11

Russia and the United States

Vladimir Votapek

This chapter deals with two problems influencing U.S.-Russian relations. First is the origin of the relatively unsatisfactory character of relations between Washington and Moscow and—more generally—between Russia and the West. Then follow recommendations for possible approaches in developing cooperation with Russia. The chapter ends with some policy recommendations.

The answers to the historical questions and the recommendations for the future depend heavily on being able to assess the current situation within Russia. One cause for the difficult state of relations between the West and Russia is the serious cultural disparity between the two regions. As a result, Russia's potential for being able to solve problems early is often overestimated; disillusion arises from its inability to meet expectations and obligations later on.

Another manifestation of cultural disparity is Russia's perception of international security as a zero-sum game. It should come as no surprise that from such a standpoint certain Western steps could be misunderstood.[1]

Second, Russia has begun to exercise stronger influence on the status of bilateral relations. Although the United States is clearly a stronger partner, Russia is more in control of the ups and downs of relations between Washington and Moscow. The internal stability of the West, its understanding of global responsibility in combination with Western efforts to keep Russia on the track of reform, and its readiness to help solve a broad spectrum of problems in Russian society significantly restricts the available American (and Western) approaches to Russia. The range of Russian approaches is distinctively broader, partly because Westernization is not a generally accepted goal for the reforms currently targeted by the Russian

elite. Thus, the Russian government is also freer, at times, to play a card of confrontation with the West.

Third, having considered the pros and cons of cooperation with Russia, we can conclude that it is in the very interest of the United States, and the West as a whole, to cooperate with Russia as broadly as possible. In general, all types of cooperation are welcome. On the governmental level, cooperation in the field of security risk reduction is much more profitable than regular economic cooperation. This holds true even for cooperation that is in reality merely direct assistance. Russian problems may seriously threaten the well-being of the Western nations. The West should not be miserly with its financial assistance, for it will only pay more in the future. One can only imagine what could have taken place if a terrorist like Osama bin Laden had access to Russian nuclear, chemical, or bacteriological materials.

Fourth, shock from the September 11 terrorist attacks changed the scale of values in international affairs. The desirability of Russian cooperation in the antiterrorist offensive of the United States and other Western nations gives Moscow a unique possibility to prove its reliability to the developed world. At the same time it also creates some risk.

The author hopes that the U.S. government will not broker stronger Russian participation in the antiterrorist war by, for example, postponing the eastward enlargement of NATO. All deals with Russia, which may explicitly or implicitly recognize eastern Europe as a Russian sphere of influence, may impede stability in this region and in some cases even threaten the statehood of some newly formed countries.

RUSSIA'S ECONOMIC AND POLITICAL STATUS

From the outside it looks as though Russia has, after ten years of muddle-headed economic and political reforms, reached a phase of relative stabilization. Due to the interaction of a number of favorable circumstances, Russia's economic decline has come to a halt, and during the last two years it has even registered some economic growth. The political situation has also calmed down.

Among commentators and policymakers, opinion is divided on whether the above-mentioned stabilization reflects fundamental (qualitative) changes in Russian society and thus lays a foundation for undisturbed future development, or whether it is the result of a combination of factors that will expire over time and open up room for a new crisis. The analysis presented in this chapter tends toward the latter point of view, and holds that the stabilization of Russian society is only temporary.

Russia limps behind the developed world both in absolute figures and, more importantly, in the rate of development. Russia is grievously behind in the quality of production, services, and quality of life. Even if the

Russian government were successful in combating the day-to-day problems, it would be difficult to imagine how they would cope with the challenges of the future. The Russian social system is inadequate[2] and thus unable to meet the demands of the beginning of the third millennium. Russian society is mismanaged, and its wealth and human potential are wasted without sufficient returns.

To lead a society successfully today requires that it be managed in a systematic and transparent way. Success can result from the implementation of a management system that is designed to continually improve performance by addressing the needs of all interested parties. However, this is not the case for Russia. The pseudo-democratic and pseudo-market nature of the Russian administration is not up to dealing effectively with today's problems and is even less prepared to face the challenges of the future.[3] The most probable scenario is that the country will continue to suffer from internal disorder, and sooner or later Russia will find itself up against a profound and multifaceted crisis.

Russia's economy is growing for the third consecutive year. Industrial production and wages are up, while inflation is down.[4] Russia's trade surplus is huge and Central Bank reserves exceeded U.S.$36 billion. The government's legislative agenda is impressive.[5] The Duma adopted the second part of the Tax Code, a very important step that may become a landmark in the process of the economic transformation. The strong limitations placed on the number and type of taxes imposed on the various levels of government should clear the Russian tax system, which is still plagued by an excessive number of continually changing tax rates, regulations, exemptions, and local interpretations.

Alongside these positive factors, many negative factors that weakened the Russian economy throughout the 1990s remain in force. Price distortion supporting energy-intensive manufacturing persists. Although investment activity has increased to some extent,[6] it has still not reached a level reflecting the simple reproduction of industrial capacity.[7] The reconstruction of Russia's commercial banking sector remains a major challenge for the Central Bank and the government. Corruption and capital flight, along with the close connection between the economy and politics, have crippled the entire Russian economy.[8]

Stabilization is based mainly on two factors. The first and less significant factor has been imports substituting for industrial growth, which is induced by the weak (undervalued) ruble. The second and decisive factor is export revenue caused by historically high prices that are unprecedented on the whole spectrum of energy and raw materials exported from Russia.[9] It is hard to deny that both factors will sooner or later fade away.[10] In fact, recent statistics have suggested that Russian economic growth is slowing, partly because inflation has begun biting into the competitiveness of industry.[11]

There is no need to dispute that the Russian political system under President Boris Yeltsin was ineffective and contributed to the paralysis of the country. However, the new president dramatically reshaped the power structure in Russia and created a top-down model of governance. He has not broken the constitutional framework, but his changes are enormous—executive power dominates absolutely; the Council of Federation (upper chamber of the Russian parliament) was dissolved; the Duma (lower chamber) works as a rubber stamp; the independence of the courts is restricted;[12] local authorities are more submissive; and freedom of the press is far more limited than it was three years ago.

The authoritarian policies of President Vladimir Putin respond to the desire of many Russians for a stronger state, order, and cohesiveness in public life. His durable popularity stems from this "authoritarianism" buttressed by his very effective public relations.

The electorate is disappointed both with the ideas of democratic reform and the tenets of socialism (communism). This ideological stalemate opens the door for the accession of a non-ideological state authoritarianism. The top leaders of the political and economic elite have taken advantage of their de facto control over the electronic media and actively manipulate the mood of the majority of the electorate. Although elections are supposed to adhere to a series of democratic rules, unequal access to the media, finance, and different forms of state support create a de facto inequality of opportunity. It fictionalizes the results of the contest and deforms the nominally democratic process into a mere caricature.

Image makers, sociologists, and media advisers are working strenuously in Russia and are effectively manipulating the average Russian voter as a result. The last two presidential campaigns provide excellent examples of this effectiveness. In 1996, Boris Yeltsin won despite a dismal approval rating of around 5 percent only five months before the election. In the year 2000, Vladimir Putin was the victor, even though only one year earlier he was unknown to the population.

This situation completely conforms to the Russian tradition of a strong state holding the masses in passivity and provides the political and administrative elites with a secure career and a privileged position. For a large part of the Russian elite, it is thus very attractive to try to limit reforms in a way that would not threaten their comfortable status quo.[13]

The development of both of the basic parameters—the economic situation and the internal political developments—can move within a relatively wide spectrum. Thus, the political and economic outlook ranges from Russia dealing with its problems and becoming a democratic country with a developed market economy, all the way to an economically devastated Russia breaking apart into several smaller entities based on territorial or cultural (religious) proximity. The following are three possible scenarios.

The Miracle. Pursuing democratic and economic reforms, launching sustainable growth, and gradually catching up to the pace of development of the advanced world will all lead to the creation of an advanced and democratic Russia. Such a Russia will gradually reconcile itself with its post-imperial legacy and step-by-step will become an integrative core for the former Soviet republics. The probability of further territorial divisions in Russia is very slight, the armed forces are under reliable civilian control, and foreign policy is founded upon broad social consensus. Thus, Russia will stop being a source of instability.

The Stumble. An authoritative regime and an ineffective economy nevertheless ensure the ruling elite a sufficiently comfortable lifestyle. This phase is the transition variant between the Miracle and the Crisis. Depending on the favorability of external conditions and other random factors, Russia could swing between the two following variants: 1) an economically stabilized Russia with an authoritative government taking advantage of democratic attributes; or 2) an economically weak Russia with a weak central government. The first choice, an economically stabilized Russia with an authoritative government taking advantage of democratic attributes, is most likely the aim of the present ruling elite in Russia. The economy widely exploits Russia's potential in the realm of raw materials. The foreign trade balance is heavily dependent on price fluctuations in the global commodity markets. The standard of living of the population falls ever farther behind the advanced world. The social division follows the model of a very exclusive and wealthy elite and a relatively small middle class, from which new members of the elite are occasionally recruited. The vast majority of the population has a very low standard of living and negligible influence in public life. The results of elections are decided by the degree of influence of the state-controlled electronic media and financial groups linked with the government. Government retains the capability to falsify results of elections. The influence of the regions is marginal as power is concentrated in Moscow and in a few other cities.

The second choice is an economically weak Russia with a weak central government. Decisive influence is in the hands of political-financial groups and regional elites, which is the model of the 1990s. The stability of Russia, as a united state, is threatened by the greed of interest groups. Regional elites capitalize on their own interests under the political banner of regionalism and resistance against "parasitic" Moscow. Political-financial groups living as parasites off of the central power often use the rhetoric of Greater Russian chauvinism and anti-Westernism. Such a model could likely take effect if the present government's economic model proves ineffective (i.e., after the fall of the presently high prices for commodities on the world markets).

The Crisis. The increasing regression of Russia behind the advanced world raises tension both inside Russian society and in external relations. A fall in the global prices of commodities, a military defeat in the Caucasus, an extensive technological catastrophe, the effect of an external economic crisis, or any other more or less random occurrence could cause a breakdown in the unstable system, which could result in a chain-reaction crisis. If the government is not capable of stabilizing the situation, Russia will first economically, and then formally, disintegrate into several different parts.

The West has to reconcile itself with the unpleasant fact that, after ten years of reform, one-seventh of the world is still very far from the model of democracy and market economics achieved in the advanced countries. But does this mean that the West has lost Russia? Definitely not. The West has not lost Russia, because it never had Russia. The beautiful vision of Russia throwing off its totalitarian ways and integrating among the democratic and advanced countries was simply a mistake, an illusion, a fata morgana.

All of the Western countries, including the United States, have looked upon Russia with a good bit of naiveté and an unwillingness to be rational.[14] The developed world has shown an ability to see what it wants to see in Russia and to overlook anything that would ruin its beautiful picture of a country transforming itself. The West was prepared to accept President Yeltsin in the role of fervent defender of democracy even though he had dissolved the legitimate parliament and carried out genocide upon one of the nations of his own country. The case of President Putin is quite similar. Once again we override embarrassing facts. For example, it was Putin who returned Russia to the path of Chechen war. It is Putin who is backing the return of the FSB (the former KGB) and who is limiting freedom of the press.

Time and time again, plans and intentions have diverged from reality. However, the world has demonstrated an extraordinary ability to believe Russian announcements and ignore the Russian reality.[15] The Russian leadership has been granted undeserved trust repeatedly. It can fulfill the West's expectations to about the same extent that it can pay back all of its previous financial loans.

The United States should realize the fundamental cultural disparity between itself and Russia. Russia is in another period of modernization.[16] Russia is under pressure to accept core Western institutions, values, habits, and attitudes. Naturally, these institutions are modified by the society in which they are placed, as they are influenced by modern and traditional elements. Nominally, they are the same as in the core countries, but in fact their functioning is different. This is why the internal logic of social, political, and economic life in Russia and in the West is dissimilar.[17]

Many observers emphasize the "strange" behavior of Russia's masses and their attitude toward the government. They reject the Western model of life, but do not want to lose political and economic freedoms. They accept

the idea of a market economy but are in favor of regulations on prices and income levels. They see the United States as an enemy, yet they like Americans. They look to the communist past as a Golden Age, but do not advocate its return. Almost all Russians despise Yeltsin, yet they support Putin, who is Yeltsin's chosen successor. These contradictions are hardly explained by classical sociological models. Sociologist Vladimir Shlapentokh uses three different models for describing the Russian masses.[18] The first model suggests that post-Soviet Russians have extremely eclectic minds that border on schizophrenia. The second model describes Russians as uncivilized people who are unable to live under democracy and whose opinions have no value for those who are trying to build a normal society. Though the basic data used to support these models cannot be disputed, both models are problematic. It is not possible to work with a model that describes some nations as schizophrenic or lazy drunkards and thieves. This is why the third model, working with the rational behavior of the masses in a concrete historical context, is needed.

Understanding the historical context and cultural disparity enables us to comprehend the differences in the social contract between the government and people in Russia and in the West. Western governments are supposed to do something positive for their citizens. The Russian citizen fears that his government will harm his life or well-being and is quite content to have his government leave him alone. This is why Russians are so patient with their irresponsible elites and governments.

As was discussed above, Russian institutions may have a different content and words may have different meanings than in the Anglo-Saxon world. When dealing with Russia one should constantly compare every piece of information and confirm every word. Otherwise, even an astute analyst will be probably misled.

RUSSIAN MODERNIZATION

Efforts to catch up with the modernization spreading from the West are a permanent feature of Russian history since the end of the seventeenth century. Like many other nations, Russia has been responding to the assertiveness of modernization with a mixture of ambition, anger, and horror at the possibility of losing the values that it has grown accustomed to over the course of centuries.[19] The problem is that the Russian elite was never united in its attitude toward modernization. Russia was not able to activate the necessary mechanisms—neither in the social structure, nor in cultural tradition—that could have provided the basis for a rapid industrial leap. Repeated steps backward postponed Russia's modernization. During the period of the industrial revolution Russia was still handling problems of the Renaissance. The Russians have been working to solve the challenges of

industrialization throughout the course of the twentieth century, but in some ways have still not completed the task.

Similar situations have been observed during the ten years following the collapse of the Soviet Union. Once more in its history, Russia came up against the challenge of modernization. And once again, the Russian elite did not succeed in the correct implementation of foreign patterns. The Russians were given political freedom, but it did not change them into citizens in the Western sense. Despite the fact that the Ministry of Justice has registered almost 238,000 nongovernmental organizations, the institutions of civil society are very weak and vulnerable.

More than 70 percent of Russia's economy is in private hands, but this does not mean that companies are managed in a systematic and transparent way. Also, it does not mean that the influence of bureaucracy has diminished. The golden rule of Russian bureaucracy, formulated more than 150 years ago by Count Speranskyi, is still in use: "No one state decision should be formulated in a way allowing its implementation without participation of bureaucracy."[20] For example, an ordinary Russian company is inspected almost daily by one of the sixty-seven different Russian government agencies that regulate businesses. However, the real interest of these agencies lies in extorting bribes. Their ubiquitous interference has limited the number of legally registered enterprises to just one per fifty-five persons, whereas Western countries have about one per every ten persons.[21] No wonder present-day Russia is incapable of coping with the challenges of globalization.[22]

The Russian government and the Russian people are combating everyday problems. They are fighting floods and fires, unemployment and corruption, disasters and diseases. They do their best, but the results are poor. This is not only due to mismanagement on the government level. The authoritarian management style at the level of enterprises also has a pernicious effect.[23]

The only remedy for Russia is a comprehensive reformation of its political system and economy. Although the success of reform is primarily in the interest of the Russian people and government, prospective Russian achievements might be important for other states as well. The advancement of the Russian economy can contribute to global growth. Failure can hit some weaker states in the Russian neighborhood. Crises or even the collapse of the Russian state may lead to the eruption of different threats—from military and security perils to ecological, economic, and humanitarian hazards.

The developed countries are fully aware of the hopes and threats arising from Russian reforms. The United States and other G-8 members are doing their best to help Russia cope with its enormous problems and prevent most danger risks.

RUSSIAN FOREIGN POLICY

Two main tasks lie before Russian foreign policymakers. The first is to preserve as much as possible of the superpower status inherited by Russia from the former Soviet Union. The second task is to contribute to the creation of the most favorable possible conditions for the stabilization and further development of Russia. These tasks are sometimes in conflict.

The current international situation gives Moscow time to concentrate on domestic problems because Russia does not face any significant threat from abroad. Other countries in deep crisis and in need of reformation, e.g., post–World War II Germany and Japan, successfully tested this kind of "silent" foreign policy. Unfortunately, it looks like such foreign policy is not attractive for Russia's leadership. Permanent and visible efforts to keep at least some elements of superpower status may lead Russia down the path toward confrontation with the West. Such a threat is strengthened by the practice of deciding significant issues within a small circle of advisers around the president, which opens the door to some subjective and poorly thought out decisions.

Moscow is trying to counterbalance its deficiencies in its relations with the advanced countries by strengthening its cooperation with a number of other, often problematic states. The concept of a multipolar world places more emphasis upon their technological and arms capacities. Through this cooperation, Russia accomplishes two goals: it improves its balance of trade and also adds to the dispersal of sources for military and security threats, as well as potential targets for missions by the United States and other advanced countries.

Russia's multipolar world policy is one of the factors reducing the effectiveness of the bans on proliferating weapons of mass destruction and their delivery systems. Even though this does not necessarily mean direct sales to rogue states, such actions as cooperating with Iran contribute to a relativization of the nonproliferation regime.

U.S.-Russian relations are obviously dependent on the positions and behavior of both subjects. The United States is the stronger partner; however, it is a democratic, transparent society. Moreover, U.S. foreign policy tends to be similar: stable, rational, and predictable. Even if we take into account the differences between the rotating Washington administrations, we can observe that all U.S. governments are aware of the importance to cooperate with and help Russia to become a democratic country with an efficient market economy, as well as a constructive member of the international community and not a threatening pariah. It corresponds with a stable and permanently positive attitude toward Russia. Such an attitude is only partly reciprocated by Moscow.

Russia's government understands that it depends on good relations with developed countries, investment inflow, and access to cheap loans. The

problem is that, simultaneously with cooperative steps, Russia is playing with a card of confrontation. Consequences of their own weaknesses and unwise deeds are often presented as a result of a machination of external powers. The factor of irrationality in Russia's internal development and foreign policymaking process induces the paradoxical fact that the quality of bilateral relations is influenced more by Russian instability than American reliability.[24]

The Russians have more motives to resist National Missile Defense (NMD) than they normally admit in public statements. Russia is conscious of the economic, technological, and scientific backwardness that keeps it behind the United States. Russia still has enormous potential in missile and weapon related technologies. Yet it is quite difficult to imagine that Russia will be able to develop and deploy her own NMD. If the United States succeeds in deploying NMD, it will be a heavy blow for Russia's ability to keep a credible nuclear deterrent and in turn a blow to what is left of its superpower status.

Russia is evidently unable to adopt another possible response to NMD—an expansion of her nuclear arsenal. Even in the area of existing nuclear missiles and warheads, Moscow probably will not be capable of maintaining a strategic balance with the United States. It is difficult to estimate exactly how many nuclear warheads and missiles the Russian economy can afford. Some analysts claim that it is even less than the potential limit of 1,200 warheads which shall be, according to preliminary information, established in the future third Strategic Arms Reduction Treaty.

The last development in Russia's position toward NMD shows that President Putin has tried to exchange his consent with NMD for the further lessening of warhead limits, in order to keep strategic balance with the United States. If that is true, it might be understood as a demonstration of common sense by Russian leadership. It is still questionable whether NMD will be successfully deployed. The whole business may fail during tests, or it may be buried in the U.S. Senate. Even if deployed, it will take a long time to significantly reduce Russia's nuclear deterrent. And during this time Moscow will be able to enjoy a strategic nuclear balance with Washington.

The second reason for resistance to the U.S. administration's plans is the attempt to make political use of NMD. Moscow may be hoping that the discussion surrounding missile defense will exacerbate the security discrepancy between the United States and the European Union. The same holds true for the expansion of NATO, concerning which the Kremlin hopes to make a security-related tradeoff.

Finally, there are even more possibilities for tradeoffs related to NMD. Russia may try to work out a financial or technological deal, or negotiate a way to gain access to the American (European) market with armaments.

THE ANTITERRORIST OFFENSIVE AND RUSSIAN FOREIGN POLICY

The terrorist attacks on September 11, 2001, changed many countries' viewpoints on many questions, including international relations and security affairs. The need for joint efforts in the civilized world to combat terrorism has changed relations between many countries. One of the most significant shifts has taken place in the relationship between the United States and Russia. Moscow can provide substantial assistance in an international effort to capture Osama bin Laden, to destroy the capacity of his organization to spread terror, and in the long run to diminish the influence of terrorism as a factor in international relations.

There are two principal questions. The first is whether Russia is really prepared for full-fledged cooperation with the West. The second is the price of such cooperation. Russian participation in an antiterrorist offensive, together with only moderate demands in return, might be a substantial indication of Russian preparedness to become a reliable partner of the West. It is exam time and we can only hope that Russia will not fail. From the very beginning Moscow has been trying to capitalize on the new situation for its own interests.

On the basis of the mass media's analysis and information,[25] we can draw a preliminary sketch of Russia's attitude toward the antiterrorist offensive. In general, Russia has tried to slip its war against the Chechen separatists into the international antiterrorist agenda. A chronological analysis shows that on September 21, President Putin offered cooperation in five areas: active cooperation among intelligence agencies, the opening of Russian airspace for humanitarian missions, agreement with Central Asian allies on flyovers, participation in search and rescue operations, and expanded cooperation with Afghanistan's Northern Alliance. The same day he requested a quid pro quo for such moderate cooperation when, in an interview with the German TV network ARD, he said that Moscow continues to view Washington's withdrawal from the 1972 Anti-Ballistic Missile (ABM) Treaty as an "erroneous" step, because "the present international security system is based to a considerable degree on the 1972 ABM Treaty." He said that the current situation in the world suggests that all parties should be careful about doing anything that might undermine the existing arrangements.

According to information from September 24–25, Russia had denied open airspace for U.S. military flights (except humanitarian flights) first and pretended to have agreed on such a position with its Central Asian allies. However, the presidents of Kazakhstan and Kyrgyzstan offered to open their airspace for the needs of U.S. military on those same dates. Also on September 25, Russian defense minister Sergei Ivanov said that Moscow had agreed to allow U.S. forces to use a Russian air base near Dushanbe to conduct retaliatory strikes. With Russia having lost control over its Central

Asian allies, Ivanov made an offer to open Russian airspace to American and allied aviation for any attacks on Afghanistan on September 26. The same day, President Putin said that the North Atlantic Treaty Organization (NATO) should admit Russia as a full member.

Russian behavior up to mid-October shows that Moscow has chosen a step-by-step approach, searching for more benefits by holding out the carrot of providing assistance to the Western antiterrorist offensive. However, Russia's payback demands are considerable: In addition to predictable efforts to defend the ABM Treaty and thus block U.S. plans for NMD, Russia asked to join NATO. This is a more serious threat to NATO than Russia's traditional resistance to the plans of NATO enlargement. Russia's ambition to become a NATO member without substantive internal changes is absurd. Moreover, Russia is demanding to alter NATO by reducing its military component. Such a NATO would be a weaker version of the Organization for Security and Cooperation in Europe (OSCE). If Russia, in its present form, gains membership in NATO, it would threaten the effectiveness of the only operational military structure that can provide security for the Northern Hemisphere and abroad.

One may ask what is wrong with giving Russia a larger role in security policy? The answer is quite short: keeping in mind both Russia's level of reliability and the possible consequences of Russian participation, the conclusion is that Russia already has too large a role in European security. We all know very well that Russia is not the Soviet Union. We also know that the Cold War is over. But Russia has not changed much from Soviet times. It might be useful to reexamine the Russian role in European security policy over the course of the 1990s. What did Russia do in the so-called Transdniester Republic? How much did Russia help to solve the Abkhazian-Georgian conflict? Why are Armenia and Azerbaijan still on the edge of war? What was the Russian position toward conflicts in Bosnia and Kosovo? We should not forget that if Russia had its wish, there would be no NATO presence in the Balkans and the whole region would continue to suffer from war.

Doubts about Russian reliability are extremely significant with regard to possible Russian membership in the NATO alliance. The Russia of the last decade, with its many burdens—such as the Chechen war, an insufficiently developed civil society, the authoritarian character of its ruling regime, and its Cold War stubbornness in security affairs—is not an acceptable member. The situation would be quite different if we could consider a democratic Russia with a proven record of pro-Western commitments and a strong civil society. These features would indicate that Russia had changed significantly and could be considered as a NATO ally. In fact, the integration of Russia into the Western security architecture is the best possible scenario for the West as well as for Russia itself. But once again, the sine qua non is a thorough, trustworthy transformation in Russia, not an expedient political decision by the governments of the NATO member states.

RUSSIA, THE UNITED STATES, AND EASTERN AND CENTRAL EUROPE

As regards the dependence of the region of Eastern and Central Europe (ECE) on Russia, the countries can be broken into three distinct groups.[26] We can observe several currents in U.S. policy vis-à-vis Russia that would be similarly welcome, or more likely unwelcome, in the entire region.

Any sort of return to the politics of spheres of influence[27] would have a devastating impact on the Baltic states and on the states of the Commonwealth of Independent States (CIS). In Russian policy, even in times of weakness, there have been very evident traces of the former imperialistic stances from the days of the Soviet Union. In periods of relative stability, Moscow becomes more interested in asserting Russian dominance over the territory of the former Soviet Union. Russia maintains military bases or border guard divisions in most of the CIS countries. Should the Baltic and CIS states lose their potential for counterbalancing Russian influence through developing relations with the West, it could dangerously strengthen nationalist circles in Russia.

Weaker, but still negative, effects can also be traced to the policy of endlessly providing Russian leadership with carte blanche. The slogan that the Russian president is doing well no matter what he does, because the communists would be even worse, is not correct. First of all, the prospect of a communist return to power is quite fanciful. Furthermore, the "democratic" Russian government has already committed enough mistakes and atrocities to be treated firmly. Examples include the first and second Chechen war, Russian peacekeeping "efforts" that have not resolved any conflicts, or Russian pressure on Central Asian CIS countries in the context of development of Caspian Basin gas and oil resources. In fact, this is an old disparity between the West and the ECE countries in assessing Russian behavior and intentions. ECE and CIS nations traditionally think that Western policy toward Russia is either naive or cynical.[28] In light of the abovementioned arguments, one can understand why.

Tighter coordination of U.S. policy vis-à-vis Russia with the policy of the European Union (EU) would be very desirable. However, this definitely would not be easy for two reasons. First, the policies of the European Union and its member states are often internally disputed. Second, EU and U.S. relations with Russia differ naturally. The European Union is by far the most important economic partner of Russia, but in the political and security areas the main partner for Russia is the United States.

The same dichotomy applies to the central and east European countries. In the sense of economy, they are more interested in cooperation with the European Union. In the sense of security, their main partner is the United States. Thus, in regard to Russia, the countries of Eastern and Central

Europe should not be forced to choose between their relations with the United States and the European Union.

With regard to Russia, it makes no sense to give Moscow a chance to exploit any disparity between the United States and Europe. For example, within the Czech Republic there are two quite distinct schools of thought. President Vaclav Havel represents the first school, which views the possibility of cooperation with Russia quite realistically and strongly supports the right of all states to freely choose their own methods of guaranteeing their own security.[29] However, the Czech Social-Democratic government seems to be much more sensitive to Russian arguments. This group places higher value on the prospects of developing economic[30] and other relations with Russia than does the president. It could even appear that the government is willing to restrict criticism of human rights abuses in Russia in the interest of strengthening economic cooperation (just as it does in relation to China).

DEALING WITH RUSSIA

Overall, the basic world trend today is to try to link and make use of the potential of all countries and regions. However, this does not only mean the potential offered by raw materials. What is special about the current stage of modernization is an effort to make use of human potential. From the point of view of a globalized economy, it is irrational to avoid any country with exploitable potential. And it is quite dangerous to let any country fall into disarray, thereby threatening the safety and well-being of other states. Russia is a very important country in both aforementioned aspects. It has enormous potential for participating in global growth, and equally important potential to menace. It is in the common interest of the West (or the developed world) to help Russia become an integrated part of international society.[31] The United States, as the only remaining superpower, has a special responsibility in this long-lasting and perhaps tedious process.

Despite Russia's unique character, it is quite clear where its path should lead. There is no solution to Russia's problems other than to become an integrated part of the international community of developed countries. It is Russia's responsibility to reach this goal. The West may be helpful, but it is Russia's task, not ours. The problem is that sometimes one must doubt whether the Russian government and Russian elites are aware of this basic fact. It is an old question of how to treat a sick Russia that does not take adequate care of itself and behaves like a hysterical and rather spoiled patient shifting responsibility for its health into the hands of its doctors.

The United States and other Western countries understand the Russian situation and their responsibility very well. Russia has been treated fairly

after the collapse of the Soviet Union. The international environment has been favorable. Western governments and international organizations, as well as private companies, have invested heavily (in a direct and indirect sense). It is not the West's fault that these contributions have been weakened and devalued time and time again by muddled economic, legal, and political rule in Russia. It is a common experience of the West for cooperation with Russia to occasionally mutate into one-sided assistance in the name of achieving specific goals.[32]

There are two main areas of cooperation between the United States and Russia. The first deals with the lessening of threats and risks. The second is concentrated on Russia's potential to participate in global growth. Both areas are important, and there is even an effect of synergy between them. Nevertheless, the aforementioned areas have different levels of urgency for Russia and for the developed world.

Development of Russian economic relations with the West is always welcome. However, from the point of view of developed countries, the potential profit to be derived from economic cooperation is marginal. U.S.-Russian trade is about U.S.$3 billion to $5 billion per year. The abovementioned "peace dividend" amounts to hundreds of billions of U.S. dollars per year. Moreover the realization of one or more threats or risks that derive, or could derive, from the state of Russian affairs or from faulty policy of the Russian government may have a real and negative impact on the well-being of the developed nations.

Russia's relations with the United States and other advanced countries are just the opposite. None of the advanced countries comprises any sort of direct threat to Russia. Surely Russia is threatened by the prospect of further setbacks in international relations and the prospect of getting left further behind the advanced world. These prospects, however, are not caused by any bad will on the part of the West. Rather, they are caused by Russia's inability to keep up with the pace of development in the advanced world. And Russia is well aware that it can only overcome its backwardness with the help of the United States and the other countries of the West. Only with the help of the advanced world will Russia be able to modernize its economy and escape the vicious circle of de-industrialization.

Numerous Risks. The spectrum of risks currently or potentially threatening the outside world is relatively wide. While more distant countries are primarily interested in military and security problems, Russia's closer neighbors are also troubled by ecological, economic, and humanitarian hazards. Serious threats to the central European region include a possible mass wave of emigration; a chemical, biological, or nuclear sort of technological catastrophe; or a major reduction of Russia's capacity to export oil and natural gas. Along with other states we also share concerns about the possibility of a random military incident, the loss of control over a weapon of

mass destruction, or the illegal transfer of arms or weapon technology. Some of these even consist of combined threats (for example, the widespread contamination of residential territory could spark a wave of emigration).[33] Also troubling is the growing presence of Russian-speaking criminal groups.

In considering the issue of the appropriateness of assistance to Russia, there are two basic groups. The first adheres to the idea of "Help Russia now or face the consequences later." The other group claims the contrary, namely that assisting Russia is, at best, simply throwing money out the window and, at worst, helping Russia to fortify its army and increasing the potential threat to the United States (and other countries).

One can understand the opponents to widespread aid to Russia. We truly should expect Russia to take more responsibility and to make efforts to resolve problems that are mainly threats to Russia itself and only secondary threats to the outside world. It is also quite natural to say that the Russian government should first invest in the environment, combat AIDS, or liquidate its old weapons systems before spending money on new systems.

But we should be very clear on one matter. Russia's elite is not much interested in the fate of common people. The elite live in Moscow or in other large cities like St. Petersburg. They travel to Europe or to the United States, not to Severodvinsk. Corroded reactors in arctic ports are far away for them; such problems are not a part of their world. All problems having to do with obsolete weapons, lack of finances, and growing risks will never force the Russian government to concentrate its efforts on effective problem solving. Not even dozens of deteriorating submarine reactors floating in its harbors will deter the Kremlin from investing its limited resources in the construction of new submarines (like the *Kursk*).

If the advanced world wants to eliminate risks related to Russian weapons of mass destruction, the international community will have to provide the lion's share of the financing for the liquidation of these hazardous materials alone. In this area, it is probably not worth trying to scrimp on spending, because proper investment will reduce the threat to the security of the entire world, according to the risk equation.[34]

Security Issues. While the classic security threats (arising from the possibility that an armed conflict will erupt) are constantly weakening, new security risks are appearing to take their place. The first category is connected with the danger of unauthorized use or illegal sale of weapons of mass destruction and the related technology. The second category surrounds the issues involved in the safe dismantling of obsolete arms and materials.

It appears that the rise of President Putin's government has somewhat lowered the degree of chaos in Russia and also the probability of such risks as the unauthorized sale of weapons of mass destruction to irresponsible states or criminal groups.

The risks involved in the liquidation of arms and materials are a much more realistic danger today. The fundamental problem is based on Russia's inability to live up to the legacy of the Soviet armed forces. The physical aging of weapons systems, together with the commitments arising from the disarmament agreements and initiatives, place great financial, organizational, and material demands on Russia in relation to the safe liquidation of arms and materials. This includes both the nuclear area and chemical weapons.

Russia's modest budget lacks the funds needed to fulfill all these commitments. Furthermore, the management of the armed forces and companies connected with the dismantling of weapons of mass destruction is far from optimal. Thus, Western assistance in eliminating these risks is absolutely essential.

The advanced world is aware of this, and much has been done in the security field in recent years. But the results of the joint efforts of Russia and the advanced countries are still insufficient. For the future it will be deemed necessary to continue some individual activities and possibly expand them, while focusing on the factors that have been limiting their effectiveness. One example is the Cooperative Threat Reduction Program initiated by U.S. Senators Sam Nunn (D-Ga.) and Richard Lugar (R-Ind.) in 1993. This program was designed to help Russia and other countries of the former Soviet Union destroy nuclear, chemical, and biological weapons of mass destruction and associated infrastructure, and establish verifiable safeguards against the proliferation of those weapons. Since its inception, the program has substantially reduced the threat posed by weapons of mass destruction by helping to better account for weapons previously aimed at the United States and reduce their delivery systems.

Another question has to do with financial efficiency. During the realization of the program, several factors appeared that reduced the overall effectiveness of U.S. assistance. One of the problems was that the United States did not provide financial assistance in cash, but rather in the form of equipment produced in the United States and transported by American ships. In many cases, the same equipment could have been produced in Russia at a much lower price. The money saved could have been directed toward, for example, financing the use of the dismantled equipment, which was often left idle due to internal Russian problems with financing.

On the other hand, the emphasis placed on quick progress in deactivating missile compartments highlighted the problems involved in dismantling reactors and even entire submarines. That is why there are dozens of Russian submarines floating (or sunken) in ports with missile compartments cut out and a reactor still on board. Similarly unresolved is the problem of liquidating the solid and liquid radioactive waste arising from the dismantling of submarines.

Russian also faces problems in meeting their commitments in the area of chemical disarmament. Moscow inherited 40,000 tons of chemical weapons from the Soviet Union and committed itself to getting rid of them by 2009. The first stage was in 2000, when Russia was required to dispose of one percent of its stock. It did not meet this commitment and asked for it to be postponed until 2001, just as it asked for the final deadline to be moved from 2009 to 2012. In the area of chemical weapons as well, the problems related to lack of funds mix with the consequences of mismanagement.

In the spring of 2000, in a scientific institute under Moscow, a laboratory for perfecting techniques used in the liquidation of chemical weapons was ceremoniously opened. The facility was constructed at an expense of U.S.$21 million, provided by the United States and Russia. By May 2001, however, the laboratory was still not operational—partly due to unexpected construction problems and partly due to the expected problem of financing its services.

The total cost of disposing of Russia's chemical weapons supplies is estimated to be U.S.$7 billion to $8 billion. Russia claims that it is capable of freeing up only a small fraction of this sum from its budget. Although Western donors justifiably question why Russia is not willing to dedicate more substantial sums to disposing of weapons that pose a great risk to Russia and its citizens, the fact remains that if the West wants to get rid of the Russian chemical arsenal it will have to pay for it.

The Western allies are well aware of this. At present, along with the United States, which is providing the largest financial contribution, Canada, the European Union, Finland, Germany, Italy, the Netherlands, Norway, and Sweden have also decided to share the costs of eliminating Russia's chemical weapons.

International Cooperation. Although generous assistance is needed in the field of risk and crisis prevention, this does not mean it makes no sense to cooperate with Russia in other areas. Despite its backwardness, Russia is a very attractive market of 146 million consumers. Its vast territory and natural resources could become a significant factor in the global economy. It is therefore in the common interest of the developed countries to integrate Russia into the advanced world.

Strengthening economic and commercial ties should provide a stable element in Russian-American bilateral relations. High-level government support is essential for further reducing risks that threaten private sector investments. We can already see some positive examples of changes in Russia influenced by the positive engagement of Western governments and business circles (e.g., the adoption of two parts of the tax code). But there are still many problems where Western engagement may be very helpful, including inconsistent and arbitrary application of tax laws, currency con-

trol laws, complicated and unclear custom procedures, investor protection, and intellectual property rights violations.[35]

Many of these questions might be part of the negotiations on Russian accession to the World Trade Organization (WTO). The Russian government has already identified membership in the WTO as one of its top priorities. The U.S. government should support Russia's aspirations and transform this long-lasting process into an important element of U.S. engagement.[36]

Another chance for strengthening economic ties might be the expansion of microcredit programs to support small and micro businesses. It would be natural to coordinate the U.S. position with that of other important members, especially the European Union and Japan. A partnership between Russia and the European Union also has a lot of potential to change Russia's economy.

Programs of cooperation should also be targeted toward the development of nongovernmental organizations and the human sector. The Russian social system is so poor that any form of cooperation and assistance would be helpful. The U.S. government, as well as private agencies, may address problems like the spread of infectious diseases (tuberculosis, AIDS, etc.).

Another important goal for the future of Russia and U.S.-Russian relations is investment in educational activities. It is obvious that the new generation of Russian elites may support more pro-Western changes. It would therefore be advantageous to help Russia's elites to gain Western-style education and experience with life in the United States.

The end of 1990 was a time of disillusionment with democracy and a return to Soviet-style culture in Russia. More important are the activities of such human rights groups as the Helsinki Group or Committee of Soldiers' Mothers of Russia. These people are often subjected to harassment from official circles. It would be good if these groups did not experience problems in financing their activities.

It is not clear how to support democracy on Russia's domestic scene. There are few democratic parties with real influence in the Russian political system except perhaps for the Yabloko Party. And even Yabloko would be terrified to be considered a pro-American party. Thus, possible assistance should be indirect and prudent. It might be targeted to support the free media, organizations for youth, or to support nongovernmental organizations advocating democracy and liberties in general but not the United States or the West. In addition, there are opportunities to exploit official "twinning" programs of cities and institutions and to invite U.S. officials from middle management levels. Despite all precautions, direct assistance will remain an easy target for anti-Western circles.

The Russian government has already demonstrated an amazing ability not to make good use of an entire series of loans and assistance provided during the 1990s. Therefore, Russia's partners should think about how they

can contribute to Russia's development: to the promotion of democracy and market economy in a country with such deep nondemocratic roots and with such a degree of mistrust toward foreigners in general, and the West in particular. It was explained above that such mistrust is in some way natural. However, mistrust can be seen in developing countries throughout the world, all of which are trying to catch up with the latest wave of modernization.

Another argument in favor of cooperation is the fact that without Western assistance Russia will probably remain a source of instability and risk for a long time to come. The form and urgency of these risks will change as individual development scenarios are realized. One very troubling possibility is the risk that the Russian state will continue to deteriorate. That would have a number of unpleasant consequences, such as weakening of Russian fuel exports and the end of geopolitical control over the vast lands of Siberia and the northern Caucasus.

In fact, there are numerous areas in which Moscow's influence has already been weakened. Obsolete railway infrastructure and high transport tariffs played a role in the weakening of Russia's economic ties with many Siberian and Far Eastern provinces. There have also been significant demographic changes. The total population of Russia's Far East decreased during the 1990s from 8.1 million to 7.4 million inhabitants (8.6 percent).[37] Demographic pressure from the Chinese side is enormous. The size and scope of illegal Chinese immigration to Russia's Far East is unknown, and estimates differ greatly. Extreme estimates go as far as 2 million Chinese illegally staying in Russia, of which 1 million are said to have settled in the Russian Far East.

Even if such estimates are exaggerated, the general tendency is quite clear: Russia is losing and China is gaining. And in the event that Russia weakens or even implodes, it is China that will gain. It appears that the West is ill prepared to face such challenges. Nonetheless, since Washington had the foresight to understand that China could grow into a rival of the United States, it should also have the imagination to envision the consequences of China's rule over Siberia or the Russian Far East.

CONCLUSIONS AND RECOMMENDATIONS

Russia is going through a difficult period. The end of twentieth century showed clearly that Russia is desperately behind in developing its society. After the collapse of the Soviet Union, Russia is seeking the best way to improve both its internal situation and international status. The developed world is looking toward Russia with a mixture of hopes and qualms.

The only good solution is for Russia to become an integrated part of the community of developed countries. The basic question is whether, and

how, the West can help Russia in this process. Examples of Russian inefficiency and mismanagement abound. But that does not mean cooperation with Russia should be terminated or emasculated. The process of accommodation and adaptation to Western standards can be only piecemeal. Western nations should be patient as well as demanding.

The U.S. government will face two basic problems in its relations with Russia. First, there is a principal cultural disparity between Russia and the United States. The Russian government's priorities are different than those of the Western governments. The suffering of Russian citizens is not reason enough to stop a Chechen war. Hazards and risks are not reason to concentrate efforts on the effective solution of the hundreds of problems that plague Russia. Unfortunately, it is not possible to solve all problems from the outside. The United States and other developed countries should concentrate on handling the problems that can be solved, such as military-security threats or environmental hazards that endanger Russia's neighbors or the global environment. There is no need to be frugal here. Second, in international affairs, the main task is to restrain imperialistic Russian nostalgia and at the same time not puncture Russian security fears. The problem is that the Russian understanding of international security is based on a zero-sum game approach. If somebody gains, Russians are sure that they are in the red. Such understanding of security is untenable not only in small Europe, but throughout the planet.

It is true that Russia is in the process of a complex transformation. However, the difference is that this process of transformation, with unclear social structures and unstable rules, should not be seen as a temporary phenomenon. According to all indicators, Russia's current state of disorder is a typical and natural characteristic of its development in the present era. The international community should accept the unpleasant fact that the process of reform in Russia will probably be very long and tedious. That does not mean it makes no sense to cooperate and assist Russia. In the case of success, profits might be high. In the case of failure, losses will be painful. The West should cooperate with Russia, but also should be conscious that the process is complex and knotty.[38]

There is a broad spectrum of threats and risks that can be addressed only on a governmental level. Cooperation can often take the form of simple unilateral Western aid. Despite this, it is proper and advantageous to help Russia in every way that might reduce global and transborder threats. Resources allocated to the dismantling and utilization of Russia's weapons of mass destruction should increase significantly. An inseparable part of cooperation should be the observation and scrutiny of Russian actions, the inspection of effectiveness, and an audit of financial flows according to the motto "trust but verify."

Governmental cooperation should not be focused only on risk-reducing issues. The engagement of the U.S. government can be helpful in solving

many of the economic and commercial relations problems. The U.S. government should be tough and should not give the Russian leadership any carte blanche in their activities of post-imperial nostalgia, like the semi-genocidal Chechen war. Such activities of the Russian government should be addressed by harsh criticism.

Russia is a sovereign country and it is not possible to judge and micromanage every twist and turn in Russia's reforms. Nevertheless, the U.S. administration should stress that the preservation of democracy is a basic condition for political and economic cooperation. Areas of cooperation and opposition should be tightly coordinated with the European Union and other allies to minimize the possibility that Moscow would be able to take advantage of mutual disputes.

The main emphasis should be placed on the nongovernmental sector to support the process of the pro-Western transformation of Russian society. It would be counterproductive to openly support some of the political parties, because to be labeled pro-American is deadly for any political party. It makes more sense to support institutions of the emerging citizen society. Very helpful can be support for human rights organizations, like the Committee of Soldiers' Mothers of Russia, the Helsinki Group, or Memorial. In general, what Russian society needs is greater access to information.

Most promising is support of students of all levels, especially in the social sciences. The goal should be to provide them with Western knowledge, but to keep them living and working in Russia. Support for a broader connection of schools and libraries on the Internet will result in a significant improvement.

Support for prodemocratic changes and the firm opposition to post-imperial nostalgia will help all ECE countries. For example, the general declaration that Russia has no right to veto the future enlargement of NATO should be supported not only by the integration of "unproblematic" countries like Slovakia into the alliance, but also by the integration of at least some of the Baltic states, such as Estonia. The enlargement of NATO will help the ECE region immediately and will help Russia in the future. Firm support for the independence of the Baltic states and Ukraine helps to promote security and stability in the ECE region.

A U.S. policy of taking Russian problems into consideration, evaluating Russian promises realistically, and fundamentally refusing any attempts at fixing so-called spheres of influence could make a significant contribution to the stabilization of the region.

However, although Russian participation in the antiterrorist offensive is very desirable, the West should be aware of the balance of Russian assets and rewards. Full-fledged cooperation with the West might be a first step on the long road toward Russian integration into the Western security system. Such an evolution would be the best possible scenario for the West as well as for Russia itself. But this would require profound reformation in

Russia. Unfortunately, current analysis of Russian behavior shows that Russia has chosen a step-by-step approach, providing very limited assistance and asking for immoderate concessions in return. In fact, Russia is still holding out the carrot in search of more benefits. Finally, Russia's joining NATO before realizing certain key reforms would inevitably lead to the paralysis of the only operational military structure that can provide security for the Northern Hemisphere and beyond.

NOTES

1. A classic example of such misunderstanding is the Russian approach to the enlargement of NATO.

2. Such assessment depends on the basis used for benchmarking. Russian social figures would be very good for Sierra Leone, but for a member of the G-8 the figures are quite poor. Forty percent of citizens live under the poverty line. Male life expectancy declined from 65.4 to 57.6 years between 1989 and 1994. Although there has been some improvement (60.8 years in 1997), the situation is still very poor. Incidence of infectious disease, alcohol and drug abuse, cancer and heart disease, as well as mortality on external causes, is on the rise. U.N. projections suggest that population decline will reach 28 percent in the next 50 years.

3. Problems connected with a dramatic increase in competition on the international market during the next decades are traditionally undervalued in international studies. According to trustworthy estimations, in each sector of industry and services only a handful of international companies will survive, which will cover a huge majority of world consumption of given products. Success of a company will depend on its ability to continually improve the level of quality. At present, Russian companies do not follow this general trend of quality management.

4. It is a relative observation. Inflation in the year 2000 reached 20 percent and almost the same figure is predicted for the year 2001.

5. A comprehensive list of legislative intentions includes tax reform, a new state budget, pension and social welfare reform, housing and utility subsidies, regulation of natural monopolies, property rights, bankruptcy legislation, privatization, and product-sharing agreement legislation can be found in: *Toward the Common Good: Building a New U.S.-Russian Relationship* (Washington, D.C.: East-West Institute, July 2001), p. 26.

6. As of January 2001, cumulative foreign direct investment (FDI) in Russia amounted to U.S.$16.1 billion. By comparison, Poland, as the most successful transition economy in central Europe, attracted an estimated U.S.$35.5 billion in FDI from 1991 through the end of 2000. Last year Poland enjoyed a record FDI of U.S.$9.3 billion, whereas the equivalent figure for Russia was U.S.$4.4 billion. *Ibid*.

7. Lack of investment remains critical even in the oil and gas industry. Russian oil production fell to less than 5.9 million barrels per day (mb/d) in 1999, down from 12 mb/d in the late 1980s. In 2000 it rebounded by 4.7 percent, following a 25 percent increase in investment in 1999 and doubling of total investment in 2000. Nevertheless, investments needed to keep Russian oil output increasing are estimated at some U.S.$140 billion during 2000–2020. Amy Myers Jaffe and Robert A. Manning, "Russia, Energy, and the West," *Survival*, vol. 2, no. 43 (Summer 2001), pp. 133–52.

8. For a description of factors that caused the 1998 crisis and influenced later recovery, see *OECD Economic Surveys: Russian Federation* (OECD, 2000), www.oecd.org/pdf/M00002000/M00002720.pdf.

9. Oil, gas, and metal account for roughly 75 percent of Russian export revenues (Sabrina Tavernise, "A Stable Economy, but for How Long," *New York Times*, June 17, 2001). Even more striking are data about growth of Russian exports. The 100 biggest Russian exporting companies (exports above U.S.$20 million) exported U.S.$37.727 billion in 1999 and U.S.$62.096 billion in 2000. Export growth represents U.S.$24.369 billion, or 64.6 percent. U.S.$20.983 billion of this enlargement had been made by the 22 largest companies (exports above U.S.$500 million). With the exception of one, the 22 largest companies export gas, oil, or metal. From Russian magazine *Expert,* no. 27 (287), July 16, 2001.

10. Quite sure about future lessening of oil prices are A. M. Jaffe and R. A. Manning, "The Shocks of a World of Cheap Oil," *Foreign Affairs,* vol. 79, no. 1 (January/February 2000), pp. 16, 29.

11. Sabrina Tavernise, *op. cit.*

12. As usual, Putin has a very good explanation. Courts in Russia are indeed corrupt (as is the entire society). But making a judge punishable for his decision is hardly the right way to a secure rule of law.

13. This is evidenced by the fact that Russia's leadership has not been willing (and may not even be able) to take advantage of the favorable climate in international relations and high trade surplus during the last two years to pursue qualitative changes (e.g., a thorough reduction of the Russian army, investments into promising sectors of the economy, or the modernization of education and health care).

14. Stephen Cohen, *The Failed Crusade: America and the Tragedy of Post-communist Russia* (New York: Norton, 2000). The author here details the criticism of the majority of leaders who dealt with the status of Russia and its reforms in the first decade.

15. This is not the first time this blindness has appeared in relation to Russia. Let us think back to the positive information about the Soviet Union received in the 1920s, when a great number of humanists and undeniably decent people simply did not see or did not want to see the horrors of the developing Soviet system.

16. The definition of modernization in this paper is broad. Modernization as an aggregate of rational attitudes and practices began to spread from the countries of northern and western Europe in the early sixteenth century. The concept of modernization divided the world into two distinctive parts—the core and the periphery.

17. Jerzy Gierus, *Russia's Road to Modernity* (Warsaw: Institute of Political Studies, Polish Academy of Science, 1998).

18. Vladimir Shlapentokh, "Russian Society: The View from Below," in *Russia in the International System,* conference report, National Intelligence Council, February 2001, www.odci.gov/nic.

19. Jerzy Gierus, *op. cit.*

20. Michail Michailovich, Count Speransky (1772–1839), council of Tsar Aleksander I and author of the "great codification" of Russian law.

21. Anders Aslund, "Winners Take All," *Foreign Affairs,* vol. 78, no. 5 (September/October 1999), pp. 64–77.

22. A valuable account of present-day Russia can be found in the report *Russia—Facing the Future* (New York: Carnegie Corporation, 2001).

23. The authoritarianism of the current directors has become even stronger than in the Soviet period, since they are no longer subject to restraint by the Communist Party or ministerial structures. At the same time, it is rare for outside shareholders to exert effective control. Veronika Kabalina and Simon Clark, *Innovation in Post-Soviet Industrial Enterprises,* report from the EU INCO-COPERNICUS program, www.warwick.ac.uk/fac/soc/complabstuds/russia/innovation.html.

24. This stance corresponds to the experiences of the countries of central Europe. Despite all the problems and failures on their path to reform, the countries of the Visegrád group have been markedly more successful and, in the sense of foreign policy, more stable than Russia. However, in their relations with Russia, it has been primarily Moscow who has decided on the quality of mutual ties. We can see this in the example of relations between the Czech Republic and the Russian Federation, which due to an ostensible lack of interest on the Russian side somehow went into a sort of hibernation in the late 1990s. (Cf. L. Dobrovsky [former Czech ambassador in Moscow]), "Cesko ruske vztahy" (Czech-Russian relations), *Mezinarodni politika,* no. 1 (2001), Institute of International Relations, Prague.

25. Analysis made on the basis of RFE/RE *Newsline* (September/October 2001), www.rferl.org/newsline.

26. The region of Central and Eastern Europe can be broken into at least three groups in regard to security issues in their relations with Russia:

a) Czech Republic, Hungary, Poland, Slovakia, and Slovenia—none of these states shares a border with Russia (with the exception of Poland, which shares a border with Kaliningrad). Three of them are NATO members and the other two are on the way to joining the alliance. All of them should become EU members relatively soon. Their security problems with Russia are the same or similar to those of the West European countries.

b) The Baltic states—as a part of the former Soviet Union, they are regarded by Russia as an area of vital interest. Their membership in NATO would undoubtedly provoke a very negative reaction from Russia. Along with amending the ABM Treaty, they could be a significant factor leading to changes in Russian stances toward the United States and NATO. Even though they are trying to distance themselves from the former Soviet Union, they are heavily dependent economically on Russia and the other countries of the CIS. The resolution of security issues is minimally related to the situation in Russia. Their advantage is undeniable progress in economic and political reforms. Estonia and, to a certain degree, the other two states are becoming real candidates for EU accession. Their possible membership in the European Union would stabilize them economically and in the area of security, and it would clearly divide them from the Russian zone.

c) The CIS countries—they are tied to Russia with tight bonds in economic, humanitarian, security, and other areas. Social reforms often develop even slower and with more difficulties than in Russia itself. The development of Russian-American relations has a direct effect upon

them. The support of the United States and other advanced countries could be vital for the maintenance and construction of their statehood.

27. The author is speaking about the sphere of influence in the sense of the Yalta arrangement. About spheres of influence, where the stronger is allowed publicly to threaten the weaker with the use of military force, the free will of people is restricted by external power. Such a sphere of influence may be created if Russia is granted the right to veto membership of the Baltic states in NATO.

28. Ronald Asmus, "Central Europe's Perspective," in *Russia in the International System,* conference report, National Intelligence Council, February 2001, www.odci.gov/nic.

29. Speech by President Vaclav Havel of the Czech Republic at the conference, "Europe's New Democracies: Leadership and Responsibility," Bratislava, May 11, 2001.

30. The last step in this direction was a Czech-Russian consent to sell a large part of Russian debt for 22 percent only.

31. The United States (as well other Western countries) has benefited enormously from the "peace dividend" that came with the disappearance of the Soviet military threat. The United States saves 50 percent of its military budget (U.S.$300 billion) per year. Anders Aslund, "Russia," *Foreign Affairs,* vol. 80, no. 4 (July/August 2001).

32. It is worth noting that the quality and alacrity of Western assistance differs. Huge amounts of money are spent on Western specialists. Organizational structure is cumbersome and absorbs too many resources sometimes. The U.K. Know How Fund keeps organizational structure as light and flexible as possible and is able to deliver projects quickly and responsively. The EU TACIS program is bound by Brussels procedures and thus rarely succeeds in striking while the iron is hot. David Gowan, *How the EU Can Help Russia* (London: Center for European Reform, 2000).

33. An interesting view of the changes in security risks is presented in an essay by Richard H. Ullman, *Russia, the West, and the Redefinition of Security* (New York: M.E. Sharpe and the East/West Institute, 1999).

34. There is no general consensus on how to evaluate the level of risks in the relations between states. The author was inspired by the method of risk evaluation in industry production. The degree of risk of a certain threat [R] can be expressed as the product of the degree of harm [H], the probability of its occurrence [P], divided by the probability that it will be detected in time and eliminated [E].

$$R(x) = \frac{H(x) \cdot P(x)}{E(x)}$$

Even in this very simple formula we can understand that the positive impact of evolution in one factor might be depreciated by the negative impact of another factor. Our efforts in the reduction of the Russian nuclear arsenal (lessening of H) should not provoke suspicion in Russia and thus increase its willingness to use its remaining warheads (heightening of P).

35. A large list of problems remaining in economic and business relations is found in *Commercial Engagement with Russia: Policy Recommendations for the Bush Administration* (Washington, D.C.: U.S.-Russia Business Council, March 2001).

36. The problem is that existing Russian legislation and practice currently falls short of many WTO requirements. There is a danger that Russian membership will be treated politically and conditions for Russian admission might be significantly weakened. Cf. remarks of WTO Director-General Mike Moore, during his visit to Moscow at the end of March 2001, that the "WTO will not be a truly World Trade Organization until Russia ... takes her rightful place at our table," www.wto.org/english/news_e/pres01_e/pr216_e.htm.

37. "Current Economic and Political Situation in the Russian Far East," *NIRA Research Output,* vol. 14, no. 1 (Tokyo, 2001).

38. Zbigniew Brzezinski, "Living With Russia," *National Interest*, no. 61 (Fall 2000), pp. 5–16.