Preface

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On September 6–7, 2001, the Council on Foreign Relations organized an innovative international conference in Washington, D.C. The two-day meeting was truly international in its scope and content, not simply because Europeans were present but because the conference itself was designed as a forum for Central Europeans from the new democracies to analyze Russia and to help Americans better understand developments under President Vladimir Putin.

The conference was the key component of a project sponsored by the Smith Richardson Foundation and intended to expose U.S. policymakers and analysts to central and east European (CEE) insights on Russian domestic and foreign policy. The conference organizers gathered a broad array of speakers representing a number of prominent policy institutes from Ukraine, Slovakia, Poland, Lithuania, Hungary, Estonia, and the Czech Republic—countries that neighbor Russia and have experienced Moscow's policy more directly than their west European counterparts. This report is a product of the initial papers produced by the panelists, the ensuing discussions and inputs from conference participants, and important updates since the proceedings concluded.

The Council's conference had two specific objectives. The first was to encourage and promote central and east European input into U.S. policymaking toward Russia and toward the wider region. Such an input is both timely and important given the new administration in Washington and the necessity of gaining a clearer focus on the nature of the Putin government.

The second objective was to help in the development of closer ties between scholars, policy analysts, and policymakers on both sides of the

Atlantic. Such interchanges can encourage new research agendas, common projects, and the strengthening of research institutions in the eastern part of Europe where there is a wealth of knowledge and experience on the "Eastern question."

Because of time constraints, the conference simply could not cover every issue pertaining to Russia's evolution. Hence, certain significant questions such as Russia's national identity, demography, and ecology were set aside for another occasion. The focus was twofold: on key domestic and international issues that had a direct bearing on U.S. policy.

On the first day panelists and moderators concentrated primarily on domestic Russian questions and discussed, in turn, Putin's politics, the state of the economy, the energy issue, and the security question. The extent and limits of President Putin's power and influence were explored in relation to the role of the security services, regional leaders, the military, business people, and parliament.

It transpired that there were no viable political alternatives vying for power in contemporary Russia but several political and industrial lobbies that sought to evade Kremlin controls or influence its policies. Putin's Russia was defined as a hybrid system. It combined features of both democracy and centralism as the Kremlin endeavored to counter the disintegrative and anarchic trends visible in the Russian polity during the 1990s but was not prepared to impose an authoritarian regime. Some participants at the first session believed that Putin was simply simulating democracy and imitating liberalism while at the same time recognizing that it would be counterproductive to try and establish a strong dictatorship. The Kremlin would be more likely to pursue a tougher approach if Putin's power was endangered because of an economic downturn or a social breakdown.

Civil society in Russia was viewed as weak and fragile and often at the mercy of state institutions and oligarchic interests. Indeed, Putin's call for a "partnership" between government and civic society underscores that state leaders have little understanding of the role and independence of a genuine private social sector. If civic activists and media figures are simply co-opted to serve state interests and to promote government policy then civic society loses its independence and impact.

In discussions on the state of the Russian economy, a lively debate ensued between two schools of interpretation: the optimistic and the skeptical, the former represented by an American participant, the latter by a central European panelist. Optimists believe that a package of reforms pushed through the Russian parliament in summer 2001 heralds a major commitment by Putin to market reform and liberal economics. Changes in banking laws, the land code, ownership rights, the legal system, pensions, and taxation are crucial structural measures that will eventually stimulate economic growth.

But skeptics point out that much of the reforms exist on paper only and it is the implementation of laws that will test Putin's commitment and resolve. Moreover, the Kremlin is intent on introducing a "dictatorship of law" rather than the "rule of law," whereby legal measures are instrumentalized to promote a particular political agenda. Russia still lacks a secure class of property owners, has an inadequate financial and investment system, is dependent on primary commodities such as energy production, is uncompetitive in the global economy, and remains at the mercy of reactionary local authorities and corrupt officials.

In the energy field, panelists and participants discussed several pertinent questions. They considered how energy is used as a foreign policy tool to engender Russia's economic expansion and political influence in neighboring regions. Relations between the energy sector and the Russian authorities were also debated with differing perspectives on the degree of control Moscow exerts over the gas and oil industry and on whether the latter's foreign policies are synchronized at the center.

The Central European participants concurred that energy has been manipulated by Moscow for over a decade to influence neighboring countries. In the early 1990s, the Kremlin exploited the energy dependency and vulnerability of Eastern Europe to exert pressure on these states through threats and cutoffs in supplies. However, in recent years a more sophisticated approach has been adopted. Russian energy companies purchase strategic sectors of the local economies and evidently seek to gain political leverage through their economic influence. The intriguing question arises, whether this is simply an economic calculation by energy companies to make profits and gain revenues or a deliberate instrument of long-term Kremlin policy.

The security dimension was comprehensively covered at the conference by examining Russia's national security concept, its military doctrine and posture, and the progress of military reform. Moscow continues to define the North Atlantic alliance (NATO) as a threat to its national security and national interests. Meanwhile, the country's security documents seek to expand and consolidate Russian influence in several nearby regions as the country's elites still view Russia as a global power.

Conflicts have been evident within Russia's military elite and the political leadership over the extent and nature of essential force restructuring. Military reforms during the 1990s were largely unsuccessful but Putin is proposing a more ambitious approach that could meet with significant resistance against cutting force numbers in the creation of a professional military.

The second day broadened the scope of the conference by examining Russian policy toward its neighbors, toward the European Union (EU), and toward NATO and the United States. For Moscow, the member countries of the Commonwealth of Independent States (CIS) are considered to be in

Russia's sphere of "vital national interests." In the European CIS, Russia manipulates pan-Slavism and Soviet nostalgia in order to bring both Belarus and Ukraine into a tighter political orbit but without paying a high economic price by incorporating them inside the Russian Federation.

In Central Asia and the Caucasus, Moscow has promoted regional alliances dependent on Moscow for military support, energy, and transportation. Lacking stable state structures or strong economies, many of these countries are open to Russian influence. Moscow thrusts itself forward as the regional patron, it exploits local conflicts to place its own troops in these territories, and it favors local strongmen who stifle democracy but pursue a predictable foreign policy line.

With regard to the EU, Putin's policy is unlikely to return to the pro-Western approach of the early Boris Yeltsin years. Moscow is not seeking a full-fledged partnership and has limited chances of EU accession over the next decade. It is also concerned about the potentially negative consequences of EU enlargement into Central Europe. Specifically, the process may isolate Russia by limiting trade and investment with Moscow and block the movement of labor across expanded EU borders.

A great deal of discussion centered on the "wedge thesis," according to which Russia is purportedly intent on creating or deepening divisions between Europe and America in order to gain strategic advantage. While one Central European panelist viewed the theory as having only limited analytical value, the ensuing debate revealed that it generates significant interest and concern on both sides of the Atlantic. EU integration and moves toward developing a distinct European security identity may become useful vehicles for widening divisions in the alliance. Indeed, the Kremlin has been seeking an institutional link between the EU and Russia in the security arena—a policy clearly designed to weaken NATO.

The Russia-America panel proved lively and wide-ranging. It examined the feasibility of the NATO-Russia Charter, the mixed role of Russia during the Kosovo conflict, and the question of Russia's future membership in the alliance. Above all, would the latter prospect serve to undermine the rationale and purpose of NATO's existence and could a viable "Eurasian-Atlantic" security structure be devised or would it dilute and divert existing security institutions?

The two international panels also provoked a lively discussion over Moscow's objectives and policies toward the central and east European states. Several participants provided concrete examples of how Russian policy toward the region has involved attempts to pressurize indigenous governments, to purchase strategic sectors of the local economy, and to exert influence over political decision making in line with Russia's interests. The breadth and success of such a strategy was a subject of dispute, opening up the intriguing question of whether the Russian authorities,

intelligence network, business interests, and criminal godfathers were working in tandem throughout the region.

The final session of the conference proved to be an innovative approach by posing to each analyst from Central Europe three specific questions on the future of Russia and asking for appropriate American responses. The three questions were germane to the preceding discussions.

There had been general consensus that Putin's Russia was a hybrid system combining democracy and authoritarianism, pluralism and centralism, legalism and statism, a market economy and a mafia economy. However, one cannot be sure how long such a hybrid can survive especially in conditions of economic uncertainty and growing security threats. Russia could sooner or later veer either toward a more consolidated democracy or a more severe dictatorship. If the first ideal scenario is set aside, presumably because in such an instance there would be little for international actors to fear, we are left with the second possibility. This would prove challenging not only for Russia's neighbors but also for the United States. The three questions therefore revolved around two potentially negative scenarios.

The first question considered what scenario would prove more destabilizing for the region, Russia's reimperialization or disintegration. The panelists differed in their responses. While each believed that either possibility seemed unlikely, some considered disintegration as more dangerous because of fears over a loss of control over Russia's nuclear arsenal. Others claimed that neo-imperialism in a new guise is a bigger menace to all neighbors as it could destabilize these states or impede their progress toward European and transatlantic integration.

The second question—how should the United States assist the neighboring independent states in protecting themselves against the negative impact of Russia's rise or further decline—evoked a variety of responses. The focus would evidently need to be on stabilizing Russia and thereby preventing any negative spillovers. For example, Moscow should be engaged in all global fora, Soviet-era debts should be forgiven, and Russia must be assisted in becoming a functional state through the development of legal institutions and civil society. With regard to Central Europe, there was consensus that both NATO and EU membership would help secure the region and anchor each state politically, economically, and militarily in a stable international structure.

Answers to the third question—what should be the priorities of the central and east European states in their dealings with Putin's Russia—supplemented the previous responses. For instance, EU and NATO membership were viewed as a priority, a coordinated "Eastern" policy should be adopted in the region, and a common energy policy must be pursued. Each state could also do more to encourage Western investment but, ultimately, they have limited tools in influencing Russian foreign policy.