security or strategies related to Eastern Europe, the Caucasus and Central Asia the perceptions of Russia vary greatly. While Russia sees itself in the pursuit of legitimate geopolitical and economic interests, the European Union is split over the issue of "Russia first". The Baltic states and the countries of Central and Eastern Europe feel more vulnerable to dependency on Russia, than do the large Western European countries. However, Russia's own misuse of energy as a political tool towards Belarus and Ukraine might slowly be closing this gap.

The Baltic states agree with most other EU states, as well as Russia, that the framework for EU-Russian relations is outdated and that it requires a new basis. Interdependence in economic and security issues make good neighbourly relations a vital goal of Baltic foreign policy. While the Baltic states would like a principle of conditionality linked to common values, there is no realistic scenario in which Russia would accept this. Further differing interests pertaining to how frozen autonomy conflicts should be resolved and Russia's unwillingness to sign the energy charter might however lead to a minimum scenario, in which only the most pressing adjustments are made to the legal framework in order to avoid a painful ratification process.

Estonia, Latvia and Lithuania could improve their position in the EU policymaking process by offering a new, forward-looking concept for the EU's Eastern policy. They can contribute by providing a cross-border cooperation approach, using their regional advantage as a starting point. The Baltic states can promote a balanced realism that treats Russia neither with scorn, nor ignores its democracy deficit and redesign their advocacy-role for Eastern Europe to highlight specific issues, such as Kaliningrad or democracy in Belarus. The Baltics' experience in civil society could be both brought as input for transition support in Eastern Europe, as well as to strengthen societal dialogue with Russia. The latter would also provide a more adequate forum for historical and value-related issues for the time given.

THE EU, RUSSIA AND GAS: INTIMATIONS OF MORTALITY AND SUPREMACY OF POLITICS

Quentin Perret*

The EU Energy Policy: Triumph of the Will or Reality Check?

Whether the European Commission's recent proposals for "an Energy Policy for Europe"[1] are eventually enacted or not (and for all the recent expressions of resolve by many Member States, there remains considerable uncertainty on that), the proposals themselves, the product of months of consultation with a wide array of actors, probably define the European Union's vision of its energy predicament for the next decade at least. Neither of these proposals is entirely new or groundbreaking; but the two main features of any future EU energy policy are now firmly in place. Broadly speaking, these two main features are the following:

- *Energy policy must become a fully fledged EU policy*. In other words, energy policy can neither be left exclusively to the care of the Member States (though they will retain a significant role), nor be understood as a mere by-product of other policies, such as the completion of the Internal Market or the growth of the Foreign and Security Policy (though these and other existing policies will contribute to shaping the overall energy strategy). Equally importantly, though the EU's energy supply is and will remain heavily dependent on imports, the new policy is purposefully unilateral: it is free of imput from any foreign power and designed according to the EU's exclusive needs and objectives;

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[1] Commission of the European Communities, *Communication from the Commission to the European Council and the European Parliament: an Energy Policy for Europe*, COM(2007) final, 10.01.2007.

- *The main object of the EU energy policy will be to minimise the EU's reliance on hydrocarbons, specifically on imported hydrocarbons.* The Commission specifically declares that its aim is to "transform Europe into a highly energy efficient and low CO^2 energy economy". That imperative runs through the strategy's three main self-defined "challenges": Sustainability (reducing greenhouse gas is indispensable to offset global warming); Security of Supply (the EU's over-reliance on imports poses an unacceptable security risk); and Competitiveness (promoting energy-efficient technologies would have the additional effects of enhancing the EU's contribution to the new, knowledge-based global economy and creating highly qualified jobs).

As it currently stands, the Commission's proposed energy strategy is far from complete. Most obviously, the full legal, institutional and political implications of the proposed drastic increase in the EU's existing powers in the field of energy are merely hinted at. Nevertheless, the paper clearly delineates a broad array of new policy proposals. These proposals can be brought down to three main policy chapters:

- *Ensuring effective energy solidarity between the Member States.* This objective, the Commission believes, might be attained through a combination of ordinary and extraordinary measures. Ordinary measures would essentially encompass the completion and improvement of the Internal Energy Market (notably through unbundling and harmonisation of regulations) but would also comprise the creation of interconnecting infrastructures (of which the Commission lists several) aimed at effectively ending the mutual isolation of the various national energy markets. Extraordinary measures would mean "effective mechanisms […] to ensure solidarity between Member States in the event of an energy crisis". The Commission notably alludes to the maintenance of existing strategic oil stocks and the creation of similar gas stocks. The aim of these measures would be to ensure the swift and comprehensive rescue of any single EU country struck by a sudden or extensive disruption of its energy supply.
- *Boosting energy efficiency.* As the Commission sees it, increasing energy efficiency in the EU will entail boosting investment in both old and new

energy capacities. The first part means not only refurbishing the existing infrastructure in order to upgrade its efficiency standards, but also expanding the role of old but somewhat neglected energy sources (the Commission makes a notable, if noncommittal, reference to nuclear power). As for the second part, it means increasing investments in both energy efficiency measures and new energy sources, most obviously renewable energy, for the expansion of which targets and deadlines are suggested. The Commission even proposes to launch a "European Strategic Energy Technology Plan" to ensure the success of these plans.

- *Increasing the EU's leverage in the global energy landscape.* The Commission's aim is to bring about a new world order for energy, more favourable to the EU's interests and priorities. Increasing the EU's leverage means lessening its reliance on any single foreign energy supplier (notably through a determined strategy for the diversification of supplies), using the EU's general economic and commercial weight to extract more favourable conditions from its partners and more generally ensuring that the EU speaks with one voice on energy matters (this last aim, among others, might be helped through the proposed creation of an Office of the Energy Observatory). With this increased leverage, the EU should seek the creation of a new world order, based on two different kinds of "legally binding international agreements": a multilateral treaty mapping out the "post-2012 climate regime" and stepping up the fight against global warming; a broad network of Energy Partnerships with selected countries, based on market principles and "clearly defined and transparent legal frameworks" allowing mutual investments in the partners' respective energy sectors.

The Commission's aims are remarkably ambitious; whether this ambition proves to be an asset or a hindrance remains to be seen (especially since the policy's actual implementation will have to be left for the most part to the Member States). One particular characteristic of this new strategy, however, is that it confirms the importance of Russia in the EU's current energy debates. Russia's critical role is mostly left unacknowledged, but it is still underlined in some parts of the document, for instance in the rather ominous declaration that "effective mechanisms […] in the event of an energy crisis" are "particularly im-

portant given that a number of Member States are highly or completely reliant on a single gas supplier". The Commission also calls for "a fully fledged energy partnership [with Russia] benefiting both sides and that creates the conditions necessary for new investments". And the numbers it puts forward merely confirm the story.

According to the Commission, roughly half of the EU's current gas requirements are met by imports from only three countries (Russia, Norway, Algeria), while "reliance on imports of gas is expected to increase from 57 % to 84 % by 2030". But these figures still understate the extent of the EU's future dependence on Russia. Not only is the EU's gas demand projected to increase much faster than that of any other fuel (because, especially for countries having renounced nuclear power, gas is the cheapest and most efficient way to produce electricity, whose demand is soaring). But, whereas Norway and Algeria are now approaching the peak of their production, and whereas "domestic" EU gas production (mostly from Britain and the North Sea) is already decreasing, Russia still holds an enormous amount of untapped reserves. It currently controls almost 40 % of the world's proven gas resources (about 47 Tcm, equivalent to more than 80 years of production at current levels) and, adding yet-to-be-found resources, that figure may rise to almost 50 %2. Thus by 2030, with Iran and Turkmenistan as its nearest rivals, Russia will have become by far the EU's foremost gas supplier and it's most important energy partner.

Although it finds this reality worrying, the Commission does not propose making the EU totally energy-independent; it rightly considers such a goal as unachievable. It does, however, propose to shield the EU from the supposed "political risks" which energy dependence may entail, while at the same time convincing Russia to open up its energy sector to European investments. There is reason to doubt the wisdom of even these seemingly modest objectives. The first one is probably unnecessary, for the "risks" which the EU faces are economic, not political. The second one, though theoretically sound, is almost certainly unrealistic. And it is not at all obvious that these two objectives will not prove mutually contradictory.

[2] Russia's role in oil production, while significant, is not as dominant by any means. The present study will solely consider the issue of gas.

"Gasocracy" in Russia

It now seems a common assumption that, as Russia's share in the EU's gas supply grows, so will its ability to influence or maybe dictate European policy – the implication being that blackmail or 'linkage' might become part of Russia's dealings with the EU. The fate of Georgia, apparently "frozen out" because of its vocal opposition to Russian policy, appears to lurk in many peoples' mind. But the EU is not Georgia and there is scant evidence that Russia ever considered using its gas exports to the EU as a weapon. Indeed, not even at the height of the Cold War, when Russia was still part of the Soviet Union, were these exports ever threatened.

There is a simple reason for that. As dependent as the EU may be on gas imports, Russia is even more dependent on gas exports. About 90 % of Russia's total natural gas exports are delivered to European countries. When adding oil exports and other raw materials, Russia's energy exports to the EU account for roughly 75% of Russia's export earnings and 40 % of Russia's budget receipts[3]. Those numbers are reinforced by the sheer value of the European markets, which "boast" retail prices at least three times as high as Russia's domestic prices, despite the latter's sharp increase in recent years. More critical still is the fact that, outside the former Soviet Union, Russia currently has no credible alternative customer to Europe. The current pipeline network is directed solely towards Europe; Russia currently lacks both large-scale LNG equipments – which would allow it to trade with North America – and eastward-bound pipelines – which would allow it to serve the booming Chinese market. Given the size and cost of these new infrastructures, Russia will almost certainly have no choice but to sell its gas to Europe for at least another decade, and probably significantly longer than that[4].

Russian authorities are well aware that they cannot afford to threaten their energy trade with Europe[5]. But self-interest is not the sole determinant of Rus-

[3] Cf. "The Energy Dialogue between the European Union and the Russian Federation between 2000 and 2004", COM(2004) 777 final, 13.12.2004.

[4] Even the construction of the much-touted pipeline to China would not materially affect European supplies, as the gas transported to Asia would be drawn from different reserves from those affected to Europe.

[5] One evidence of such awareness is how short-lived the recent "energy crises" involving Ukraine and Belarus have proved to be. As soon as European leaders began to voice their concerns and threatened to rethink their pattern of imports, Russia hastened to reassure them and (with Ukraine and Belarus being pressured as well) the crisis was soon over.

sia's reliability, and there are perfectly valid reasons for the Europeans to worry about the safety of their supplies. These reasons are to be found in the state of Russia's gas sector.

Four major evolutions have shaped Russia's gas industry in the last few years:

- *Outdated capacities*. The obsolescence which characterises Russia's gas sector applies to both production and transport. Ever since Soviet times, Russian gas production has been relying on three large gas condensate fields at Urengoy, Yamburg and Medvezhe, in North-Western Siberia. Those three fields are now being rapidly depleted and are within sight of the end of their productive lives. While the opening up of the supergiant Zapolyarnoye field, in the early 2000s, was able for a time to conceal that decline, that latest field has now reached its peak as well. In order to prevent a slump in production, nearby satellite fields have recently been put into operation, but that potential will also quickly be exhausted. On current resources, therefore, Russia has now entered a sustained period of production decline: by 2020, it will need to replace around 200 Bcm of production capacity, which will not be achievable unless entire new gas fields are opened up for exploitation. The sums involved, however, are huge. The most promising fields for any sustained increase of Russia's gas production, the Yamal Peninsula deposits which alone account for more than 10% of all proven gas reserves, would require capital investments in the order of $20-25bn for the first phase of development alone. The total sum would be much higher than that; so far, a clear strategy for developing the Yamal Peninsula has yet to be established[6].

In the meantime, well over 20 % of high pressure transmission lines are beyond their design lifetime of 30 years, while nearly 60 % of the network is over 20 years old. The resulting degradation of the pipeline network has two consequences. One is massive waste due to pipeline leakage and gas flaring (that latest factor is reckoned by the IEA to amount to nearly 60 Bcm/year[7]). The other is rapid congestion of the entire network, which cannot cope with the grow-

[6] A draft feasibility study for one of the deposits had been established by 2005. It was eventually rejected due to the inferior quality of the materials.

[7] See: <http://www.quintessential.org.uk/SimonPirani/gm-aug06.html>

ing demand ("traffic" on some parts of the network is now above 90% of the infrastructure's transportation capacity). So in addition to replacing production capacity, massive investments are also needed to start the wholesale refurbishment of the Unified Gas Supply System (UGSS).

- *A shortage of domestic investment*. It is commonly agreed that actual investments have not been anywhere near those needs so far. There have been two explanations for that. One is the unreliability of the regulatory, fiscal and political framework within which companies have to operate. In spite of half-hearted attempts at establishing a lasting settlement, the laws governing the Russian gas sector remain uncertain and their implementation sometimes arbitrary. This lack of stability has been compounded both by the stalling of the reform process and by the Kremlin's increasingly brazen interference, often of an informal nature, in the gas sector.

The second reason has to do with the peculiarities of the most important actor of all, Russia's state-owned company Gazprom. The nature of the company itself and the quality of its decision-making process are the subject of considerable disagreement among experts[8]. However, several facts stand out. First, Gazprom accounts for more than 85 % of Russian gas production – and other gas-producing companies often have no choice but to use Gazprom's pipeline network to bring their production to the market[9]. Second, Gazprom is now by law the 'single export channel' to Europe – meaning that European consumers cannot benefit from any remaining competition within Russia[10]. Third, the Russian State openly favours Gazprom and seldom hesitates to use its regulatory powers to ensure a 'favourable' outcome whenever a commercial dispute arises between Gazprom and any of its fellow competitors.

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[8] For a reasonably benevolent view of Gazprom, cf. Jonathan Stern, "The Future of Russian Gas and Gazprom", *Oxford Energy Forum*, November 2005. For a damning verdict, cf. Vladimir Milov, "The State should leave the energy sector", *Beyond Transition*, The World Bank & CEFIR, April-June 2006.

[9] In 2005, companies other than Gazprom accounted for around 14% of production and a similar share of gas sales within Russia. The most important of these companies were Lukoil, Rosneft, TNK/BP, Surgutneftegaz and Novatek.

[10] Recent Russian legislation officially restricts foreign access to national natural resources and the pipeline system. Most pointedly of all, a new law (signed in July 2006) officially recognised Gazprom's monopoly over gas exports, thus officially turning the company into the 'single export channel' to Europe

Finally, both the nature of Gazprom's spending and the level of its strategic investments over the past few years have been inconsistent with the maintenance of long-term production capacity. Gazprom's accrued investments in gas field development over the past seven years amount to a mere $12,5bn in current prices. In the meantime, in the past three years alone and after more or less sustainable windfall exports revenues, Gazprom has spent nearly $18bn on the acquisition of shares in companies operating outside the gas sector[11]. The company has also been busy buying off its domestic competitors, while prioritizing pipeline construction (mainly export pipelines) and the purchase of assets in oil, power and petrochemistry industries. In other words, Gazprom has devoted most of its resources to consolidating its near-monopoly and expanding its activities, while apparently neglecting the actual requirements of its core business. Whether these decisions stem from rational economic behaviour or the self-serving needs of company insiders, the consequences in terms of long-term production capacity are clear – and disquieting.

- *A principled hostility towards foreign investment*. One obvious way to compensate for the lack of domestic investments would be for Russia to welcome foreign investments in gas production and transportation. That the Russian authorities have determinedly rejected this policy option is not necessarily surprising: the experience of the 90s has essentially discredited Western economic prescriptions among Russians of all stripes, while retaining sole ownership of the country's "strategic resources" may seem a natural way for the State to enhance its own sovereignty and project its power abroad. In any case, "energy nationalism" is hardly a Russian preserve. Russia, however, has been both capricious in enforcing its "sovereign rights" and improvident in coming up with a viable alternative.

Russia's current policy towards foreign-owned companies has two distinct features. One is the willingness to use the State's supposedly neutral regulatory institutions as a weapon to expropriate targeted companies, usually in favour of Gazprom[12]. The other is a principled opposition to international legal standards

[11] Cf. Judy Dempsey, "Problem for Europe: Russia needs gas, too", *International Herald Tribune*, November 21, 2006.

[12] Recent events appear to reflect a general trend. Last September, Gazprom chairman Alexei Miller broke off talks with several foreign energy companies, including Conoco Philips of the US and Norsk Hydro of Norway, on development of the giant Shtokman fields in the Barents Sea, arguing that Gaz-

regulating the energy sector. Russia has thus far refused to ratify the Washington Convention of 1965, which establishes international legal mechanisms for foreign investors to resolve investment disputes. The European Energy Charter, which would guarantee the safety of European investments in Russia's gas sector, is rejected for similar reasons. That particular feature of Russian policy is unlikely to change any time soon. Another notable element of Russia's energy policy include the secrecy surrounding reserve data, which is deemed a State secret and remains inaccessible to all but a few insiders.

- *Russia's increasingly fraught relations with its near abroad.* In the days of the Soviet Union, Russian gas was distributed, at heavily discounted prices, to all Soviet republics. Today, these arrangements would amount to a huge Russian subsidy freely granted to what are now fully independent countries. Russia's willingness to end this preferential treatment and sell its gas at market prices is therefore understandable. However, this issue has been mixed up with the general mistrust characterising Russia's relations with its immediate neighbours, with many describing Russia's policy towards them as neo-imperialist. This difficulty has been exacerbated by the lack of openness surrounding the decision-making process, both in the Kremlin and at Gazprom, and the resulting brusqueness with which decisions are being handed down and enforced. As a result, what might have been normal commercial disputes have twice in recent times escalated in full-blown diplomatic rows, leading to an interruption of energy flows through Ukraine in 2006 and Belarus in 2007. Though the consequences for European customers have been benign, there is no guarantee that such crises will not recur, possibly in much more virulent form.

Whether the combination of these four factors will indeed result in a full-fledged gas shortage and the effective disruption of the EU's gas supplies in the next few years is hard to predict. Many contingencies will determine the

prom now intended to proceed with the exploration alone (even though, according to many observers, Gazprom has very little experience with offshore production and has so far refused to commit itself to the huge sums involved). And last December, Royal Dutch Shell was effectively forced to surrender control of the $22bn Sakhalin-2 project to Gazprom.

outcome: the future level of Russia's domestic consumption[13], Gazprom's ability to rapidly develop smaller fields (notably offshore fields in the Ob and Taz Bays, which are close to the existing pipeline network and are reportedly worth around 80 Bcm/year), potential deliveries from Russia's other gas producers, the level of imports from Central Asian countries (chiefly Turkmenistan but also Kazakhstan and Uzbekistan)[14]. Nevertheless, it is now clear that maintaining Russia's current production and transportation capacities (never mind increasing them) will almost certainly require massive commitments, both financial and technical, in the years to come and that Russia's willingness or ability to single-handedly incur such massive investments is far from obvious. Yet, while this would seem to validate the EU's current negotiating strategy (notably its repeated attempts to have Russia ratify the European Energy Charter), the final fact to bear in mind is that Russia's current opposition to foreign investments in its gas sector is probably nonnegotiable. The current policy stems not just from a "strategic" posture but covers a complicated array of power and business relations going all the way to the top of the Russian state. Gazprom's current CEO, Alexei Miller, is a protégé of President Vladimir Putin, while Dmitri Medvedev, a deputy Prime Minister and one of President Putin's likeliest potential successors in 2008, serves as the company's board chairman. Gas policy in Russia is not a purely commercial endeavour, nor even simply a "strategic policy" but a component part of the State apparatus. Asking Russia's leaders to significantly alter this policy amounts to asking them to saw off the branch on which they sit. It is simply asking too much.

"Unbundling" Russia and Gas

Whatever amount of gas Russia has to sell, the EU will continue to buy; that much is certain. Beyond this, a hole is developing where the EU's hard-

[13] Of the 547,1 Bcm produced by Gazprom in 2005, nearly 300 Bcm was supplied to domestic consumers – a nearly threefold increase since 1999. Because of Russia's strong economic growth and the relative energy inefficiency of its industries and power plants, domestic gas consumption is set to increase further still – unless energy efficiency and conservation drastically improve or domestic consumption is deliberately squeezed in order to ensure the security of exports (in spite of a threefold increase since 2000, Russian domestic prices remain much less lucrative than EU prices).

[14] Cf. "La Russie: producteur puissant ou partenaire fiable ?", in *Energie et Géopolitique*, Rapport d'information de l'Assemblée nationale, 29 novembre 2006.

headed reappraisal of its dependence on Russian gas imports should stand. The bottom line is that the EU might indeed face a major gas shortage in the next few years, that there is very little it can do against that and that it has scarcely begun to prepare for this ghastly but realistic possibility. Indeed, for all their well-publicised anxiety, Europeans by and large continue to take the availability of Russian gas for granted. Such levity is worsened by the fact that energy has remained a mostly national policy so far, with governments and "national champions" (especially in the West) busy striking their particular deals with Gazprom, without any mechanisms to ensure European solidarity in the event of a crisis. This has two consequences. One is to forfeit the increased leverage which a united EU might summon in its dealings with Gazprom – a leverage which might bring sizable commercial benefits. The other is the risk of an enormously damaging rift between EU members, should Russia decide or be forced to "prioritise" one set of European customers over another – say, to continue its deliveries to West European countries while bypassing the new Member States. The new North European pipeline, once completed, would provide Russia with the requisite tool to this end[15].

The recent Commission proposals should not be ditched; most of them, indeed, should be implemented as a matter of urgency. But complementary measures need to be imagined in order to prepare the EU for a possible 'gas drought'. The Commission's proposal to set up strategic gas reserves should be made the first order of business; more ambitiously but equally importantly, an EU-wide list of critical infrastructures should be drawn up, whose gas supply should be "prioritised" in the event of a general shortage (though whether this measure could actually be implemented in the absence of fully opened energy markets and interconnected networks is debatable). On a more symbolic level, the EU's energy solidarity needs to be reaffirmed. Any hint of energy nationalism on the part of (notably Western) EU members risks undermining the new members' faith in European solidarity and support and confirming their destructive suspicion that the West would not flinch from dealing with Russia at their own expense, provided their interests are safeguarded.

More generally, the particular issue of gas imports inevitably brings the EU back to the more general topic of its overall relations with Russia. Yet, just as

[15] The North European Pipeline, between Russia and Germany, is scheduled to open in 2010. It will add another 27,5Bcm to transportation capacity, and eventually twice that volume.

energy should be understood as a fully autonomous policy realm, it is vitally important to remember that relations with Russia go well beyond energy matters. Indeed, so important are the stakes here that a general reappraisal of the EU-Russia partnership is required, one that would sharply de-emphasize the importance of energy and focus on the more substantial, and ultimately more momentous, general positioning of Russia and the EU on the world stage. This return to basic foreign policy principles may or may not impact the EU-Russia energy relationship; but the reverse must not be allowed to become true. However important energy policy may be (and it *is* important), it must not be allowed to dominate the bilateral and multilateral agenda, especially since such emphasis has borne so little fruit so far.

There is no space here to analyse in depth the various general elements of the EU – Russia Partnership and their complicated interaction. With regard to energy, however, three facts need to be underlined:

- The EU's goal of gradually exporting the European political and economic model in Russia, with the commendable aim of creating a fully integrated Euro-Russian legal and economic community, has failed. Failure may or may not have been preordained; with a deeply imbalanced economy, a weak and fledgling public sphere[16] pitted against strong and assertive security services, deeply ingrained habits of secretiveness, unaccountability and administrative command and a recent history of traumatic upheavals, Russia was perhaps an unlikely candidate for a peaceful transition to social democracy – a fact compounded by well-meaning but misguided Western meddling in the 1990s and resurgent Russian nationalism in the 2000s[17]. For now, moderate despotism probably remains Russia's best realistic possibility. And while it is assuredly too soon to judge Vladimir Putin's presidency, it is certainly possible to argue that he might have been much worse. In particular, macroeconomic and fiscal policies have remained prudent and successful: the authorities have largely resisted the

[16] "Public sphere" here refers to both the institutions of a liberal-democratic State and the civic spirit which both citizens and leaders in such a State are *supposed* to exhibit. Needless to say, Russia's deficiencies in this respect are not hers alone, but the legacy it has to contend with is far more troubled.

[17] For an account of both developments, cf. Dmitri Trenin, "Russia leaves the West", *Foreign Affairs*, July/August 2006.

temptations of the oil and gas boom and there has been no unsustainable spending spree so far[18]. This achievement remains obviously vulnerable to any change in Russia's political circumstances; but however this and other issues play out in the context of the 2008 presidential election, the one certainty is that the EU's ability to influence Russia's core domestic policies – including its energy policy - will remain extremely limited. Any realistic new Partnership and Cooperation Agreement will have to take this fact into account.

- The most contentious bilateral issue is neither Russia's illiberal features nor the uncertainty surrounding its energy policies (both of which are essentially domestic matters), but the fate of the "near abroad". Ukraine, Belarus, Moldova and Georgia have not just become pawns in a potentially destructive game of EU-Russian geopolitical rivalry; they have also become a bone of contention within the EU itself, with new members accusing old members of selling out these countries' interests for the sake of peaceful relations with Russia. In the long run, this disagreement is probably the single biggest obstacle to any effective common European foreign policy – including a common external energy policy. Forging a compromise policy regarding the former European Soviet republics is therefore a prerequisite, first between the EU's Western and Eastern members, then between the EU and Russia. Elements of such a compromise might include reaffirming these countries' de jure territorial integrity (while allowing considerable tolerance towards contrarian facts on the ground) and agreeing on a policy of "mutual disengagement", with Russia moderating its behaviour towards Georgia, Ukraine or indeed Belarus, in exchange for the EU renouncing its boycott of Belarus and agreeing to withhold full EU and NATO membership for these countries, at least for the time being. The goal should be to allow these countries to fully assert their sovereignty and independence, while preserving the interests of both the EU and Russia.
- The most promising realm of EU-Russian cooperation lies in the common challenges which they face on the world stage. These challenges are first

[18] Cf. "Ensuring sound macroeconomic management", in the *OECD economic survey of the Russian federation*, November 27th 2006.

and foremost domestic security threats: terrorism, organised crime, human and drug trafficking are a worthy and generally satisfactory object of cooperation between European and Russian authorities[19]. But in spite of long-standing diplomatic differences (notably over the role of the United States), Russia and the EU have also started to cooperate towards resolving or managing global geopolitical crises. After many months of often difficult negotiations, a resolution was finally agreed at the UN mandating sanctions against Iran and its nuclear program. Similar cooperation might be achieved in other areas, like the Middle East conflicts and Afghanistan, or transversal issues like nuclear proliferation. Two likely near-term evolutions – the continuing rise of China, which provokes uneasy feelings in Russia, and a gradual return of US policy to a less divisive course of action – will strongly favour a continuing EU-Russian rapprochement on the world stage.

Should it continue to improve, EU-Russia cooperation on the world stage will have implications for energy policy as well. No matter what the EU may desire, energy relations will never be 'solved' through purely legal and commercial means, but will always take place against a larger political backdrop. In other words, whether or not one should be worried by the EU's current and future energy dependence on Russia, it is undoubtedly true that the current atmosphere of mistrust does not arise solely from energy anxieties but reflects a more fundamental discrepancy between the EU's and Russia's political leanings and outlooks. Whether that mistrust will be lifted depends on whether Russia and the EU eventually manage to clearly define the shared objectives which their Partnership might help them achieve. This, however, implies that the EU itself finally manages to identify its own concrete foreign policy objectives beyond the usual generic statements of principle[20]. And that in turn brings us back to the nature and competences of the EU itself, whose ability to fulfil

[19] The most successful recent example of this cooperation is the May 2006 agreement on visa delivery. This agreement was coupled with a readmission agreement which strengthens the cooperation between the EU and Russian authorities against illegal immigration. Cf. Andrew Monaghan, *Russian Perspectives of Russia-EU Security Relations*, Conflict Studies Research Centre, August 2005.

[20] "Democracy and the rule of law" are not foreign policy objectives *per se*; they are either general preferences or, at best, the means through which the EU proposes to achieve its yet-to-be-defined foreign policy objectives.

its ambitions in the realm of both energy and foreign policies will ultimately depend on whether it remains an intergovernmental organisation or whether it becomes a fully-fledged state-like actor. In that respect at least, the success or failure of any conceivable "Energy Policy for Europe", as well as the future of the EU-Russia Partnership, depends on the EU and the EU alone.

RUSSIA'S POLITICAL REGIME AND ITS FUTURE PERSPECTIVES

Živilė Šatūnienė*

The analysis, which includes non-formalised possibilities of ruling elite to exert its influence in a political system beside the formal attributes of a political regime does not allow to qualify Putin's Russia as a democracy. Currently, the most important political decisions in Russia are being adopted by the 'militocratic elite' moderated by Putin. The enclave resembles a coterie that has its specific structure, performs according to its own rules of the game, and is almost unaccountable to the country's electorate. According to some attributes, such enclave-based Russia's political regime resembles a mixture of the "developmental", oil exporting Asian regime and of the fascist one. However, these parallels do not imply that the future transformation of Putinite Russia will do necessarily repeat the experience of the other countries.

In a short-time perspective, the nature of Russia's political regime should not mutate in spite whether Putin himself in one way or another is going to maintain his influence over decision making process in Russia after 2008 or not. Theoretically, in a long-time perspective the political regime in Russia might be transformed 'from below'. However, for this scenario to come truth, a variety of hardly manageable conditions that are (almost) missing in today's Russia should appear once and coincide with each other in time, i. e. Russian economy should slump, at the same time its ruling elite should for some reason lose the ability to manipulate the mood of the masses, a new leader should arise, etc.

Introduction

It is rather difficult to characterize Putin's Russia using the classical, i. e. dualistic, classification of the political regimes. However, being very precise, the contemporary political regime of Russia is neither purely democratic, nor to-

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tally authoritarian, but a number of descriptions for this regime could be found in a number of scientific and other type papers. The authors trying to stay "politically correct" often choose rather discreet wording. For example, one of these, Sascha Müller-Kraenner underlines that the solution of South Caucasus security issues or other processes in the region will depend on the "state of development of Russia's democracy"[1]. Crafting this kind of statement the author is sort of presuming that democratic regime in Russia still exists. However, at the same time he sends the "message", that some particular events and tendencies force the fears, whether the democracy in Russia is going to be preserved.

It is also possible to find totally curious or even quasi-scientific conclusions regarding the particularity of Putin's regime in a number of studies. For example, Oksana Gaman-Golutvina, Deputy Chairperson of the Scientific Council of Russian Political Science Association, after making the analysis on the separation of powers in contemporary Russia, comes to the conclusion that in Russia, unlike in a number Western European democracies, there exist four instead of three branches of power. Namely, the author states that in this country, above the traditional trio, i. e. the legislative, the executive, and the judicial branches of power, there has emerged the "presidential branch of power"[2]. Astonishing, but according to Gaman-Golutvina, this kind of institutional arrangement is virtually not incompatible with the principles of democratic rule. The presence of the fourth – presidential – "branch of power" simply marks "the particularity of Russia's parliamentarism". According to the researcher, under this type of institutional structure the president is not obliged to "waste time" on continuously persuading and "negotiating" with the State Duma (parliament) members on particular decisions (laws) to be adopted. Thus, the legislation of legal acts is thought to become simply more effective. On the other hand, Gaman-Golutvina acknowledges, that the current institutional set up of authority in Russia could also be used not for the sake of such a positive phenomena as the

[1] Müller-Kraenner S., "The European Neighbourhood Policy: Opportunities and Challenges" in Frobrig J. and Shepherd R., eds., *Ukraine after the Orange Revolution: Strengthening European and Transatlantic Commitments*, Washington, DC: The German Marshall Fund of the United States, 2005, p. 71.

[2] Гаман-Голутвина О., *Политическая система России сегодня – эффективный инструмент достижения целей власти* (Интервью), 2006 <http://www.kreml.org/interview/107293756?user_session=226bf5aae3086277c9ebc6cc19ed7bec>, 25 10 2006.

effectiveness of governance, but instead, for example, for the sake of realization of specific, particularistic interests of the ruling elite[3].

However, in case we are going to approach the democracy in an accustomed, i. e. procedural, but not in a sub-minimal, sense of understanding, at least four conditions for the existence of such political regime are obligatory[4].

Firstly, the authority should be formed on the basis of *regular and fair elections.* The "fairness" of the latter means that the competition between the political powers or political leaders can not be limited either in fact, or potentially. Real competition for the ruling elite in democratic states could not be present for a rather long term (for example, like in Japan after the Second World War) and this does not inhibit the possibility of the existence of democracy. However, the rulers cannot imply any artificial legal or other-type means that will reduce either the existing or potential extent of the plurality within a particular political system. If such means are nevertheless employed, some of the different researches name, the regime is going to be not fully democratic, but only a "sham democracy", the "suppressed" one, "democracy of Asiatic style" or a "pseudo-democracy", etc. For example, David Collier and Steven Levtisky seem to be more severe – they assign this type of political regime (where the election fairness criterion is not met) already to the non-democratic ones[5].

Secondly, in the democratic states the majority of their adult citizens should have a right to vote in the elections.

Thirdly, not only regular, fair and general elections should take place in a democratic political system. The ruling authority should secure the *broad range of political rights and civic freedoms* – the freedom of speech and expression, the freedom of assembly, the right to be equally treated by the law, the right to presumption of innocence till proven guilty, the right to own and dispose pro-

[3] *Ibidem*.

[4] These "conditions" are named according to the definition of the democratic political regimes proposed by David Collier and Steven Levitsky. According to the authors, this is an "expanded procedural interpretation of democracy" – see Collier D., Levitsky S., *Democracy „with Adjectives" (Conceptual Innovation in Comparative Research)*, 1996, p. 8-13, <http://www.nd.edu/~kellogg/WPS/230.pdf>, 10 07 2006. Besides, this type of the definition of democratic political regime is started to be used by the majority of other researches – for example, see Mainwaring S., Brinks D., and Pérez-Liñán A., *Classifying Political Regimes in Latin America, 1945-1999* (Working Paper #280), 2000, <http://www.nd.edu/~kellogg/publications/workingpapers/WPS/280.pdf>, 10 07 2006 and other.

[5] See Collier, Levitsky, (note 4) p. 43.

perty and etc. In the countries where these rights/freedoms are disregarded or only some of them are properly realized (for example, in the majority of Latin American countries, especially in the 80s of the last century, namely, Bolivia, Columbia, Peru and others, as well as in Southeast Asian countries of Malaysia, Singapore, Indonesia until now), the full-fledged democracy is not functioning. In case the above-mentioned two criteria are present, this kind of political regimes usually acquires the name of "democracy with some type of an adjective" – "elected", "formal", "illiberal", "limited" or similar. Collier and Levitsky call this type of regimes "electoralism" and do not assign them either to democratic, or to no-democratic regimes[6].

Fourthly, the government formed after the fair and competitive elections should have a *real and effective power to rule the state.* In other words, the elected government *de facto* should be able to implement its policy in a number of areas of public life. Its decisions can not be limited, for example, in "specific domains" or by "authoritarian enclaves", which constitute the "heritage" of the previous non-democratic rule[7]. In case such institutions are present in a political system, the regime is not going to be purely democratic, but only the "military democracy", "client democracy", the "supervised" one, etc. democracy[8].

Analysing political regime of Putin, it is obvious that only one of four conditions for democracy is met: the right to the majority of the adult citizens to take part in the elections. It is still the matter of the discussion whether or to what extent the other three conditions for the effective democracy are met in Russia. On the other side, Putin's Russia is not totally authoritarian regime, in case the latter we are going to treat as the regime, in which all four above-mentioned conditions are ignored plus other additional features[9] exist (like the absence of pluralism that articulates political demands, the lack of consistent ideology and political mobilization, the acting of a political leader or a relatively narrow group of the ruling elite within the non-defined, but more or less predictable

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[6] *Ibidem*.

[7] See Linz J. J. and Stepan A., "Toward Consolidated Democracies" in Diamond L., Plattner M. F., eds., *Consolidating the Third Wave Democracies*, London: The John Hopkins University Press, 1997, p. 14.

[8] Collier, Levitsky, (note 4) p. 43.

[9] See Linz J. J. and Stepan A., *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe,* Baltimore and London, The Jones Hopkins University Press, 1996, p. 38, 44-45.

limits of power). The hybrid type of Putin's regime is to a large extent determined by the fact that, on the one hand, a range of institutes attributed to the democratic political system formally exist in this country, the Constitution of 1993 formally guarantees all the rights and liberties required for a democratic regime, the elections take place in Russia regularly and the straightforward falsification of the results of the elections is not numerous, the elected elite acts in a sort of clearly determined limits of power and so on. On the other hand, alongside the formal rules of the game, in Russia, there exists a relatively broad space for the rulers to employ the informal, non-formalized mechanisms of the accumulation of political power. These mechanisms (for example, bureaucracy loyal to the authority, existence of a "party of power", state control of mass media, state-regulated economy, absence of impartial courts and etc.) allow the ruling elite to accumulate power in the political system that is non-proportional to the confidence expressed to it by the society. Also, the control of these mechanisms of informal power allows the rulers to use them for the sake of their personal interest while discriminating other actors of the political system. In such a situation the decisive role of the formal rules of the game in guiding the processes going on in the particular political system becomes highly compromised – such rules exist, but they are only paper-rules. In fact, the political actors try to acquire or maintain their dominant position within the particular system basing their behaviour on other (i. e. non-formal, unwritten) rules of the political game.

Taking into account that in a majority of the post-Soviet countries the informal power mechanisms are deeply rooted, some researchers (like Vladimir Gelman[10]) propose to correspondingly conceptualize the research of the political regimes of such the countries.

Analyzing the quality of the post-Soviet political regimes, alongside the formal institutions it is recommended to analyze to what extent the ruling elite is free to use the informal mechanisms in order to increase its power. The formal rules of the game may indicate the existence of the democracy in a country for a prolonged period of time, while in reality, neither the high quality democracy nor democracy as such have existed there since the years due to the ruling elite's intensive employment of the informal mechanisms of power.

[10] See Gel'man V., "Post-Soviet Transitions and Democratization: Towards Theory Building" in *Democratization* 10 (2), 2003, p. 92-93.

Taking into account the possibility of the parallel existence of the above-mentioned both - formal and informal institutions in the majority of the post-Soviet countries, this article seeks:

1) to analyze the particularity of Putin's political regime;
2) forecast future transformation of this regime.

While analysing the specifics of Putin's regime, the most precise description for it is not being searched for. Whether it is better to call it "electoral democracy", or "electoral authoritarianism", or even finding a third name remains an open question that this article does not seek to answer. The institutional particularity of Russia's political regime is analyzed on the basis, to what extent the three above mentioned conditions characterizing the democratic political regime are present, namely, the existence of fair elections, the secured realisation of the broad range of political rights and civic liberties, and the absence of "reserved domains" or "authoritarian enclaves". As it was already mentioned, the presence of the expanded electoral rights in Russia, being the fourth condition for the effective democracy, in fact does not raise any doubts. The particularity of the Russia's political regime according these three conditions/features is analyzed taking into account the formal and informal rules of the game as well as changes in them and proportion of them in Putin's Russia.

Seeking to give the answer to the second objective of this paper, namely, to foresee the future transformation of Putin's political regime, the political regime of Russia firstly is going to be compared to the similar historical and some still existing non-democratic regimes. Comparing "the fate" of these regimes, the circumstances of their decline or continuity, it is analyzed to what extent the similar transformation of Russian political regime is possible. The external and internal factors are also taken into consideration, which could have the influence of the specific transformation of Putin's Russia's political regime as well as to what extent Russia's current political regime could be compared to the hybrid/authoritarian regimes of other states.

It should be underlined, that the dualistic classification of the political regimes is not used in this study. Indicating that the regime is "non-democratic" does not necessarily mean that it is the "classical authoritarian" one. Secondly, Russia's and other non-democratic political regimes are analyzed and compared on the institutional basis, namely, according to the existence or the formerly

presented institutional structures. Thirdly, making the analysis of the future transformation of Russian political regime, the traditional approach is going to be used, i. e. taking into account the unique features of Russian regime and its similarity to the other non-democratic regimes, three possibilities will be discussed: 1) Russian regime transformation "from above"; 2) change "from below"; 3) transformation under the influence of external factors.

1. The particularity of Putin's political regime

1.1. Fairness of the elections

In order to estimate whether fair elections are possible in today's Russia, it is needed to analyse if Putin has taken any special steps (either formal or informal) in order to limit the internal competitiveness of Russian political system after he was elected the President in 2000.

The formal electoral rules in Russia had not been changing much until Putin came to the President's office. A mixed voting system for the election of Russia's lower house parliament members was introduced as far back as before 1993 State Duma elections and these rules were followed by the last Duma election. Under the mixed representation system, a half of the State Duma members (225) were elected according to the proportional representation system, using 5 per cent minimum threshold, and the other part (225) were elected in the single mandate constituencies. The so-called "parties of power" had been present in Duma since the very beginning of its first term (e. g. Egor Gaidar's "Russia's Choice", later Viktor Chernomyrdin's "Our Home is Russia", Alexander Luzhkov's and Evgeny Primakov's „Fatherland – The Whole Russia", Boris Gryzlov's "Unity" and etc.). The mandates won by these parties usually did not exceed 12-16 per cent of the total number of seats in the State Duma[11] or in particular cases these parties went off totally unsuccessful (like, for example, Ivan Rybkin's electoral

[11] Robinson N., *Russia: A State of Uncertainty,* London and New York: Routledge, 2002, p. 84-85, 94.

block in 1995). Therefore, the 49 per cent of the Duma seats won by "United Russia" in 2003 seems totally unprecedented victory[12].

Two very important legal initiatives were promoted by the special efforts of Putin after he became the President. In June 2001 a new Law on Political Parties was adopted, according to which all politically active political parties in Russia were obliged to reregister. The registration criteria for them became more stringent as before and only those political parties that had an exceptionally well developed state-wide organizational structure were able to qualify these new requirements of the registration. For example, previously the political party having only 5 thousand members was allowed to be registered, while the new law foresaw the registration of the political party having 10 thousand members with the requirement to have at least 100 members in more than half of Russia's administrative units (i. e. at least in 45 of them), while in the others having at least 50 registered members per administrative unit - region[13]. There were roughly 200 political parties at the time of the adoption of this law in 2001[14], while after the re-registration has taken place, there were left only 35 political parties in December 2006[15].

In April 2005 it was made another very important change to the electoral laws. Since the beginning of 2007 all 450 members of the State Duma will be elected according the rules of the proportional representation and only the political parties that were able to reregister will be able to present the candidate lists for voting. The new electoral rules also do not foresee a possibility for *ad hoc* electoral blocks and the minimum threshold of representation was lifted from 5 per cent up to 7 per cent[16]. Necessary to stress, that the new law also

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[12] Центральная Избирательная Комиссия Российской Федерации, *Выборы депутатов Государственной Думы Федерального Собрания Российской Ферерации четвертого созыва 7 декабря 2003 года*, <http://gd2003cikrf.ru/WAY/76799124> , 12 07 2006.

[13] Article 3 of the above-mentioned Law – see Russian Federation, *Federal Law "On Political Parties"*, <http://www.cikrf.ru/_2_en/fz95_en_110701.htm> , 12 07 2006.

[14] *Changes to Electoral Laws*, <http://www.russiavotes.org/electorallawchange3.htm>, 12 07 2006.

[15] See Центральная Избирательная Комиссия Российской Федерации, *Информация о зарегистрированных политических партиях по состоянию на 1 декабря 2006 года*, <http://www.cikrf.ru/>, 01 12 2006.

[16] See the above mentioned Law, Article 82 in particurlar - Российская Федерация, *Федеральный закон "О выборах депутатов Государственной Думы Федерального Собрания Российской Федерации"*, <http://www.cikrf.ru/_3/zakon/zakon51_180505/zakon_51.htm>, 12 07 2006.

foresees that in case only one political party passes the threshold of 7 per cent and gets more than 60 per cent of total vote, the other political party having the second record of electoral support will be involved in the allocation of the seats in Duma, despite the fact that it has failed to pass the threshold of 7 per cent.

Summarizing the effects, which the above mentioned changes of the electoral system and electoral rules might have on the competitiveness in Russia's political system, it can be said, that the dominant political party in the present-day Russia (i. e. "United Russia") aided by the very straightforward support of the President Putin, has modified the formal rules of the State Duma elections in such a way as to guarantee for itself the dominant role in Russia's political system in the future.

Firstly, the number of competing political parties in the political system was several times reduced using the new Law on Political Parties in Russia.

Secondly, the possibilities of creation of new political parties have been totally minimized. The above-mentioned Law on Political Parties adopted in 2001 has tightened and limited the possibilities for the political parties to be supported by the commercial entities, while at the same time the Law foresaw the substantial financial support from the state to those political parties, that had taken part in either the presidential or parliamentary elections and had gathered more than 3 per cent of the votes[17]. Taking into consideration the before discussed high requirements for the political parties to be re-registered, only minimal possibilities for the new political parties to grow up are left in Russia.

Thirdly, the forthcoming electoral order (the foreseen high – 7 per cent – minimal representation threshold) in the elections of Duma members obviously discriminates the minor political parties. Necessary to mention, that already in 2003 Duma elections, when the minimal representation threshold was still 5 per cent, only 4 political parties managed to pass this threshold. The political parties that currently create the major ideological competition (Russian liberals) to the ruling elite, already in these elections got only several seats in Duma and these particular seats were won in the single-winner constituencies. Therefore, taking into consideration the record of the last elections of the State Duma, it could be forecasted that after the coming elections of Russian parliament (lower

[17] See Russian Federation, *Federal Law "On Political Parties",* (note 13).

house) in 2007 the number of political parties in Duma is going to range from 2 to 4.

Moreover, if we start thinking about "Unity" or "United Russia" as the offspring being artificially but deliberately created by the ruling elite in 1999-2001 (otherwise it would be difficult to explain the surge and immediate popularity of this political force while being created), then we have to agree that the objective of this new political force was to substantially limit the competition among political forces in Russian political system. The rulers were absolutely free in 1999 to choose any preferred by them ideology for the new political movement "Unity". However, "Unity" had deliberately not described its ideological base either before the Duma elections in 1999, or later, and with its spread of ideas started to "duplicate" other influential forces in the political system, i. e. the communists that were suffering from their identity crisis; the nationalist patriots of Zhirinovsky, as well as the moderate reformers - Luzhkov's and Primakov's "Fatherland – The Whole Russia" - that also were favouring nationalist ideas[18]. One could stress, that "Unity" artificially imitated the ideological attitudes (national patriotism) present at that time among the dominant "camps" of political elite, but at the same time adding its personal "token of quality" – would-be fight of the competent specialists with the old system, with its values, and giving a promise to create another – new and better – state. This kind of the strategy allowed the ruling elite to strengthen its status at the expense of other political forces in the system. The strategy of "Unity" was to support all the national patriotic forces[19] and to become itself an additional one of the kind, but at the same time "superior" and new-fashioned by promising to install the totally different view in the politics. This "novelty" was marked by the slogan "to work, but not go on politicking".

Such an ideological stance by "Unity" "United Russia" was comfortable for the ruling elite in a several aspects.

Firstly, it is very easy for the "United Russia" to change its ideology at any time, if needed, as the supporters of it even do not recognize the sameness of this

[18] On the topic see more Hale H. E., "Origins of United Russia and the Putin Presidency: The Role of Contingency in Party-System Development" in *Demokratizatsiya*, Spring 2004, <http://findarticles.com/p/articles/mi_qa3996/is_200404/ai_n9376577>, 15 08 2006.

[19] McFaul M., Petrov N., "What the Elections Tell Us" in *Journal of Democracy* 15 (3), 2004, p. 21, 25.

political force. For example, Michael McFaul underlines that even several days before the elections in 1999, making the analysis of the voters (respondents) preferences in the *focus* group, they were not able to describe the ideological orientation of "Unity"[20]. According Yury Nazdratenko, one the first members on "Unity's" list and the governor of Primorsk Kray, "the ideology of this political creation was not to have any ideology"[21]. On the official website of the party it is also not possible to find any ideology of the party, but only the opinions and views by the party members on the particular national problems[22]. This again indicates that the founders of this political party go on persuading the society that the "real parties" (like "United Russia") should not devote their energy to discussing on which ideological principals the solution of concrete problems should rest ("let others bother themselves with this"), but go on with the solution of these problems.

Secondly, value attitude of "United Russia", namely, advocacy of the national patriotic ideas, at the same time stressing its advantage over the older, but also the national patriotic political forces, creates a really substantial challenges for these parties to gain support from the voters. These parties are not in the position to change more or less their already long-lasting ideological stances. On the same ground, these parties are not able "to explain" the voters, why "United Russia" advocating the same attitudes and being more ambitious is "worse" than older systemic national patriotic parties, or, on the contrary, what makes them better in comparison with "United Russia".

It is obvious, that the birth of "Unity" "United Russia" in Russia's political system (already at the very end of Yeltsin era, but mainly under the initiative of president Putin) has substantially complicated the spread of ideological competition in Russia's political system.

Taking into account the effects of all the formal and informal mechanisms used by Putin (surely including the introduction of the political movement "Unity" in the political system) on the competition in the political system of

[20] McFaul M., "Explaining Party Formation and Nonformation in Russia" in *Comparative Political Studies* 34 (10), 2001, p. 1171.

[21] Riggs J. W., Schraeder P. J., "Russia's Political Party System as an Impediment to Democratization" in *Democratizatsiya* 12 (2), 2004, <http://www.findarticles.com/p/articles/mi_qa3996/is_200404_ai_n9400010>, 16 08 2006.

[22] See *Партия "Единая Россия"*, <http://www.edinros.ru>, 13 10 2005.

Russia, it is necessary to conclude that at least one of the conditions for the democracy in Russia is not met. Fair elections can not occur in the present-day Russia as it restricts both - the potential and actual inter-party competition within its political system.

1.2. The Security of Political Rights and Civic Liberties in Russia

Naturally, a whole range of political rights and civic liberties should be secured in the full-fledged democracy. It is unlikely that the discussion, on which of the rights are more important that the others could be productive. Although, taking into consideration the volume of this article, we are going to analyze only the status and changes in Putin's Russia of the several rights and liberties. The criteria for their selection are first, the direct influence of the specific rights and liberties on securing the pluralistic environment for political process, and second, proactive efforts of Putin (the ruling elite of Russia) to squeeze these rights and liberties. The limitation of such rights and liberties as the right of associations, the right of expression, the right for the impartial legal treatment, etc. expands the limits of the authority. It starts representing not the will of the people, but the interest of itself, thus discrediting the possibility of the presence of the democratic political regime.

Just after Putin became the President of Russia, specific actions were taken against the so-called "oligarchs" – Vladimir Gusinsky and Boris Berezovsky, who owned the mass-media outlets expressing the very critical evaluation of Putin's policy towards Chechnya, Putin's stance during the tragedy of the submarine "Kursk" and etc. In May 2000 Gusinsky, who was the principal shareholder of the television channel NTV, was arrested and incriminated of the NTV slow actions returning the loan to the bank. The loan was received on the guarantee from the other big shareholder of the same NTV, namely, the state-controlled gas company Gazprom. In fact the businessman was released lately. That did not require the decision of the court, but lately Gusinsky had to "voluntary" relinquish his NTV shares to the state-controlled Gazprom[23].

[23] See Shevtsova L., *Putin's Russia,* Washington D.C.: Carnegie Endowment for International Peace, 2003, p. 108.

Another "oligarch" Berezovsky, who was the owner of the then television channel ORT, did not wait until the decision of the Russian Finance Minister(!) would be carried out to make the inspections on not paying taxes in the Berezovsky-related companies Sibneft, AvtoVAZ and others. In 2001 he resigned from the State Duma, sold his property to another Russian businessman Roman Abramovich and escaped to the United Kingdom. In a due course Abramovich again voluntary relinquished his voting rights in ORT to the state.

These separate cases could be valued on a range of aspects, but the majority of the researchers underline the selectivity of Putin's "policy of penalties" against some businessmen and private companies. For example, according to Liliya Shevtsova, at the time of Gusinsky's arrest there were doubts indeed whether NTV intended returning the loans, but at the same time other televisions - ORT, RTR – were even in the bigger indebtedness to the state[24]. These facts discredited the impartiality of Putin's policy and allowed interpreting it in the context of the limitation of the freedom of expression (or mass-media freedom).

In nowadays the situation in Russian mass-media also looks gaunt. After the last independent television channel TVS in 2003 went to the state control, there was left no one Russian national television channel (except cable televisions) that was not owned either by the state or by state-controlled enterprises. The influence of the state is more and more felt in other branches of mass-media as well, i. e. the printed media and the radio. In case the mass-media, which is directly or indirectly controlled by the state, does not faces any direct censorship, over time it starts restricting itself. For example, nearly all television channels and daily newspapers in the present-day Russia tend to present the activities of "United Russia" and the president Putin in the extremely positive light. The effect of state censorship on the mass-media also illustrates the fact, that for example before the elections of 2004 Putin refused to take part in the television debates with his opponents, but during the elections he got 71 per cent of the votes and was elected the president already after the first round[25]. The mass-media also feels some kind of the pressure from the state when the

[24] *Ibidem*, p. 106-107.

[25] Freedom House, *Russia*, 2006, <http://www.freedomhouse.org/template.cfm?page=22&year=2006&country=7044>, 05 09 2006.

latter starts threatening to withdraw or cancel the licenses to broadcast, to annul accreditations to participate in the events[26] and etc.

The regulation of non-governmental organizations (NGOs) activities and the reaction of the authorities towards the other forms of the citizens' attempts (meetings and protest actions) to influence the political process was another field of changes that occurred in Russia during the ruling period of Putin. After the respective laws were adopted in 2002 and 2005, the authorities were entitled to stop the activities of those NGOs and even political parties, which members were engaged in the extremist activities. According to the critics, the authority was left with the broad possibilities to interpret when the particular activity would be considered "extremist" and when not. Such a permission for the authority to act as an arbiter is not compatible with the institutionalization of the democratic political regime. Besides, after the Orange revolution in Ukraine, the NGOs in Russia were prohibited to get financed from abroad, the other conditions of the NGOs activities were also tightened and even derogated (for example, the exemptions from the VAT payment were cancelled, the registration of NGOs became administratively more laden, etc.).

Moreover, during the protest actions in Moscow in 2005 Putin's regime engaged for a double-standard policy. For example, the pensioners and other individuals being under the social auspices were detained because of taking part in the protest demonstrations against the decision of the government to cancel the free of charge usage of public transport as well as other social privileges (these privileges were to be "monetised" by the payoffs which later on appeared to be inadequately small). The force was also used against the youth, which in 2005 gathered together to express the support to the former president of the Yukos company Mikhail Khodorkovsky during his trial procedure. But at the same time the other group of the youth, which gathered to express its attitudes against Khodorkovsky and the "oligarchs" in general, were left without any attention from the authorities[27].

These cases disclose also other shortcomings of Putin's regime, namely, the degeneracy of the state administrative institutions and courts towards the pressure from the ruling authority, most probably insufficient protection of private property (Yukos, NTV, ORT and other cases). On one hand, this directly or

[26] *Ibidem*.

[27] *Ibidem.*

indirectly limits the realization of the rights and liberties of the citizens. On the other hand, this kind of non-formalized but very effective control of the courts and bureaucratic apparatus increases the moderating positions of the ruling elite in the political system. Such phenomena at the same time depress the potential political competition in the system. In some cases Putin even does not tend to look like a "democrat" and does not tend to hide the fact that in reality the authorities can control very important informal mechanisms of power. For example, after the tragedy in Beslan in September 2004, Putin declared that he is going to take the total control of the Bureau of the Supreme Court, which is responsible for the appointment and recall of the judges[28]. In this way it is possible to stress that not only the political rights and civic liberties are restrained in Putin' Russia, but the public opinion is formed that this kind of authority activities are justified and inevitable while seeking sort of more important objectives than democratic rule, namely, security of the society, effective governance, "strong state" and etc.

1.3. The effectiveness of the power of the elected elite and the absence of the "authoritarian enclaves" within the state administration

In the theories of democratisation the incapability of the elected government to rule effectively was first linked with the partially successful democratization experience of Latin American countries. The military people, who ruled before for years, managed to accept the democratically elected new elite. However, they made the "agreements" that in principle they agree to pass the power to the new democratic elite, but at the same time they require the specific public areas to be left dominated by the military. The presence of this kind of "reserved domains" or "authoritarian enclaves" in the state governance (in fact, the inability of the elected officials to execute their power effectively) was understood as the factor indicating that the consolidation of the democratic regime was non-successful[29].

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[28] *Ibidem.*

[29] See, for example, Valenzuela J. S., "Democratic Consolidation in Post-Transition Settings: Notion, Process, and Facilitating Conditions" in Mainwaring S., O'Donnell G., and Valenzuela J. S., eds., *Issues in Democratic Consolidation: The New South American Democracies in Comparative Perspective,* Notre Dame: University of Notre Dame Press, 1992, p. 70.

In fact, the origin of such the ruling elite, which creates the "alternative" to the elected elite or simply has the informal veto right on the decisions of the elected elite, could be varying. The elected officials might have no effective power because of the exceptionally high influence of the military, police, bureaucracy or party structures (for example, the Centre Committee of the Communist Party in the USSR). Similarly, the "authoritarian enclaves" could be formed by the individuals of non-state origin, namely, organized crime groupings, terrorist organizations, rich and influential businessmen ("oligarchs") and etc.[30]

Following this approach, the situation in Putin's Russia looks still unique. After taking power in Russia Putin left no space for the "oligarchs enclave" of Yeltsin's period to express its power ("semibankirshchina" was a very influential group in the state governance in 1995-1996, later on, after Primakov became the Prime Minister, it has weakened, due to the ambitions of Primakov himself to be free of influence from the large business as well as due to the internal rivalries of the "oligarchs" and the financial crisis in 1998). Already during the first term in the office, the President Putin has created his own bureaucratic-military (it starts to gain the nickname "militocratic") enclave, which was basically formed from the "people bearing stars on their shoulder-straps". This group of the people loyal to Putin started control not only the governance of the state but nearly all the most important fields of power (including economic power, informational and other resources). The influence of Putin's militocratic enclave in the present-day Russia may be compared with that of Politburo during the Soviet times. In both cases the publicly elected institutions had not stopped performing their formal functions. However, they were seized from the real power of decision making by other actors, i. e. so-called "enclave", if to use terminology of democratization theories[31].

Putin's militocratic enclave consists of the former officers of special and intelligence services as well as President's former colleagues from St. Petersburg municipality, university mates, other friends, etc. The publicly elected elite (ex-

[30] See, Yu J.-T., *Demokratie und Volk – Wechselbeziehungen zwischen Staat und Zivilgesellschaft im Transformationsprozess zur Demokratie am Beispiel dreier neuer asiatischer Demokratien – die Phillipinen, Südkorea und Taiwan* (Dissertation zur Erlangung des akademischen Grades eines Doktors der Philosophie vom Institut vergleichender Politikwissenschaft im Fachbereich Sozialwissenschaften der Carl von Ossietzky Universität Oldenburg), 2005, p. 353, <http://deposit.ddb.de/cgi-bin/dokserv?idn=981337724&dok_var=d1&dok_ext=pdf&filename=981337724.pdf>, 10 11 2006.

[31] *Ibidem.*

cept Putin himself), i. e. the State Duma, in fact performs only a very formal function in the contemporary Russian government structure – it technically "translates" the ideas and initiatives of the above mentioned enclave into laws.

It could be stated that several reasons allowed/allows Putin's militocratic enclave to emerge and then strengthen its positions in Russian government structure:

1) relatively high powers, according to the Constitution of the Russian Federation of 1993, given to the president to appoint other officials to various state governmental and administrative institutions;
2) the instrumentality of the "party of power" – "United Russia";
3) the centralization of the state power achieved by the formal means (e. g. during Putin era another level of authority has been introduced into the government structure of the federal state, namely, the federal districts, which are being governed by the placemen of the President. Under the initiative of Putin, the formation rules of the upper house of the Federal Assembly, i. e. the Federation Council, were also changed, etc.);
4) the decrease in the quantity of the elected elite officials and the increase of the number of appointed officials (after the Beslan tragedy the appointment procedure of the governors was also changed - previously they were elected politicians);
5) the delay to privatize and reorganize the largest enterprises of energy, transport, finance, military complex; strengthening of the state control in some of these enterprises (for example, Gazprom); increased state regulation in some sectors of the economy, keeping away foreign capital from the strategic and exceptionally profitable sectors of Russian economy;
6) increased state control of mass-media;
7) delay to reform the court system and state administration;
8) derogations of the activities of the other independent political and civil institutes of society and etc.

To the above-mentioned reasons explaining why the influential militocratic enclave emerged in the political system of Russia it is necessary to add also the deliberate propaganda of Putin's regime aimed at securing the creation of a "strong, effective, and honourable state"[32]. Also, the institutionalization of

[32] See Robinson, (note 11) p. 126, 172; Polianikov T., "The Logic of Authoritarianism" in *Russian Social Science Review* 47 (3), 2006, p. 24–25 and etc.

Putin's enclave was further stimulated by the relatively low level of Russian people political consciousness, their nostalgia for a "firm hand" policy, basically conformist and non-protest culture of post-Soviet societies[33], as well as the vivid atmosphere of fear in Russia, especially after the cases of Gusinsky, Berezovsky, Khodorkovsky and others.

2. The particularity of Putin's regime

Speaking in images, the contemporary Russia is being ruled by a rather wide non-elected militocratic elite, which controls the most important country's leverages of political, economic, and informational power. At the same time, however, the institutional framework of the government in Russia maintains the formal attributes of a party democracy as well. Theoretically, such a democracy should get evidence in the course of permanent "negotiations" between the president (the executive being appointed by him) and the parliament while adopting laws. Also, the constructive debates should go on within the parliament. And the courts in an ideal party democracy model should perform the role of the "watching dogs" within this process in order to secure that none of the branches of power transcends its constitutional limits of power, and the political game is being played following the well defined, agreed-among-all formal rules.

However, after the adoption of several laws or amendments to laws initiated by Putin and the establishment of the instrumental "party of power" – "United Russia" (former "Unity"), the Russian State Duma has been transformed into a façade institution. Now it protects Putin's militocratic enclave from the possible ideological or otherwise competition from outside. Also, the State Duma provides the decisions being adopted within the enclave with the formal legitimacy in the eyes of both – the electorate, i. e. the country's "internal market", and the international political community. The non-reformed Russia's judicial system (actually, there has been no incentive for Putin to reform it) also limits itself to only an instrumental role within the current political system. To a considerable

[33] See, for example, Greskovits B., *The Political Economy of Protest and Patience: East European and Latin American Transformations Compared,* Budapest: Central European University Press, 1998, p. 179-180.

degree, it serves the militocratic enclave's tactical and strategic political ambitions.

As was mentioned above, in theory, the presence of the "authoritarian enclaves" within the non-fully democratised political systems (such as in the former Greece, Chile, etc.) usually meant that the old authoritarian elite, in spite of the newly elected and democratic one, maintained some powers to influence the ruling of the state in some particular, limited areas. However, the situation in today's Russia seems to be pretty different. The non-elected militocratic enclave, which is being moderated by Putin, holds an effective control of nearly all important fields of power. First, it runs the most important governmental and state administrative institutions (including both – the federation and subfederal - levels). Second, the enclave has strengthened its positions in the core enterprises that operate in the strategically important, to a large extent export-oriented branches of Russian economy, such as gas, oil industry, metallurgical engineering, banking, military-industrial complex, etc. Third, Putin's militocratic enclave possesses either direct or indirect control of all the most important country's media outlets. Taking into account these circumstances, it can be stated that at present in Russia, the Putin's rallied-around-enclave with its structure, inherent values, rules of behaviour and goals in fact substitutes the formal institutional framework of the state power. Though this fact does not contradict the very concept of an "enclave"[34], it must be accepted that the prospects of regime transformation in Russia will depend first of all on the processes taking place within the "boundaries" of this enclave and not on the development of other state institutions or other factors.

[34] Following the arguments of Yu and other authors (see Yu, (note 30), the existence of an „enclave" within a particular state power structure does not necessarily mean that the role of this enclave is only a minor and restricted one when compared to the power domain controlled by the democratically elected elite. The presence of an "authoritarian" enclave in the political system supposes that the real, effective power (in total or in some particular, "reserved" areas) belongs not to the democratically elected elite, but other actors. Also, it presumes that the effective power of elected rulers is non-proportional (i. e. much lesser when compared) to their formal status and formally defined limits of their competence. For example, according to Yu, an "authoritarian enclave" could be built by a party governing bodies, such as, for example, the Politbureau of the Communist Party in the USSR. As it is generally accepted, the latter body in fact had governed the country during the whole Soviet era even though it was formally declared that all the power should belong to the people representative bodies, such as the local soviets, the Supreme Soviets of the separate republics of the USSR, the Congress of People's Deputies of the USSR, etc.

As it has been mentioned above, the structure of the Russia's ruling enclave is rather specific. For example, as far back as 2002, the well-known Russian sociologist and elite researcher Olga Kryshtanovskaya stated that the military personnel comprised about 58 per cent of the employees at various state institutions (the biggest part of them were the outcomers from intelligence and/or security services who had a military rank). If to take the government ministries only, these people constituted about one third of the staff[35]. The average age of the outcomers from various military institutions was about 52 years. Most of them knew each other personally since the ruling period of Yury Andropov, when they started their service at the then Soviet Union's KGB.

Similarly, according to the calculations made by another Russian sociologist Anatoly Bovin, in 2002 there were about 25 per cent of the former security officers (in total about 6 thousand individuals) employed in the highest state administrative institutions[36]. Some sources suggest that during the last several years the above outlined numbers may have even doubled. For example, after the civilian Russian Prime Minister Mikhail Kasyanov was exchanged in this office by the former "operational" Mikhail Fradkov, the former Putin's adviser Andrei Illarionov made a warning that Russia is increasingly being pushed under the total control of KGB-FSB[37]. However, the Freedom House in its 2006 Report on Russia continues arguing that as before, "only" 25 per cent of the current Russian ministers, vice ministers, legislators, governors and "supergovernors" stem from the militarised security agencies[38].

Without any doubt, such a composition of Putin's authoritarian enclave has sprung up as a result of his own (the former KGB/FSB officer's) professional biography. Moreover, it might have been Putin's well comprehended and grounded tactics to recruit the former security officers to the highest echelons of the country's political elite. First, in 1999-2000, when Putin was appointed to head the Cabinet of Ministers and afterwards elected the President of the Rus-

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[35] "Власть цвета хаки" и выборы в России, *Новости социологии,* <http://Socio.Rin.Ru - "Социология">, <http://subscribe.rin.ru/html/b3/22170.html>, 20 11 2006.

[36] *Ibidem.*

[37] Palmer G. T., "*The New Russia and the New Eurasia*", 2006, <http://www.cato-at-liberty.org>, 20 11 2006; Талхигов С., "*Рассадник мерзавцев",* 2006, <http://www.chechenpress.info/events/2006/04/06/01.shtml>, 20 11 2006.

[38] Freedom House, (note 25).

sian Federation, he felt a huge need to immediately start reforming the state's administrative structure, its national economy, social protection system. The population tended to trust law enforcement officers and military much more than any other societal group, e. g. political parties, businessmen or others. Furthermore, such ethics as the subordination to the higher authorities, compliance with the orders, etc. should have been inherent to most of the former officers' way of behaviour. Therefore Putin possibly relied on that segment of the elite particularly as he expected it to be not only highly reliable but easily ruled as well.

For example, Steven Rosenfielde describes the "Muscovite model" of Putin's authority as follows[39]: the President, being the main power holder and the "autocrat" of the system, delivers rights, entitlements, and "sinecures" to his lower-level favourites. These privileges may be revoked at any time. The president requires the favourites to serve state interests among all other things. Naturally, these bureaucrats and agents must all be loyal to their "senior" and actively participate in the informal networks of power building and decision making. However, any of them may be fired in spite whether the real ground for that exists or not.

On the other hand, the members of Putin's militocratic enclave are not strictly controlled in all circumstances. For example, they can freely enough, at their own discretion, select the tools of administrative impact when they deal with the enclave's "outsiders", namely, the non-cooperative businessmen, weaker, non-power, political parties or "general public" as such.

As it has been mentioned above, a part of Putin's militocratic enclave either formally or informally maintains within its sphere of control many strategic and highly profitable companies of the state, e. g. Gazprom, Rosneft, Surgutneftegaz, Rosoboronexport and many others. However, Putin's regime proposes an overall very specific relationship with the business. The state monopoly in the economy has been dismantled after the fall of the Soviet Union and every commercial entity made responsible for its business planning and the level of the profit gained. The managers of the companies are not infringed anymore when they decide on their companies' personal management, training, business

[39] Rosenfielde S., *Russia in the 21st Century: The Prodigal Superpower*, Cambridge: Cambridge Unversity Press, 2005, p. 68-69.

strategy, profits and other internal issues. They are free to choose their business partners and negotiate contracts. However, the commercial entities in the present-day Russia may not feel absolutely free and self-reliable as the regime holds them performing in the atmosphere of the permanent suspense and uncertainty of legal regulation, at the high risk of not being capable to attain their own goals because of the unpredictable bureaucratic infringement, etc. The enclave posses at its disposal a wide range of various administrative "sticks and carrots", starting from the state ownership expansion or squeeze in some areas, possible attacks on private property, dismissals from work, and ending with the frequent changes in state regulation policy, granting governmental contracts, financial support, exceptional rights to enter some markets, etc. Thus, the means used by enclave with regard to the business may in fact vary from conservative authoritarian ones to liberal authoritarian ways of behaviour.

In spite the informal "statute" of Putin's enclave proposes the disloyal members of the clan to be expelled from it immediately, some evidence may be found which illustrates that the militocratic enclave ruled (or moderated) by Putin is not absolutely solid and internally unanimous. Already at the beginning of Putin's team building process, the analysts tended to identify at least three (and sometimes even four) groups that co-existed within the enclave, i. e. the so-called "St. Petersburg law enforcement officials", "St. Petersburg liberals", "St. Petersburg lawyers", and the "Old Moscow bureaucrats" (the latter, according to some sources, had weakened and subsequently disappeared as the separate elite group already during the first term of Putin's presidency)[40]. Reportedly, each of the above mentioned factions had their informal leader. However, either the rivalry among these factions during the first term of Putin's presidency was not intensive or such facts have simply not reached the main sources of mass media. Later on, there have crystallised two large factions within Putin's authoritarian enclave – the first one, "siloviki", informally headed by the Deputy Head of the President's Administration Igor Sechin, and the other group, so-called "liberals", informally subordinated to another high-ranking President Administration official, at present – the Russian Vice Premier Dmitry Medvedev. Both factions – the "siloviki" and the "liberals" – possess their own "front companies"

[40] Simonov K. (guided the collective work), *Russia 2004: Report on Transformation*, Warsaw: Insitytut Wschodni, 2005, p. 8-9.

(correspondingly – Rosneft and Gazprom), the interests of which come into clash from time to time. For example, it is known from the press that Sechin in 2004-2005 was aggressively opposing the plan of merging together Rosneft and Gazrpom assets. Moreover, these companies competed with each other in overtaking the assets of another Russian oil company Sibneft. Such facts have surfaced the evidence that Putin's militocratic enclave lacks homogeneity.

Usually, many publicists attribute the outcomers from the Soviet/Russian security services to the "siloviki" group, while various functionaries formerly linked to St. Petersburg mayor's office are mostly assigned to the "liberals". However, such a separation cannot be taken for granted, strict, and absolute. For example, some contemporary Russian political technologists[41], taking into consideration the entire specifics of the present Russia's political system, presume that "siloviki", "liberals", and the relations between them both may be considered as the substitute for the inter-party competition taking place in a "normal" political system. However, such a comparison as well as the names given to the internal factions of Putin's authoritarian enclave may be somewhat misleading. The "liberals" within Putin's team do not propose in any shape the state to take on a liberal stance in planning and implementing its economic policy. The both "camps" fully agree that the state in Russia shall maintain its dominant role in managing the country's economy. However, their views diverge when setting the priorities for strategic directions in Russia's future economic development. "Siloviki" would prefer the funds accumulated from exporting Russian energy resources abroad to be diverted to the boosting Russia's military potential, the development of various space programmes, etc., while the "liberals" claim the state budget incomes should be better spent on the development of energy infrastructure (especially its upward segment), expanding social welfare networks, etc.

Thus, the internal competition within Putin's militocratic enclave surely exists. However, even though in the most cases there are two groups pointed out – the afore mentioned "siloviki" and the "liberals", there is probably nobody who could submit a truly "definite" list of the internal groups rivalling with each other within the militocratic enclave. Some analysts say that there are at

[41] Below there is presented the approach of Mikhail Vinogradov, a representative of the Communications Technologies Centre "Propaganda". Vinogradov himself expressed such a view during his speach made in the Economic Forum 2005 in Krynica, Poland.

least several influential personalities within the current structure of Russian ruling elite who cannot be attributed to either of the above mentioned factions (e. g. Evgeny Primakov, Vladimir Yakunin, others)[42]. Such persons may not have their "own" separate group at all. Moreover, in the already defined Putin's elite factions, there are at least two or even more personalities who are being ranked as potential Putin's successors. Taking this into account, one can state that at least a theoretical possibility exists that the internal rivalry in the Russia's ruling militocratic enclave may get sharper by the end of Putin's second term in office. Nevertheless, it remains difficult to predict how many different and influential factions can spread out within the enclave in the future.

Putin has demonstrated that sometimes he himself acts in such a way as to purposively increase or introduce internal competition within the militocratic enclave. Surely, this allows him to moderate and balance the separate groups' influence in the enclave or even more, to receive the reliable feedback on what is going on in his power structure and particular companies, etc. For example, it can be stated that Putin has purposively tolerated the extraordinary activity of Alexander Riazanov, the former Gazprom's Deputy Chairman of the Board for a prolonged period of time, even though Riazanov has not belonged to any of the known Putin's elite groups. Riazanov was entitled to promote the most important Gazprom deals including the ones directly contributing to the implementation of Russian foreign policy goals. This case let one presume that the motivation for Putin to keep Riazanov in the above mentioned position has possibly been the President's wish to somehow moderate the growing influence over the whole enclave of Sechin and the competing to Gazprom group of "siloviki". Another example of a purposeful introduction of competition within the enclave can be RAO EES Rossii (headed by Anatoly Chubais) clash with the St. Petersburg city administration in 2006. The former business group was in fact pushed out of the electricity generation business in Russia's South Western region, which potentially could have become a regional centre of surplus electric power generation and its export from Russia to Scandinavian markets[43]. Before these events the company RAO EES Rossii was almost a monopoly elec-

[42] Филин В., *Преемником Владимира Путина станет Дмитрий Медведев*, Новости, 2006, <http://babr.ru/index.php?pt=news&event=v1&IDE=29693>, 13 11 2006.

[43] Минашин Н., *Энергомост в обход Чубайса*, 2006, <http://www.rbcdaily.ru/archive/2006/07/20/222409>, 15 11 2006.

tric power exporter from Russia to foreign markets. However, Putin decided to lower the economic ambitions and independence of Chubais by introducing artificial barriers to RAO EES Rossii further expansion and transferring this field of activity to another state-controlled company.

In case Putin truly keeps his word not to seek for any (extra)constitutional methods to remain in the President's office later than 2008, his ability to manage the enclaves' internal rivalries will possibly get weaker over time (a "lame duck" syndrome). In such a way, a new "super-elite" or a "peak-elite"[44] must arise in the enclave soon in order to secure its survival. Otherwise, as the classical elite theories presume, the elite structures break down. As regards Russia, this scenario would be hardly possible because the current state-ruling militocratic enclave has been too well-institutionalized to fall. Thus the one of not many available opportunities remains to wait for a new Russian President. However, it remains doubtful, whether his/her personality will matter much in shaping Russian regime's future after Putin.

3. The comparison of Putin's political regime with other non-democratic regimes

Those who attempt to compare Putin's political regime in Russia with other non-democratic regimes put themselves at the risk of being trapped in an intellectual pitfall. The outcomes of Putin's regime evaluation may to a large extent depend on the choice, which side of the regime – the formal or the informal one – is to be studied as the "true face" of it. This article advocates the approach that the type of a regime must be identified not according to the formal rules of the game being present in a particular political system. Various legislative initiatives and/or the actions of a ruler should be analysed on the basis of their impact to a political system's ability to remain internally pluralist and competitive. If the formally democratic laws downgrade the quality of a political system, such a system cannot be considered as democratic. Following this logic, such Putin's initiatives as, for example, transition from the mixed electoral system to a

[44] Крыштановская О., *Формальная структура элиты*, 2005, <http://www.elitarium.ru/2005/07/22/formalnaja_struktura_jelity.html>, 17 11 2006.

proportional one or the decision to appoint regional governors who have been elected by now should not be treated otherwise but the President's claim to limit the internal competitiveness of the political system. These initiatives have in fact blocked Russia's chances to institutionalise a democratic political system.

Nevertheless, the authors who defend their professedly "unprejudiced" point of view may state, that the advantages of the proportional electoral system to democracy were admitted by political philosophers already many years ago. Besides, such a system works perfectly in, for example, Denmark, Austria, Switzerland, and Spain without infringing upon these countries' democratic political performance. Therefore, according to the proponents of the above mentioned "impartiality", there is no evidence to claim that the Russia's recent decision to organise its next parliamentary elections according to the rules of proportional representation faces a threat to the country's democracy[45]. The same conclusion regarding Russian regime may be reached while studying the formal rules regulating the procedure of appointment of the country's regional governors. Again, the local governors in such countries as Belgium, Finland, Estonia, Poland, Czech Republic are not elected in popular elections, but appointed by the national governments. However, this fact is not being considered as impeding these countries' democratic performance. Following the same argumentation the observers, who propose looking just at the formal side of political regimes, argue that there has been no ground for many Western European countries to react in such an emotional way when Putin decided to change the rules of the appointment of governors. Purportedly, the evaluation of Russia and the rest of Europe should rest on the same principles.

Nevertheless, this study has chosen not to ignore any informal rules of the game and institutions when analysing the specifics of Putin's political regime. As a result it can be concluded that the present Russia's political elite has detrimentally restrained the pluralism in the country's political system and this has been attained mostly due to the wise manipulation of informal mechanisms. The employment of such mechanisms let Putin's militocratic enclave exert the dominance over the whole political process.

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[45] For more arguments and comments, see Centre for European and Eurasian Studies, *Is Russia 's Experiment with Democracy Over?*, 2004, <http://www.international.ucla.edu/article.asp?parentid=16294>, 22 11 2006.

At present, this enclave has almost a monopoly of effective power. At the same time, the system maintains the formally well "checked and balanced" institutional façade, though it does not reflect the true quality and the state of the competitiveness of its decision making process. In the present-day Russia the legislative, the courts and other governmental institutions tend to execute the role of a "safety umbrella" to the enduring performance of Putin's militocratic enclave. First, they protect it from any possible outside competition. Second, the formal institutions in Russia might be subjugated to Putin's or any other future moderator's interest to control and neutralise the influential rivalries within the enclave if they sprang up ever. Such particularity of Putin's regime makes it hardly comparable to other states' non-democratic regimes.

Sometimes Putin's Russia is being juxtaposed with some Latin American countries, which in the last century were ruled by various military juntas (e. g. Chile, Bolivia, Peru, Columbia, Argentina and others during the 1970s and 80s). In most cases such a comparison is motivated by the fact that in today's Russia the great influence on the decision making process is held by the people coming from the militarised security and/or intelligence services who bear military ranks. However, there are many other particularities that make Putin's Russia and the above mentioned Latin American non-democratic regimes too different to be compared.

First, in most Latin American regimes the military juntas started ruling the countries after the successful overthrow of previous ruling elite (as a result of a *coup d'état*). They used to refuse from any elections and set such rules of the political process that these regimes turned into real military dictatorships. The situation in the today's Russia does not resemble such a reality at all. Even though Putin was an outcomer from the Soviet/Russian security services, he was elected the President of Russia in the "ordinary" and more or less competitive elections. The army in Russia is absolutely subordinated to civilian control even though the latter is being de facto executed by persons who possess military ranks.

Second, another important particularity of Putin's Russia regime lies in the composition of its militocratic enclave. As has been illustrated above, the former Soviet Union/Russia security officers comprise a significant part of Putin's elite. However, even though these persons have military rankings, they cannot be treated as the army people or military personnel in a direct sense of the word.

According to some observers[46], in today's Russia there are even some important tensions between the military people and Putin's "siloviki". The latter believe that the biggest threat to the stability of Putin's militocratic enclave might first of all come from the people representing the interests of the Russian military forces.

After the breakdown of the Soviet Union the people from intelligence and security services managed somehow to profit from Russia's economic transformation. Over time, they exerted their influence in various sectors and companies of the country's economy. Later on, when their former "colleague" Putin came to power, the "siloviki" succeeded to additionally accumulate the substantial political influence. In contrast to the "siloviki", the representatives of the Russian military forces remained the "losers" in the process of Russia's post-Soviet political and economic transformation. These circumstances and Russian military personnel discontent with the existing situation possibly motivate Putin's "siloviki" to permanently advocate the need to increase state expenditures to the strengthening its military potential.

The third obvious difference between the political structures of Putin's Russia and Latin American countries ruled by military juntas lies in the presence (absence) of a strong leftist populist segment within their political systems. In Latin America, this segment has been well developed already before the military overthrows. However, as the cycles of hyperinflation repeated there again and again, over time people got disappointed by the leftist populist policies. Therefore they welcomed the incoming military rulers who made them believe that the junta's discrete and stricter policy could finally improve the living conditions of the ordinary people. Besides, in most Latin American countries there were namely the leftist forces that in the later stages of juntas' rule managed to impel the way-back transition from the military rule[47].

At the end of 1990s, especially after the financial crisis in 1998, people in Russia, similarly to Latin American countries, expected that Putin would impose a "firm hand" policy and finally re-establish "order" in the country. Russians felt strongly disappointed about the Yeltsin's period "*bezpredel*" when a

[46] For example, see Чертадский В., *Оранжевый Путин*, 2006, <http://www.nazlobu.ru/publications/article1245.htm>, 12 12 2006.

[47] Bruhn K., *Latin America's Year of Elections*, 2006, <http://drclas.fas.harvard.edu/revista/articles/view/868>, 23 11 2006.

handful of big businessmen, the so-called "oligarchs", were allowed to rule the country according to their own preferences. However, since the elections in 1996 the possibility of the "red overthrow" has not been a real threat to Russia anymore. Putin, who almost spontaneously entered the politics had to secure the alternative not to the leftist populist rule, but all internal and external "enemies" that supposedly aimed at weakening Russia's economic and geopolitical potential. Many actors might have been put on this list, namely the "oligarchs", Chechen fighters, foreign countries that have conflicting interests with Russia, and etc.

The nurturance of nationalpatriotic ideology in Russia induces some analysts to put Putin's political regime in parallel with Hitler's Germany[48]. In both states the elected leaders were expanding the realms of their power covering themselves under the necessity to defend their "states' interests" and effectively fight against the thought-to-be external enemies - either the "global Jewish conspiracy", "Anglo-Saxon plutocracy" or, in the case of Putin, the "powers that aim to weaken Russia and infringe on its territorial integrity". In both states, where the conservative bureaucratic authoritarianism was being created, the regimes promoted particular relations with the business community. The large-scale business that was too independent and/or control-resistant was either destroyed or rudely overtaken by the state. The rest of it was allowed expanding but only on the condition that it would collaborate with the ruling elite in implementing its internal or external policy goals. In spite of these structural similarities, the contemporary Russia and the Hitler's Germany still seem to be hardly comparable as they have existed in the completely different international environments. One can admit that in the present-day Russia, Putin collaborates with the nationalist forces and disseminates the propaganda aiming to mobilise the people in the face of a threat coming from the thought-out Russian enemies. However, as in reality Russia does not act in the real face of the war, it is hardly believable that Putin's Russia might ever reach the level of Hitler's regime's paranoia, xenophobia, and repressiveness. On the other hand, the intensity of Putin's authoritarian rule has been permanently increasing. This fact compromises the attempts to define the level of the use of power in Russia

[48] Талхигов, (note 37); Radzikhovsky L., *Putin's strong statism is still the lesser of two evils*, 2005, <http://www.taipeitimes.com/News/editorials/archives/2005/06/03/2003257769>, 26 11 2006.

that would appear still "appropriate" to its ruling elite. Nor it is obvious that such a "limit" of terror acceptability/non-acceptability exists altogether[49]. The recent events of the murder of the famous Russian journalist Anna Politkovskaya as well as the poisoning of the Russia's former security officer Alexander Litvinenko who tended to oppose Putin's policy raise unambiguous thoughts. Putin's Russia will become a truly unpredictable country, if the suspicions on its ruling elite's contribution to the deaths of the above mentioned persons are confirmed.

Putin's state relationships with the business to a large extent resemble the Asian model. This comparison would not encompass China due to its complete ideological and otherwise uniqueness. However, there are quite substantial similarities between the Russian and Southeast Asian countries[50], especially Indonesia, Thailand, Singapore, South Korea by the crisis in 1997, as regards the way of how these governments have dealt with the local big business and managed to promote the policy of rapid economic growth. During the last several decades of the 20th century, the above mentioned Southeast Asian "developmental states" managed to attain nearly fantastic records of economic growth. However, all of them were ruled either by civilian or military autocrats, and the level of their policy's repressiveness varied from country to country. Naturally, the pragmatic economic policy and the lasting, impressive growth of Southeast Asian economies (from about mid-1960s to the crisis in 1997) have compensated the imperfections in their political regimes at large. The scientists claimed that the spectacular records of Southeast Asian countries economic growth were attained due to the specific state relationships with the business. On the one hand, the rulers in theses countries managed to built a highly professional, competitive bureaucratic corps. As the latter were well paid and considered by

[49] For example, Edward Lucas, the correspondent of "The Economist" to the Central and Eastern Europe, presumes that the political regime in Russia will become more and more brutal over time and thus will approach the fascist end – see Lucas E., *The One Way to Fight Putin's Menace*, 2006, <http://edwardlucas.blogspot.com/2006/11/rant-from-saturdays-times.html>, 26 11 2006.

[50] More information on the 'developmental states' are to be found at Evans P., *Embedded Autonomy: States and Industrial Transformation*, Princeton: Princeton University Press, 1995; Evans P., "The State as Problem and Solution: Predation, Embedded Autonomy, and Structural Change" in Ravenhill J., ed., *The Sociology of Development II*, Aldershot: Aldershot Press, 1995, p. 319-361; Haggard S., *Pathways from Periphery: The Politics of Growth in the Newly Industrializing Countries*, NY: Cornell University Press, 1990 and other.

the public as the highly prestigious service, the bureaucrats could avoid dangerous particularistic influences from outside and pay all their efforts to shaping skilful economic development strategies. The state in Southeast Asian region was not intervening directly into the activities of its big, mostly private business entities. However, their forwardness to co-operate with state authorities in implementing their long-term strategies of economic growth was being rewarded by the latter with e. g. the introduction of some laws which ban external competition, the granting special tax exemptions to some local producers, etc. Such a system functioned rather well for more than three decades. But the crisis in 1997 showed, however, that in the most Southeast Asian "developmental states" neither their political elite, nor civil servants managed to work hard only for the sake of their state's interest and to avoid any particularistic, corrupt influences that promised them additional personal gains. Over time, the Southeast Asian rulers and high-ranking bureaucrats who were elaborating national development strategies surrendered themselves to the corrupt business influences. As a result, the state lost its ability to produce its national-goals-oriented programmes of economic development. Business entities overgrew with various non-transparent, corrupt agreements. The rates of economic development started decreasing until finally the system broke into a large-scale non-payment crisis[51]. The massive insolvencies in 1997 induced many Southeast Asian countries to start pursuing more liberal and transparent policies. For the time being, only in Thailand among all the above mentioned Asian countries there was re-established a hard military regime.

Putin's Russia offers some similarities with the above described Asian model. As has been mentioned above, the militocratic enclave in Russia is expected to work for the sake of national interests. However, as it retains the elite structure which possesses no formal code of behaviour and controls all the most important leverages of the state's political, economic, informational power, it should not come as a surprise that the level of corruption and the economic inefficiency in Russia will definitely increase over time. From time to time the information regarding the non-legitimate business interests of Putin's environment or Putin

[51] See Godement F., *The Downsizing Asia*, London and New York: Routledge, 1999, p. 41-47, 162 and other.

himself is already appearing either in foreign media or Russian internet sites non-controlled by the state[52].

Besides, the comparison of Putin's Russia political regime with the "developmental states" would possibly be even more adequate, if one selected only those "developmental states" (e. g. Indonesia, Malaysia), which similarly to Russia are highly dependent on their energy (oil) exports. The state of economic wellbeing in these countries depends to a large extent on the fluctuations of the global oil prices. The latter are difficult to predict, however. Theoreticians presume that any regimes in spite of their type are more prone to fall under the conditions of economic decline rather than at the time when no economic setback occurs. Logically, one could conclude that Putin's regime in Russia is vulnerable enough as any unexpected but substantial fall in global oil prices would cause its downfall.

However, the analysis of Indonesian, Malaysian and other oil-exporting non-democratic regimes shows that the economic crisis in such countries has not always caused significant changes in their political regimes' structures. The non-democratic regimes in these countries fell down under the conditions of economic decline only in those cases when they were insufficiently well institutionalised and when the ruling elite did not manage to creatively moderate societal tensions and expectations. Of course, such things are difficult to impartially evaluate and make an analysis. However, the researchers argue, that these factors substantially determine whether the particular Southeast Asian oil-exporting regimes survive economic downfalls or must be reorganised in the course of economic decline[53].

Finally, Putin's political regime is sometimes being compared with other non-democratic post-Soviet political regimes. The "Orange Revolution" in Ukraine created a great stimulus for such type of analysis. The researches started looking for both countries similarities and making prognoses on whether mass protests against the well established Putin's rule could be possible and effective in chang-

[52] For example, see *Эстонская фирма зарабатывает нефтедоллары для первых лиц Кремля и их фаворитов*, 14.12.2005, <http://www.newsru.com>, 27 11 2006; Абель В., *Олигархи в Кремле*, 2006, <http://nbp-info.ru/4746.html>, 27 11 2006 and other.

[53] See Case W., "Southeast Asian Hybrid Regimes: When Do Voters Change Them?" in *Journal of East Asian Studies* (5), 2005, p. 215-237; Smith B., "The Wrong Kind of Crisis: Why Oil Booms and Busts Rearely Lead to Authoritarian Breakdown" in *Studies in Comparative International Development* 40 (4), 2006, p. 55-76.

ing the regime type in Russia[54]. Usually, the findings were the same – "no, impossible", as the regimes of Ukraine and Russia are too different at the moment. Though both countries have similar historical experience, political culture and still an acute problem of "oligarchic" rule, the situation in Russia and Ukraine differs at large in some other aspects. For example, the political elite in Russia is more or less confident with the existing situation, it supports Putin's policy initiatives. In contrast to Russia, the political elite in Ukraine was highly divided before the 2004 presidential elections and the political as well as societal opposition to Kuchma's rule was obvious. Moreover, the opposition in Ukraine had its well-known political leaders, while in Russia neither charismatic opposition leaders, nor the viable opposition exist.

4. The prospects of Putin's regime transformation

Putin paid great efforts during his first and second terms in office in order to institutionalise the long-lasting rule of his militocratic enclave. The ruling elite has accumulated the full control of informal means of political influence and changed the existing laws in such a way as to avoid any troubles (i. e. possible retreat into opposition) in the future even though the elections in Russia would take place regularly as before. In fact there are no doubts that Russia will not abandon organising the regular parliamentary and presidential elections in the future. Otherwise it would put itself at a high and absolutely non-wise risk of making the imputation upon its own international image. Thus, in order to make prognoses on the further transformation of Putin's political regime, one should first of all comprehend the possible outcomes of 2008 elections when the last constitutional Putin's term in office expires.

Will the rise of Putin's "successor" (no matter who is going to be selected) not intensify the internal conflicts within the militocratic enclave? What are the prospects that the enclave remains undivided after 2008? Are there any possibilities that any "new-comer" (e. g. military representative, someone from the

[54] *Мари Мандрас: 'Не будет в России оранжевой революции. . . к сожалению'*, <http://www.inosmi.ru/translation/229977.html>, 28 11 2006; Clark T., "*An Orange Revolution Is Russia's Future?*", 2005, <http://economictrends.blogspot.com/2005/03/orange-revolution-in-russias-future_29.html>, 28 11 2006.

existing political parties except the "United Russia", etc.) may seriously claim to get a piece in the "power pie"? How much is it expected that in some 1-2 years in Russia there may form up a mass protest movement which is able to promote significant changes in Russia's regime? Are there any other (external) factors that may determine the direction of Putin's regime change in the future? Are there any such factors that might help to solve "Putin's dilemma" of how to remain at the peak of the present ruling elite while not being President of Russia?

The option that has least to do with the fantasy proposes that no significant changes in Putin's political regime will occur in the mid-term perspective, which encompasses both – the next presidential and the parliamentary elections. All the conditions needed to secure the *status quo* of Putin's regime are in fact available in the present Russia. First, the ruling elite possesses all the needed leverages of formal and informal political power. Thus it is capable to resist any external competition as well as internal rivals. Second, the societal support for Putin's regime remains strong enough for the time being. It would be difficult to imagine what circumstances in Russia might cause people's mass disillusionment with the rulers. As it has been mentioned before, the performance of the hybrid regimes in Southeast Asia has shown that the mere economic decline is insufficient to cause regime's downfall. Additionally, Putin's regime should for some unknown reasons loose its ability to manipulate societal feelings and emotions. If it happened in the circumstances of severe economic conditions, the militocratic enclave could be replaced. However, neither the sudden economic decline, nor changes in Putin's regime ability to deal with the masses are expected, at least in the nearest future. Third, it has been mentioned that at present, the militocratic enclave moderated by Putin is not an absolutely homogeneous structure. If Putin keeps his word and does not try to find any ways to remain in the President's office after 2008[55], he will need to select a person who succeeds him in this position. As the future Putin's successor has to become a public and well-known figure already by 2008, most likely s/he will come from Putin's internal circles. Possibly, the selection of a presidential candidate from the current militocratic enclave may cause some disappointments of the internal groups

[55] In one of the recent Putin's addresses to foreign journalists he stated rather controversially, that 'Russian public is in a huge need for stability'. Therefore, according to Putin, the authorities must somehow guarantee the public that the stability will be further promoted after 2008 - see Мари Мандрас, (note 54).

not involved into this process. However, taking into account that vast amount of the political, administrative, economic and other resources that the enclave's ruler has at his disposal, it could be predicted that any possible tensions arising within the enclave might be tendered by the its moderator. For example, the latter may grant the politically disadvantaged factions of the enclave with additional "sinecures", companies, offices, etc.

Thus, as the above analysis shows, there is the highest probability that the regime in Russia will remain in its present shape after Putin resigns. Besides, Putin himself can just formally retreat from his current power domain. After 2008 he can remain in fact the most influential person within the militocratic elite, even though the formal president of the country will be another person, i. e. someone selected by Putin. Presumably, the latter should be a person absolutely loyal to Putin and having only minor political ambitions of his/her own[56].

One more possibility for the current Putin's regime not to change could come from the progress in establishing a union state of Russia and Belarus. Possibly, if such an entity was established, it would have its own (new) Constitution, institutional framework, etc. This could offer Putin a completely new perspective of power, i. e. to head the union state and thus remain at the very top of the ruling elite but at the same time avoid breaching the existing Russian Constitution.

Though Belarus relations with Russia have recently sharpened after the latter said it would increase the gas prices to Belarus starting from 2007, the prospects of the establishment of the above mentioned Russian-Belarus union state still remain equivocal. The newly created political entity would offer Putin a non-precedent possibility to prolong his tenure in the highest office of state authority. One can argue that such a scenario may be studied unless like any other idea belonging to the science-fiction realm. However, there are more than a few scientists in Russia as well as abroad who suggest not to cancel beforehand the possibility of establishing the Russian-Belarus union state[57]. According to these experts, the history does not know such facts that rulers first agreed to resign from their offices believing that they would be able to maintain their influence

[56] For a similar approach presented by the famous Russian polittechnologist Gleb Pavlovsky, who is considered to be a Kremlin-insider, see Дульман П., *Павловский: Революции не будет*, 2005, <http://www.rg.ru/2005/03/29/pavlovsky.html>, 28 11 2006.

[57] Private conversation with Marie Mendras, expert on Russia. Paris, November 24, 2006.

over the power domain while being in the shadow and that later on such their calculations came true. Therefore Putin will possibly use all the means, including the attempt to establish a new political entity, in order to rule the country after his second term of Russian presidency expires.

In spite whether Putin himself remains or not in the highest position of a state authority after 2008, it can be presumed that the tendencies of authoritarian rule in Russia will neither significantly decrease nor increase. Thus, the approaching fascist regime type will hardly become a realistic scenario for Russia. Putin's elite has relied much on nationalpatriotic ideology. However, as the contemporary Russia acts in an absolutely different international environment when compared to Hitler's Germany or Mussolini's Italy, i. e. it does not face any truly direct threat of a war, nor intends to start the war itself in the nearest future, it would have much more sense to Russia itself to engage for "soft" rather than "hard" means in mobilizing societal support. Such tactics would allow Russia to retain an international image of at least a "bearable" state and not to provoke any negative reactions inside its own society.

In a short-term perspective it remains hardly possible that any existing political party could build an effective competition to either Putin or "United Russia" (correspondingly during the next presidential and parliamentary elections). First, such possibility is lowered by the already mentioned fact that "United Russia" has taken a "parasitic" ideological stance within Russian political system. This impedes other political forces' capabilities to create a viable ideological alternative to the nationalpatriotic ideology, which dominates in Russian politics at present. Second, the state controlled media will most likely support the candidate of the "party-of-power" or the party itself while at the same time expediently discriminating and discrediting the representatives of other political forces. Third, in today's Russia there is no charismatic, conspicuous person – the opposition leader, who could built an effective alternative to Putin and lead his/her political party to the next State Duma elections.

The overthrow of Putin's political regime "from below" ("Putin's regime" is not to be understood literally, but as the regime of the "Putin-style") would be possible only in a long-time perspective and in the case of time-wise coincidence of several internal as well as external circumstances which are neither predictable nor controlled. As the analysis of Southeast Asian transformations

shows, first, it is more probable that the regime will fall under severe economic conditions. Thus, either the global oil prices should markedly fall or Russia should find itself in another-type economic crisis which would have a really negative effect on most inhabitants' quality of the daily life. The change of Putin's regime might also occur in the presence of another type of crisis (not the economic one), which e. g. could emanate after a terror attack, the discovery of the deeply entrenched corruption within the ruling elite, its machinations, crimes, etc. Anyway it would be important that in the occurrence of the crisis the rulers would not be able to find any convincing excuses or arguments that this happened not because of their fault.

The second necessary condition for Putin's regime to be overthrown "from below" is the fatal mistake, which the rulers should make in a crisis situation. The ruling elite must either inadequately, inflexibly or too repressively react to public disappointment. In such circumstances, the analysts presume, the mass protest movements rise and the regimes (at least in Southeast Asia) have been overthrown as a result.

The researchers remain sceptical about the possibility to transform well institutionalised hybrid regimes (to which Putin's Russia should be attributed as well) through the regular elections, i. e. when the electoral support to oppositional parties or movements gradually grows until the party or movement finally swings an election. If the hybrid regimes get ever transformed, this happens in the result of the mass protest campaigns[58]. In the case of Russia, even if the above mentioned external as well as internal circumstances coincided and thus built favourable conditions for the militocratic regime to fall, most likely it would be the communists and the military who tried first of all to make use of societal disappointment with the existing regime. For the time being namely these two groups seem to be the most disadvantaged and potentially the most powerful. By the way, the effectiveness of the tandem between communist political forces and the military in overthrowing former non-democratic regime is historically proven in the case of Indonesia in 1973. Obviously, even though these forces managed to replace Putin's militocratic enclave, the changes of the Russian political regime would not be impressive. Most likely the regime would

[58] For example, in Indonesia and the Philippines after the economic crisis in 1997 – see Case, (note 53).

remain non-democratic as before, but promoting another, possibly more leftist, populist ideology.

Nevertheless, Putin's regime change "from below" remains hardly possible. Over time, the defects of Putin's militocratic enclave should come on to the surface. Also, the productivity of Russian economy will unavoidably decrease. However, this may not convince Russian people that Putin's regime has already exhausted itself. All the post-Soviet societies, with no exception of Russia, are especially patient and easily accommodating themselves to the worsened quality of life. Moreover, even those Russians who oppose Putin's regime have no potential leader either in societal circles, or in the present Russian politics. Ukraine's case showed clearly that the revolutions without leaders are damned to fail. The end of 2004 was not the first time when Ukrainian people went to the streets protesting against Kuchma's policy. For example, the mass protests in 2001 (at the peak of the "tape-scandal") were absolutely ineffective as at that time the protesters acted spontaneously and had no leader who would have kept them together and guided their actions. In contrast to 2001, the mass protest movement at the end 2004 resulted in the overthrow of Kuchma's regime. This illustrated ones again that there are no revolutions without revolutionary leaders. In Russian case, this circumstance totally forbids the possibility of Putin's regime substantial change "from below", at least in the nearest future.

Conclusions

This study has indicated that Putin's regime in Russia does not qualify at least three conditions that are indispensable for the democratic political regime. Firstly, there is no possibility for the fair elections in the country. Putin has artificially limited political competition in Russia by using the formal means (proposing the concrete amendments to the respective laws) and informal mechanisms of influence – fortifying the political "party of power" – "United Russia" – in the political regime of the country. Secondly, the very important political rights and civic liberties that are necessary for the quality of the regime are not secured in Putin's Russia. Formally, the authority claims that these rights are secured, but the facts of selective judicial persecution only of the particular business groups and the other elements of the regime allow claiming on the

contrary. Thirdly, the authority (firstly, the State Duma) that was elected in the formally competitive and general elections does not have any effective power in the contemporary Russia. In fact, the most important decisions related to the state administration are being adopted in the rather intimate Putin-run militocratic enclave that has not many things in common with the similar kind of structures in other countries. It is rather difficult to forecast how the current political regime of Russia is going to change as far as the information about the internal processes in the enclave is very limited, the above-mentioned elite's structure is not formalised, and this elite acts according to the unwritten rules of the game set up by the moderator Putin.

External institutional environment that was created by the efforts of Putin allows us to draw the conclusion that the current elite could feel safe at least in the nearest future (in the perspective of 5-7 years). The activities of the main institutions of the political system as well as of institutes (electoral process, activities of the political parties and NGO's, etc.) are regulated in a way that they do not pose any threat to the position of current ruling elite in the political system. Besides, the other factors that guarantee Putin's regime continuity even after Putin is gone from the current post (most probably in 2008) encompass the lack of immunity of the court system, dependence of mass-media and business on the authority, lack of ideological competition in the political system and absence of strong oppositional political leaders.

And in spite Putin's regime, according to some attributes, resembles a mixture of the "developmental", oil exporting Asian regime and of the fascist one, in fact the future transformation of this state will do not necessarily repeat the experience of the other countries. In contrast to Hiltler's Germany, contemporary Russia exists in the totally different international environment. Presumably, the Russian authorities seeking to keep at least so-so international image of Russia, will avoid increasing the level of repressiveness of the regime and in any case will keep the façade democratic political system. Presumably, in a long run the regime in Russia could change in the similar to the Southeast Asian countries way - in the way of the mass protest "from below" and only after "the attacks" from the disadvantageous external circumstances. Well again, they may appear to be "not enough" to pull out to the streets the post-Soviet society, even though similar crises have provoked Asian societies to protest. A number of ad-

ditional conditions, that are missing today, are indispensable to Putin's regime change "from below". Knowing the strong institutionalization of the militocratic enclave of Putin in the political system of the contemporary Russia, it is very unlikely in the short term the additional conditions needed for the non-democratic regime to be overthrown will appear - namely, the loss of the rulers' ability to manipulate the mood of the masses, internal divisions and weakening of the enclave, etc. Therefore, it is left almost the only possibility to rely more on the visible part of Putin's regime as well as on the moods of the political elite and society rather than on the absolutely hypothetical calculations. The former induces one to forecast that no substantial changes will occur in Russia in nearest future. The character of Putin's regime discussed in this article is going to stay the same, in spite of whether Putin himself is going to keep his influence in the top level decision-making or this privilege he will pass to one of his "successors". The personality of Putin was of enormous importance while institutionalising the monopoly of militocratic enclave in the state administration. However, the importance of the personality of the leader may become more and more an inferior one in the future stages of Russian development as well as to the sustainability of "Putin's regime" (even possible without Putin) as such.