



## Russia: Emerging or Re-Emerging?

Panel discussion with Geoff Barnard, Gilles Favarel-Garrigues, Jérôme Guillet, Christophe Jaffrelot and Anne de Tinguy.

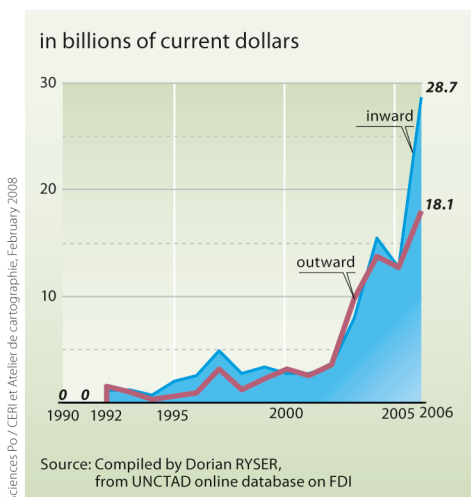
### Can Russia be classed as an emerging country?

**Jérôme Guillet:** An emerging country is one that Western multinationals can invest in, a country where New York and London banks can do business with Western multinationals as well as local businesses. Secondly, it has cheap labour, which encourages Western companies to relocate and enables them to keep up the pressure on wages at home. Thirdly, emerging countries are treated with condescension by the West, which is prepared to extend a helping hand to allow them to catch up. Russia does not really qualify as an emerging country according to any

of these criteria, but it has a great deal of money which the bankers are keen to get their hands on. And so it has been classified as a BRIC country as it represents a potential financial market.

Russia's emergence is often portrayed in a negative light, as Russia is not open to Western multinationals. The country is seen as a market but not as an investment or development centre, nor as an offshore platform, as China and India are. At the same time, Moscow makes no secret of the fact that its economic relations are governed by politics, which is also out of keeping with international models. The Russians follow other people's rules when it suits them, and keep to their own when they so wish. Consequently they are seen by the West as troublemakers and a threat.

figure 41: **Foreign direct investment in Russia, 1990-2006**





**Geoff Barnard:** The term “emergence” entered the lexicon in the 1980s in the context of the phrase “emerging market”. That generally is taken to mean three things: the country in question has a low or medium level of per capita income, it is experiencing rapid growth and converging towards advanced country income levels, and it is integrating into the global economy. It could be argued that Russia is now *re-emerging*, since by the 1950s, per capita GDP in the USSR had attained two-thirds of the Western European level, having rapidly increased since the 1920s. At that point the USSR was a middle-income country converging towards the income levels prevailing in the West, and could in that sense have been seen as an emerging economy. But the USSR’s relative living standards then eroded gradually until 1990, and they then plummeted during the first years of transition, so that by 1998 GDP per capita was only 25% of the average level in Western Europe. Now, with rapid growth (partially but not entirely driven by high oil prices) we are again witnessing convergence in income levels, but this time there is also—a new factor—financial and economic integration. So the current facts seem to fit the usual definition of emergence well, and it is probably best to see the Russian economy as emerging for the first time.

**Gilles Favarel-Garrigues:** Many Russians would find it hard to understand how their country could be described as “emerging”! They aspire—as the government is well aware—to regaining what they see as their rightful status as a major global power, which they associate with the Soviet past. They feel that too often the West treats them with condescension and is only interested in Russia when it is in difficulty. This climate of mistrust can be explained by military factors, and also by the damage that has been done by American and European policies promoting democracy, the market economy and the rule of law. Under cover of moral righteousness, these policies have often masked expensive but ineffective, even dangerous undertakings, in that they endorsed the legitimacy of power circles that are now condemned. This applies for example to some technical aid programmes in CIS countries instigated by the European Commission from the 1990s till after 2000. The result is a climate that foments nationalist rhetoric, as happened in Russia in the mid-1990s. The political exploitation of this issue reflected a renewed interest among Russians for national history and contemporary geopolitics.

That said, the Russian government has adopted the status of an emerging economy, since it wants to be a member of the BRIC club, which gives it legitimacy and guarantees its continued status as a major power in the multipolar world that it hopes for.

**Anne de Tinguy:** Russia does indeed have ambitions of power and even grandeur, insofar as it seeks recognition as a driving force for what it calls a more “just” international order. Its positioning alongside emerging powers such as Brazil, India and

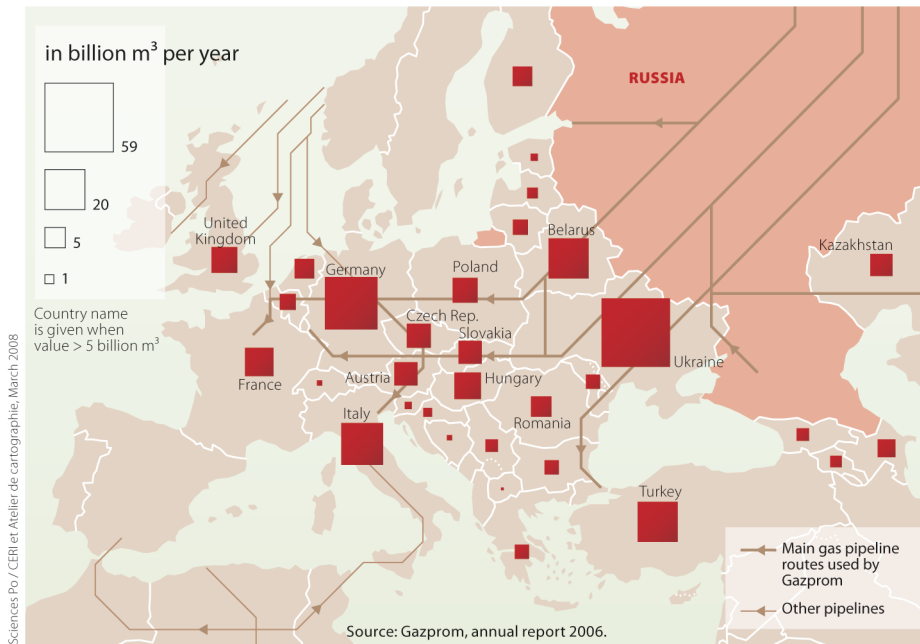


China is key to this and has been at the core of Vladimir Putin's foreign policy. This positioning is linked to Moscow's analysis of the international situation, which it perceives as being in a state of major change: Russia sees a weakening of the United States' geopolitical role, a permanent withdrawal of the European Union into itself, new sources of influence as a result of globalization, a shift of power in the world towards new actors, emerging countries and those that own natural resources, the growing importance of fossil fuels in the world, etc. Moscow sees this new order as a tremendous opportunity which its positioning alongside the emerging countries enables it to exploit. This effectively reinforces its analysis of a multipolar world in which it sees itself as a major player and redefines Russia's relationship with the United States and the European Union. In order to be seen as one of the major players on the international stage, Russia is pursuing a policy it describes as "independent", prompting it to differentiate itself from the Western countries. Vladimir Putin refuses to allow his country to be seen as the junior partner of a Western world which he considers to be losing momentum. Positioning itself alongside the major emerging countries allows Moscow to reinforce the idea that the West's days are over. That is the message Russia was trying to get across in stating that the G7, "the club of Western powers"—now the G8—has become more representative thanks to Russia, and also in the summer of 2007 when it supported a rival candidate to the one chosen by the United States and the European Union for the position of Director of the IMF. That said, Russia is "the small one" within the BRICs, in terms of both its demographic and economic weight. The growing gulf between Russia and China is now huge. In 1990, the two countries were more or less equal in terms of GDP. Today the ratio is one to three in China's favour, which means that Moscow could be Beijing's junior partner... whereas Russia has strengthened its partnership with China in order to stand up to the USA.

**Can a country that has a rentier economy be described as an emerging country? In principle, a country that lives on its income does not invest. Can an emerging economy that does not invest ever "emerge", or will it remain "emerging"?**

*Jérôme Guillet:* Russia's relations with the rest of the world and its emergence are fundamentally bound up with its role as an energy-exporting country (oil and gas, and, to a lesser extent, metals). Russia exports chiefly raw materials and in recent years its economy has benefited massively from the oil price boom, which means that it is no longer totally dependent on the goodwill of its creditors (unlike in the 1990s when rescheduling the debt was a key issue), and has also given it the means to aspire to power and step up its military investments. Energy prices reflect a new imbalance between supply and demand. It is now a producers' market rather than a consumers' market, which gives Russia a stronger political and geopolitical influence.

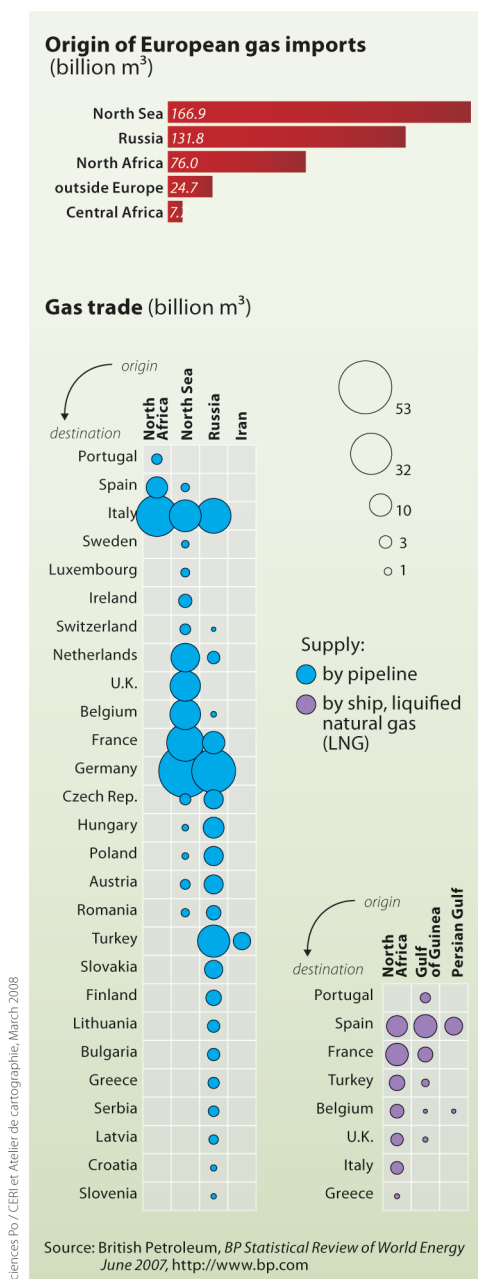


figure 42: **Gazprom gas sales in the European countries, 2006**

Growth in Russia is mainly the result of the rise in oil prices, and Moscow has been lucky in that until now this increase has been steadily linear. So far, there has been a beneficial effect each year and this pattern looks set to continue for some time, since tensions in the energy market are growing with prices continuing to rise. I still maintain that Vladimir Putin was lucky, as there is so much money in Russia that even the oligarchs can't grab it all, and some of it ends up in the pockets of the population. With this boon, even Boris Yeltsin would have managed to restore Russia's power. Money has made both consumption and the reconstruction of some industries possible. And so the question of whether Russia can ever "emerge" remains, but it is not being asked—and will not be asked for a long time—as a matter of urgency.

It is uncertain whether Russia is aggressive because it can afford to be, or, more likely and in my view, as a reaction to the West which is alarmed by this new state of affairs. In a nutshell, Europe's energy policy comes down to "What's our gas doing beneath your tundra?" The assumption is that we should be able to consume as much gas as we like and that it should not be expensive; the Russians must therefore provide. Added to the current price rises is the fact that Britain has recently become an importer whereas it used to be an exporter. The British, incidentally, being the Europeans with the greatest influence on EU policy at present, especially on issues of liberalization and deregulation, are spearheading this debate. The provocation is coming from the West rather than from Russia.



figure 43: **Natural gas trade in European countries, 2006**

The gas situation is one of intense co-dependence, but neither side can exploit it: the Russians can stop supplying the Europeans with gas, but the Europeans can stop buying it. Europe buys 25% of its gas from Russia whereas the Russians sell 100% of their gas to the Europeans. So the dependency is not necessarily all that it seems.

It is easier for a country to blame others for its energy policy's failings than to find fault with itself. It is easy to bow to market forces when there is a surplus in supply. Up until three or four years ago when the Russian oligarchs were allowed to enter into partnerships with Western oil companies, they were our friends. But now things have changed: some are in prison, and some companies have been nationalized or sold to Gazprom, while the position towards BP and Shell is becoming more hard-line. As a result, Vladimir Putin is no longer our friend, and we are rather more concerned about human rights than we were when we had access to oil. We have rediscovered that the Kremlin has authoritarian leanings and we are protesting. There is an overdetermined discourse that Russia is no longer fulfilling its treaty obligations and is provoking the West by warning against the anti-missile shield, but we have forgotten the Anti-Ballistic Missile Treaty. Russia's reactions are seen as acts of aggression towards the West. Furthermore, Vladimir Putin plays into the West's hands as he gives knee-jerk reactions, is capable of taking a very hostile line and is pursuing a power-seeking policy. He maintains an atmosphere of confrontation that ultimately suits everyone since it is always easy to get elected by rallying the country around oneself rather than tackling problems.

### But are Russian energy investments sufficient?

**Geoff Barnard:** To a large extent Russia is a rentier economy, but that does not preclude achieving rapid sustainable growth, and the current situation appears quite promising in that respect. The rise in oil prices has certainly led to an increase



in Russian consumption but Russians are also saving a good part of the windfall. Along the lines of the Norwegian example, Russia has set up institutions (an oil price stabilization fund, which was recently split into a reserve fund and a savings fund) to invest some of the oil revenues. The Russians have also managed to curb the real appreciation of their currency so as to minimize the impact of the rise in oil prices on the non-oil tradeables sector. If there is indeed a “resource curse” that makes resource-rich countries grow less quickly than the others, so far Russia has been able to avoid it, in part by implementing effective macro- and microeconomic policies.

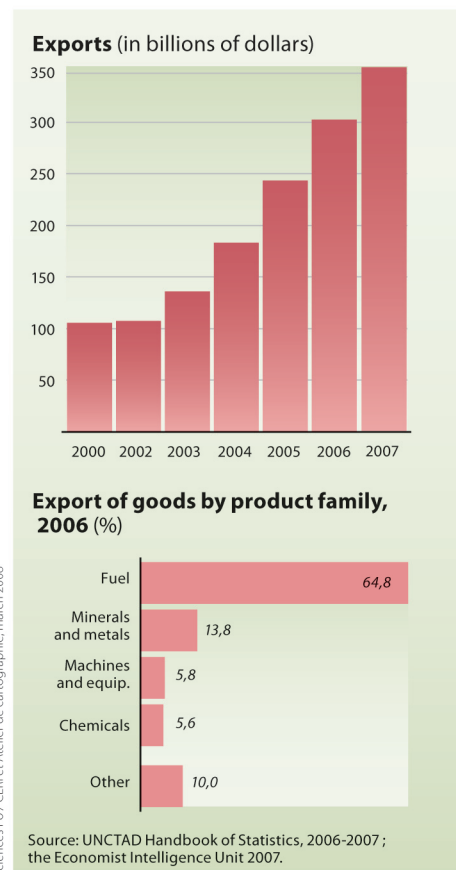
**You mention savings and consumption, but what is Russia’s investment strategy, if it has one?**

**Gilles Favarel-Garrigues:** In government circles, there is a growing awareness that Russia must make the most of the financial boon to try and ensure its long-term development. Numerous colloquia and discussions are held to decide which sectors should be developed with the idea that Russia must find its own niche, as China and India have done. In 2008, for example, a major nanotechnology agency was established. However, Russia is still paying the price from the 1990s in that the industrial infrastructure is old and needs modernizing, and there is a growing shortage of skilled labour because the university training system has collapsed. The Russian elites are now trying to find the magic formula that will enable them to make the profits from the current growth lasting and sustainable.

**Some people say that Russia’s investments in energy are insufficient to modernize the infrastructure...**

**Jérôme Guillet:** That is a very biased viewpoint. Russia is the country that has seen the strongest growth in its oil production in the last decade. That is the result of short-term investments. For the medium term, it is harder to predict. In the gas sector, the Russians have attempted to minimize their production for the domestic market since domestic consumption does not

figure 44: **Russian exports, 2000-2007**

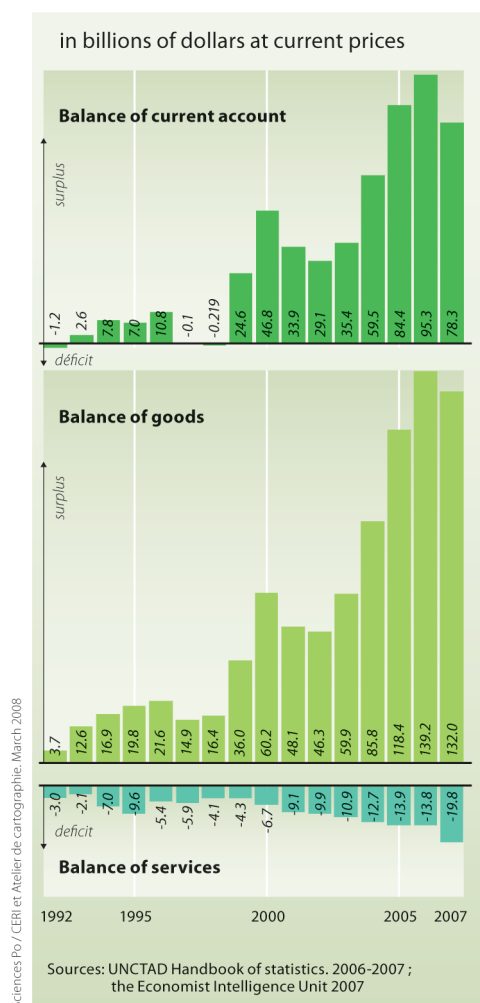


Sciences Po / CERi et Atelier de cartographie, mars 2008

pay, which means that Gazprom's interests conflict with those of the political authorities since they want to keep the electorate happy by charging as little as possible for gas, while Gazprom of course wants to produce as little gas as possible for the unprofitable domestic market. So Gazprom has created an impression of shortages so as to be able to deliver less gas, pay lower taxes to the Russian state and be able to say "raise domestic prices". This is an internal ploy. The Russians invested what was necessary to maintain production at the level that enabled them to maximize their revenues, which is Rule 1 of the capitalist economy. They export as much as they can. If they don't sell more, it is because Europe doesn't want to buy more. For the last fifteen years people have been saying that the Rus-

sians can't carry on producing in this manner, but that is the line pushed by politicians keen to give opportunities to BP or Shell, rather than an industrial fact.

figure 45: **Russia's balance of current account, goods and services, 2000-2006**



**Geoff Barnard:** For some years now observers have been saying that production is going to peak or that it is about to begin falling. In 1999, they were already saying that it would take years before production capacities could increase. Since then, output has nearly doubled. So the Russians have been able to find the means, but perhaps they are beginning to run out of options and probably only a massive investment programme can avert a decline in production. But it is hard to be sure. More generally, investment has risen by 10%-15% a year over the last nine years, which is not negligible, but economic growth has mainly reflected increases in total factor productivity rather than the accumulation of capital. With the drop in production in the 1990s, the rebound began from a position of ample excess capacity. That will not always be the case, however, so that investment will have to rise if the rapid economic growth rates that we have seen are to continue. There are in fact signs that this is happening: in 2007, investment grew very rapidly, particularly in infrastructure, which badly need to be upgraded. There was also heavy investment in services.

**If you had to identify the actors in this investment strategy and the type of institution with**





which they are associated, how would you do so? What is the relative importance of private versus public enterprise? Are we faced with a new variety of capitalism rising from the ruins of the Communist system?

**Geoff Barnard:** Until recently, we had, oversimplifying somewhat, a pure and simple capitalist model. Within the government, for a long time it was the liberals who steered economic policy. Then, from the Yukos episode onward, we have seen the growing influence of the *siloviki*,<sup>1</sup> who favour taking control of some strategic areas, in particular the energy sector. Hitherto, the overall strategy has remained market-driven. However, things are changing, and there is certainly a danger of a move towards more of a statist model, with an attendant risk of inefficiency, waste and corruption, and therefore weaker growth and slower convergence with Western living standards.

**Jérôme Guillet:** Russia is a country where the legal entity does not really exist and where you don't talk to the boss of Yukos but to the man who is the boss of Yukos, you don't talk to the Energy Minister but to the man who is entitled to sign documents as Minister. Personal and individual interest is often a determining factor in many decisions.

In Boris Yeltsin's day, companies dictated their terms to the state, and the active partner in corruption dictated his terms to the passive one. Under Vladimir Putin, the relationship has been reversed: the *siloviki* are in power. They were poor, and when they saw those billionaires trying to dictate their terms, they managed to wrest control and to capture most of the financial flows. The passive partner gained the upper hand over the active one. Increasingly one had to deal with virtual legal state entities rather than virtual private-sector personalities.

There is acceptance of the formal rules of the market, but things are pre-approved; individuals make deals but it is on behalf of the state more than of private companies. Their job is to defend Russia's national interest and that of the Russian population. Suddenly there is a huge lack of understanding between the Russians and the West as investment decisions do not obey the same criteria: the Russians overdetermine the very short term and manage to concentrate on the very long term—Gazprom functions very well in the short term (a few weeks) and in the very long term (30 years) but not at all in the medium term (1 to 5 years)—whereas the Western capitalist markets operate on more of a medium-term basis, investment decisions covering three- to five-year periods.

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1 *Silovik* (from a Russian word for *force*) is a Russian politician from the old security or military services, often the officers of the KGB, the FSB, the Federal Narcotics Control Service and military or other security services who came into power under Presidents Boris Yeltsin and Vladimir Putin. The term derives from the fact that these people come from "power ministries", which under Yeltsin and Putin formed a *de facto* higher level inner cabinet.





### Does this return of the state represent a risk for the emerging economy?

**Jérôme Guillet:** In my view a strong state is a good thing for coordinating investments and infrastructure planning. All the countries that have developed have done so thanks to heavy state interventionism, direct or indirect, through legislation. The American middle classes are the children of the New Deal and government legislation. But the state must be competent and that is the question that arises with regard to Russia. The country is fortunate to benefit from this boon, a large proportion of which goes into the public sector, which should be seen as a good thing. Is this linked to the present economic climate, or might it last? It is hard to say today, but the state plays a strategic role even if it is led by individuals whose motivations are sometimes more personal than political.

**Gilles Favarel-Garrigues:** Owing to the lack of transparency surrounding political power, most observers develop a “Kremlinological” analysis. For years, the liberals have been seen as the opponents of the *siloviki*, but I believe we should question this view, as I am not convinced they represent two consistent camps, and I wonder whether reducing the political rivalry to a clash between these two camps isn’t masking the real issue. For twenty years, the individual path to enrichment has been based on three pillars: managerial skills, administrative resources (that is, special relations with senior government officials) and access to protection services. Vladimir Putin is the perfect embodiment of these conditions.

Now it is the state that dictates its conditions to business. The lack of an independent judiciary, in both criminal and commercial law, is a major problem. All the actors are of the opinion that access to the courts is never impartial, though recent years have seen a growing number of successful individual cases against state norms. The battle against corruption, mirrored by that against money laundering in the private sector, serves to control the elite civil servants who are seeking to challenge the presidential authority. Holding economic intelligence constitutes a fundamental power asset. It is enough to look at the number of private agencies taking the place of bailiffs to ensure court decisions are implemented; it is former police officers and secret service agents who are now working in the private economic intelligence sector.

**Jérôme Guillet:** These days there are no more liberals. There are different clans among the *siloviki*, often represented by different administrations, tax departments, police forces, etc. There are several centres of power and when one becomes too dominant, another one is set up to curtail its power. Vladimir Putin is finding it difficult to control the conflicts between the various departments.





### Is the appearance of an entrepreneurial middle class, able to operate independently in Moscow and the regions, the effect of emergence?

**Gilles Favarel-Garrigues:** Russia's tertiary sector has grown considerably in recent years. Employees in the banking, insurance, media and IT sectors could form a relatively homogeneous social group, and are of the same generation. Today's political and administrative elites were born after World War II, up to the 1960s. They experienced the frustrations of the final decades of the Soviet Union and their work practices were formed in this context. Within ten or fifteen years, there will be a completely new administrative and political elite, and also a completely new generation at the helm of the major Russian economic groups.

### Does Russian society see itself as moving towards both increased prosperity and increased inequality, which often go hand in hand, especially in emerging countries?

**Geoff Barnard:** Until the late 1990s, the Gini coefficient showed growing inequality, but since then the figures have levelled off, even fallen. Insofar as the figures are reliable, they show a decrease in inequality.

**Jérôme Guillet:** The Gini coefficient tends to be stable, even to show an improvement. A number of public services have been maintained in Russia. Gazprom has managed to keep the country on its feet for the last ten years by supplying the population with heating and electricity almost free of charge, the education system is still functioning even though fees are continually rising, and the same is true of transport services and the health system. Running the public services is the state's prime responsibility and the boon of recent years has made it possible to make up for the backwardness of the past, for example by paying nurses and teachers who, for a while, were no longer paid.

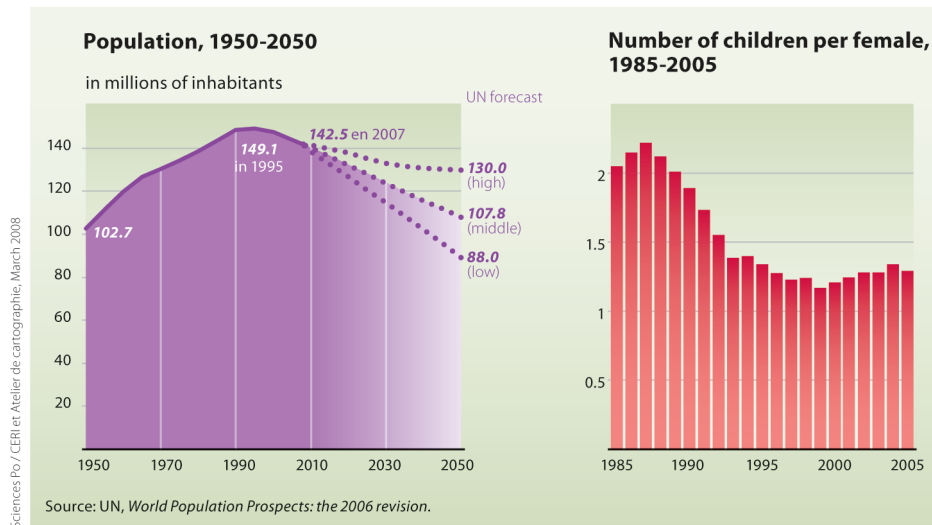
**Gilles Favarel-Garrigues:** Social policy was one of the priorities for the 2008 presidential election. For some years Dmitri Medvedev's name has been linked to "national projects", those huge investment projects in four key sectors: health, education, housing and the agricultural sector. For the moment, there is no social movement, though embryonic action by strikers, the retired and the poorly housed is being closely watched by observers. Those who adhere to theories of relative frustration believe that in the current climate of economic growth, the discontent could lead to a broader social movement.

**Jérôme Guillet:** One of the rare times when Vladimir Putin had to climb down was when he asked the Russians to pay for public services at their true cost. The fact that Gazprom provides heating and electricity at a very low price constitutes





figure 46: Russian demographics, 1950-2050



a real social policy instrument, and ultimately the high cost of this operation is a minor disadvantage compared with the social advantage it represents.

### How can a country that is ageing so fast plan for the future?

**Jérôme Guillet:** This question and the issue of growth are the alpha and the omega of any economic policy and must enter into long-term thinking. Furthermore, Russia isn't the only country asking itself this question. China has similar problems. A stable, even declining demography is likely to prove an asset in a few years' time. If there is a shortage of labour, it will become more expensive, and the issue becomes the division between salaries and profits. It will therefore be determined by the investors and not by the population.

**Geoff Barnard:** True, the demographic trends are worrying from some points of view, but they do not imply a lack of dynamism or convergence towards the standard of living in advanced countries, nor do they prevent Russia's gradual integration into the global economy. Demography may be destiny, but it is not emergence, which remains possible even if the population is ageing and declining. Growth depends on the increase in the factors of production and on increases in the efficiency with which factors are used. If the work force shrinks because of demography, there will be lower growth than otherwise but not necessarily lower growth per capita. Russian growth is robust now even though the population has already been decreasing for a few years. As for the comparison with China, the latter's performance is certainly impressive and in absolute terms, the Chinese economy is already much larger than Russia's, but we should perhaps remember



that GDP per capita in Russia is still three times that of China. Furthermore, China has its own demographic problems.

**Is it appropriate to talk of the creation of a rouble zone in the former Soviet region, which would mean that the currency is strong not only in Russia but also in a whole hinterland corresponding to the former Soviet region?**

*Geoff Barnard:* It is possible that the rouble is beginning to be used more and more in the region but it is hard to see it becoming a reserve currency on the scale of the dollar or the euro. The least that can be said is that it would take a long time, since Russia currently represents only 3% of the global economy.

*Jérôme Guillet:* The rouble's stability facilitates trade in this region as the currencies of the other countries are even less reliable and Russia remains the preferred partner, but I don't think a rouble zone could go beyond this region.

**Could it be said that on Russia's borders there is a sort of periphery where Moscow's expansionist policy is coming up against a fierce demand for independence?**

*Anne de Tinguy:* Yes, the two phenomena—the desire to expand and the desire for independence—both exist, but in a complex way and to varying degrees from one state to another. Vladimir Putin has frequently claimed that he has no neo-imperial ambitions, as he said on 25 February 2000 in his “Open letter to the Russian Electorate”; he also denied any desire for hegemony or pressure on the CIS. Furthermore, he declared that Russia did not aspire to an exclusive position in this region. In 2001, when the American military presence was set up in Central Asia as part of the intervention against the Taliban in Afghanistan, he even acknowledged that such an operation might serve his country's interests. Vladimir Putin remains convinced, however, that Moscow retains a special place in the region, which is a “sphere of vital interests dictated by history”. “Russia,” Sergei Lavrov (Minister for Foreign Affairs) recently said, “is the natural centre of this region.” His policy, which is far from rational with respect to some of Russia's partners, in particular Ukraine and Georgia, is in keeping with this line. In the Russian perception of this region, there remain “red lines” which cannot be crossed either by CIS member countries or by countries outside this zone. The potential for NATO membership to be extended to CIS countries remains one of Moscow's “red lines”, which it will go to any lengths to avoid (particularly in the case of Ukraine and Georgia).

The new independent states' positioning vis-à-vis Russia varies enormously. Some, like Belarus, Armenia, Kyrgyzstan and Tajikistan, have remained close to their powerful neighbour on which they are dependent. Others, like Kazakhstan, have distanced themselves from Moscow while retaining close ties. Others again—



Ukraine, Georgia and to a lesser extent Azerbaijan and Moldova, in other words the GUAM countries—are focusing on the Euro-Atlantic space, taking different approaches. In my view, Ukraine unquestionably seems to be the most determined: its Euro-Atlantic focus, which it has continuously asserted since the collapse of the USSR, reflects a profound drive. For a long time there has clearly been a huge gulf between Ukrainian discourse, which has often been lacking in substance, and reality. Furthermore, Ukrainian development has been chaotic. The country's political instability causes some observers to say that the Orange Revolution was only incidental. I am not of that opinion. I see the Orange Revolution and its aftermath—and I am not alone in this—as the stages of a process of democratization and the inclusion of Ukraine in the Euro-Atlantic space. This is a very thorny issue for Russia, as its positions within the post-Soviet space and vis-à-vis the European Union will be very different according to whether or not it is supported by a Ukrainian neighbour that was the jewel of its former empire for more than three centuries.

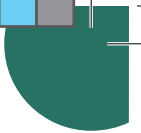
One of the criticisms that can be made of Vladimir Putin's foreign policy is that he has not modernized his policy towards this space: he has not sped up what I call the “exit from the empire”; he has not tried to create modes of thinking that would enable Russia to relinquish its relationships based on a dominant-dominated model and find a new way of convincing its partners that it is beneficial for them to link their futures to cooperation with Russia. The strong and disproportionate animosity expressed by Moscow for years towards “little” Georgia is exemplary of this policy.

**Jérôme Guillet:** The ties never really loosened. They are just overdetermined by the infrastructure. The Soviet Union has a fairly strong specialization exemplified by the nuclear power stations; uranium mainly came from the Central Asian Republics, initial processing used to be carried out in Ukraine, enrichment in Russia, and then the uranium was returned to Ukrainian power stations. Each of these plants had an absolute monopoly. On independence, the breaking of ties led to chaos. Some succeeded in setting up local replacements; others pragmatically reinstated the links. Nowadays, there is a tendency towards increasing interdependence rather than the contrary.

### Is it more fitting to speak of interdependence or dependence?

**Anne de Tinguy:** There are dependences that have survived—Russia is still a key player in some sectors—and in some cases these are indeed interdependences: Turkmenistan cannot dispose of its gas without Russia, but Russia needs Turkmenistan to fulfil its commitments and its own needs. Ukraine needs Russian gas, but Russian gas is exported to Europe via Ukraine. However I disagree with Jérôme Guillet's view that “the ties never really loosened”. He may be right, at least up to





a point, concerning the economic sphere. But that is not everything. To echo the words of the Russian political scientist Alexander Nikitin, “It is time to acknowledge the end of the post-Soviet space.” That does not mean that the influence of “Sovietism” has disappeared, but that this region no longer forms a geopolitical entity. Since the early 1990s, the centrifugal forces have been very powerful. They have led to the fragmentation of this formerly unified space and an erosion of Russia’s position in numerous areas. An emblematic illustration of the changes: in 1985, 86% of international flights from Russia were to countries in what is now the CIS; in 1997, a decade on, this proportion had fallen to 34% (Vladimir Kolossov). Georgia’s Rose Revolution (November 2003) and Ukraine’s Orange Revolution (November-December 2004) were milestones in the dismantling of this space. They revealed the attractiveness of other development models. And the Orange Revolution confirmed that Ukraine and Russia have different identities and political trajectories.

**Jérôme Guillet:** The West has a desire for absolute control and does not want to manage interdependencies; it prefers power struggles in which it can assert itself as dominant. Today, the West feels it can no longer dictate the terms of the deal and has to negotiate on an equal footing. Meanwhile the Russians are very prickly about being treated as equals and being able to defend their interests. Now they feel they are in a position to do this and are doing so emphatically.

Discussion chaired by Christophe Jaffrelot.

Translated by Ros Schwartz

