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# Restraint Instead of Assertiveness:

## Russia and a New Era in World Politics



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**A** year ago we published our first report as part of a project conceived in 2015 at the height of the conflict between Russia and the West, which had been simmering for a long time but had come to a head with the beginning of the Ukraine crisis<sup>1</sup>. We stated that 2016 “marked the end of a 70-year period in international relations that consisted of two phases: the Cold War in the 1940s-1980s and the time of transition after the disintegration of the Soviet Union. Today the world is on its way into a new paradigm.”

Subsequent events proved us right. New U.S. President Donald Trump, who sensationally won the election in November 2016, is a vivid embodiment of the end of the previous era. In fact, the United States had never had such a leader before. Regardless of what he may achieve as president and how long he may stay in office, American, and therefore global, policy will no longer be the same as before the turmoil of 2016. The reason is not Trump, of course (he is no more than a symptom, a product of overdue changes), but the exhaustion of the previous political and economic model of international development.

This means new challenges for Russia, but most importantly, this forces it to reevaluate its approaches. For twenty-five years after the end of the Cold War and the dissolution of the Soviet Union, the country strived to restore (or in some instances even “take revenge”) its statehood, economy, political system and international positions. With some simplification, one can say that throughout that period Russian society and the state developed in the wake of what happened in 1991 (and the preceding triggering events). This period can be assessed differently as it combined both historically inevitable and transitory but unnecessary episodes, forced and imagined

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<sup>1</sup> Detachment Instead of Confrontation: Post-European Russia in Search of Self-Sufficiency. By Alexei Miller and Fyodor Lukyanov. [http://www.kreisky-forum.org/dataall/Report\\_Post-EuropeanRussia.pdf](http://www.kreisky-forum.org/dataall/Report_Post-EuropeanRussia.pdf)

actions, heroic efforts and fatal miscalculations. Anyway, that era came to an end, mainly because it came to an end globally.

Not only Russia but also the West, and consequently world affairs in general, existed in post-Cold War mode, with Russia feeling defeated and wishing to make up for the losses, and the West engulfed in euphoria and self-admiration. Between 2008 and 2016 (from the world financial crisis to Brexit and Trump's election), the West's delight gradually gave way to anxiety, and eventually it became clear that things had not gone the way they were intended to go at the end of the last century, and that many things, if not all, should be started over again, taking into account new prospects.

There is one circumstance that appears to be common for Moscow and Western capitals: there is no point in referring to the events of the late 1980s and early 1990s in order to legitimize one's actions (no matter whether they were aimed at keeping the status quo or changing it). This no longer works as a sound argument. Completely new reasons are needed. In this report we will try to sketch them out and understand what may happen next.

The authors would like to thank the Central European University in Budapest for organizing an international seminar in March 2017, which contributed immeasurably to this report (the list of participants attached). Naturally, this paper does not reflect a consensus view of the panelists, and only its authors, who used their opinions freely, bear all responsibility for this work. Special thanks go to the MacArthur Foundation for its financial support.

## What Happened over the Past Year. The West's "Hard" Transformation

What makes the situation peculiar is that the greatest uncertainty for the world is generated by its most advanced and privileged part—the West.

The current U.S. administration gives priority to domestic tasks and puts international relations and foreign policy in a subordinate position. During his presidential campaign, Donald Trump aired neo-isolationist views, which suggested that Washington would moderate its foreign activities. In reality, the "America first" slogan has been implemented somewhat differently.

On the one hand, the president and his team have been utilizing foreign policy as an instrument for creating the domestic atmosphere they need. In other words, the whole world has become an arena for political struggle which is now unfolding in the United States. On the other hand, the American administration believes that the U.S. may not be a world *leader* (a power that undertakes to solve problems globally) but should be a world *boss* (the strongest country capable of making anyone follow its policy). To this end, it may use force, change established rules and ignore existing institutions.

Trump's policy essentially continues the policy pursued by the George W. Bush administration, less the ideological messianic component ("advancement of democracy").

Trump and his allies are ready to play the game of brinkmanship and raise the stakes, but it is unclear whether they are really aware of all the risks involved. The fierce struggle for power in Washington in the spring of 2017 only exacerbates these risks. Trump's opponents also think that achieving domestic political goals (ideally impeachment) is so important that foreign policy fallouts can be neglected.

Europe is going through its own multifaceted crisis, and its resolution will be an indisputable priority for the years to come. The European Union's transformation, its disintegration into the "core" and the "periphery" may undermine its ability to ensure stability on the continent. As has so often been the case, the main threats (caused by the instability of the "core") concern the future of Europe's fringes. The European Union's persistent enlargement was intended to be an instrument for transforming problem-ridden countries in the Balkans and Eastern Europe and breaking the vicious circle of conflicts and confrontations in which they had been involved for centuries. There was no Plan B. Now the European Union's further expansion is hardly a possibility, while patronage without membership may produce the opposite effect—frustrated hopes will stir nationalist forces, which in turn will further inflame old conflicts. A new series of conflicts in the Balkans, coupled with the Middle East turmoil, can create a vast area of instability. The explosive potential of such countries as Macedonia or Bosnia can hardly be overestimated. Likewise, external forces which have been historically present in this region (Russia, Turkey, and Germany) or which have entered the political scene just recently (Islamists) may be tempted to get involved.

Another danger is associated with the influx of immigrants to leading European countries. The "reverse colonization" phenomenon, which earlier was used as a somewhat politically inopportune metaphor, is beginning to describe the actual state of affairs. No country has so far been able to propose an effective mechanism of immigrant integration. The number of refugees will keep growing, and they will continue to cause significant societal changes in the host countries.

On the one hand, this will increase tensions in societies and cause clashes of cultures with destructive political consequences and radicalization of the partisan and political landscape. On the other hand, this will lead to "Israelization" of Europe and turn terrorism into its everyday reality, thus inciting political polarization. It is noteworthy that Russian Muslims are discussing the risk of seeing Islamophobia, emerging in certain social and political circles in Europe, spread to Russia. Clearly, this would have disastrous consequences for this country.

Pressure on the EU borders from refugees is mounting and will keep growing in the years to come. Stabilization in the Middle East, if it is possible in the foreseeable future at all, could reduce the flow of refugees in the short term. But people flee not so much war as a general disbelief in the future of their countries, political instability and absence of economic prospects caused by the crisis, and the increasingly manifest environmental aftermath of globalization.

The West has embarked on a complex and, judging from the first signs, painful transformation, starting a search for other forms of self-organization and a new role on the international stage. It is beginning to realize that the era of overpowering Western

approaches after the collapse of the Soviet Union and Communist ideology has come to an end, and lingering euphoria is giving way to deep reflection.

Some observers tend to describe the current crisis as a sequence of momentary political predicaments from Brexit and Trump to a series of elections in leading EU countries, claiming that if mainstream politicians in Holland, France, and Germany win, then the troubles are over. In reality shifts in the electorate's political preferences reflect profound and mounting socioeconomic problems. "We do not know what is happening to us" is what meditative Western politicians say increasingly often lately, referring to obvious socioeconomic difficulties. These include exorbitant indebtedness and a lack of certainty about how it will affect the outcome of the financial crisis, robotization and "work as a privilege," and a revisionist approach towards globalization now that it has become clear that the West is no longer its chief beneficiary. There is a bundle of problems associated with biotechnologies, gradual disappearance of the human-machine divide, and ensuing new ethical and legal problems. Developed societies are already facing these challenges. There are neither strict moral norms to regulate these issues nor clear understanding of their social repercussions.

Even prosperous Western countries cannot afford to sustain the welfare state system they created during the Cold War as a countermeasure against the communist threat. Restructuring it in a democratic political system is hardly possible as none of the Western politicians has enough popular trust to dare touch basic social guarantees. As a result, they do so covertly, with no social contract and legitimacy to back them. For the first time in years the perception of the future lacks optimism, is vague, and causes concern.

## Ideological Hardening in the West

Assertions about the end of the liberal world order, which have become commonplace in Western debates, require at least two reservations. First, the liberal order existed not so much in reality as in the minds of those who considered the victory in the Cold War the West's triumph. The West made an attempt to portray its institutions, primarily NATO, which hitherto had been one of the centers of power, as the only such center. Therefore it would be fair to speak not about the end of the liberal world order but about the end of the period when the illusory consensus about such an order was not challenged openly.

Second, there were enough people in the West who viewed growing challenges to its brief absolute hegemony as an encroachment upon the proper order of things and as ideological subversion against the only correct liberal system of values. The absence of a coherent ideological alternative to the liberal mainstream at the beginning of the 21st century (this role is currently claimed mainly by protest movements and parties which are not considered responsible and capable political forces) further convinces the advocates of the liberal order that ongoing processes are an aberration, a temporary deviation from the norm and that a return to that norm is therefore necessary and unavoidable.

Liberalism has become an ideology, quite aggressive in its protective efforts. It does not seek to engage in dialogue with opponents but to discredit them and push them out of the political space. The fact that Russia has become, partly voluntarily and partly due to circumstances, an epitome of the anti-liberal trend increases the risk of conflict and unexpectedly fierce confrontation.

It is highly unlikely that the West will seek a way out of its crisis through cooperation with Russia or joint solutions to old and new problems. Occasional expectations in Russia that, for example, the crisis of the European integration project would prod the Old World into implementing the idea of a common space “from Lisbon to Vladivostok” never came true. On the contrary, abortive attempts to fit Russia into the EU/NATO-centric project (we discussed this in detail in our previous report) did not prompt Europe to review its model and pay more attention to Russia’s peculiarities or stop considering Brussels’ norms and rules an axiom, but led it to antagonize Russia and habitually stigmatize it as “an enemy at the gates.” Our hopes of last year that Europe would offer broader discourse to Moscow have not come true either. Attempts by some politicians in the West to question such an approach are criticized harshly as an encroachment upon the basic political values and as a threat to stability.

Likewise, expectations that the growing influence of forces opposing the ruling establishment in Europe would bring it and Russia closer have also proved futile so far. Eurosceptic and traditionalist movements have an influence on the overall atmosphere in Europe, but they lack the potential, primarily the intellectual one, needed for devising a strategy that would engage not only protest voters but also those who are looking for an alternative political and economic model.

The European establishment will most likely learn a lesson from the turmoil of 2016 and try to “absorb” some of the protesting forces and use their slogans in order to “dissolve” the unrest in much the same way it was done in the late 1960s. An external enemy can be very helpful in fostering internal consolidation based on new realities, and this role has so far been assigned solely to Russia.

There were hopes that Europe would gradually start acquiring its own foreign policy identity as the United States goes through a domestic political tumult and the traditional trans-Atlantic relations grow weaker. But life has proven otherwise. The change of Washington’s rhetoric during the initial period of Donald Trump’s presidency plunged Europe in a state of shock and confusion. The first demonstration of will and force by a missile strike on Syria was eagerly lauded by U.S. allies. Europe badly needs American leadership that would save it the trouble of thinking about its own military and political identity. The Old World is showing no will or capacity for “strategic autonomy” and is ready to accept any leadership from the United States, if only it upholds the priority of Atlantic partnership. Internal transformation only encourages it even more to restore the habitual external framework.

Europe’s own position would mean a stronger Germany, but this worries some of its European partners and, most importantly, frightens Berlin itself. Throughout its transformation, which may last indefinitely, Europe will continue to press for stronger U.S. patronage. It is not quite clear whether it will succeed, because the “America first”

policy is an objective trend in U.S. development, and Donald Trump is just its mouthpiece. The U.S. president keeps urging Europeans to “pay the bills” and sees Germany through the lens of its exports that take the markets away from the Americans. His conspicuously mercantile rhetoric disconcerts Europe but does not affect its attempts to find some common ground.

At any rate, there is no reason to expect Europe to pursue strategically motivated projects with Russia which has been chosen to be a source of problems, not a partner to solve them. The Russian threat has also been used as an instrument for bringing the U.S. back to Europe (the New World started to lose interest in the Old World at the beginning of the 21st century during George W. Bush’s presidency).

## Russia Is “an Enemy at the Gates” Again

In our previous report, we analyzed in detail the reasons behind the failure of the project that was intended to make Russia part of Greater Europe, with Brussels serving as its actual center. Now that this failure has been recognized by all, it has transpired that Europe and the West have no other model of relations with Russia. Russia refused to become part of a construct designed by others and demanded that it be revised. However, no one is prepared to do that and take Moscow’s opinion into account as it is generally believed that Russia has no right to make such demands, because in the long term it is doomed to become an incapable and declining political and economic entity. Occasional bursts of regained military-political capabilities are nothing more than temporary phenomena.

The past year proved that our assessment of Russia’s role in the West’s identity discourse was correct. Russia was used and still is actively used amid political disarray as the Constitutive Other in the United States and, albeit less intensively, in the EU as a whole and in individual European countries.

In all crisis situations in Europe, the parties involved tried, with more or less vigor, to use the “Russian factor” for their own purposes. They accused Russia of encouraging the refugee flow, influencing the Brexit vote, hacking into Emmanuel Macron’s email account, and trying to undermine German Chancellor Angela Merkel’s positions ahead of the upcoming parliamentary elections. In Hungary, protests against Prime Minister Viktor Orbán’s pressure on the Central European University began under the banner of academic freedom but at some point developed into a “Russians, go home” campaign, implying that Orbán had a liking for Putin and that the Kremlin could manipulate him. The “Russians did this” hashtag reflects the universal expounding function of the “Russian threat.” But the uproar over Donald Trump’s decision to fire FBI Director James Comey was perhaps the culmination of absurdity when it was seriously discussed whether this move was a result of his agreement with Vladimir Putin. In the spring of 2017 the Russian question was turned into a political rammer, which Trump’s numerous opponents plan to use to remove him from office.

The “Russian threat” mantra is used so much as a means of identification and a weapon against dissent that it evokes memories of the Cold War’s worst periods, such as the McCarthy years when international relations were explicitly used in internal political struggle. The reason is the general uncertainty among Western political elites about their ability to control public and political processes. The success of the forces commonly branded “anti-establishment” ones can correct the context but cannot influence relations with Russia. The U.S. example shows that the political and diplomatic backdrop can become even worse.

The current demonization of Putin and Russia in general no longer depends very much on concrete disagreements in international relations. In fact, both have been turned into an ideological factor in the West’s internal political struggle. In this scheme of things, Putin plays the role of an ideological, coordinating and financing center for those forces inside the United States and EU countries that are classified as “non-liberal” or anti-liberal. This collision is generally portrayed not as a routine partisan fight for power or a conflict of interest within Western societies, but as an uncompromising battle for the only correct ideology and system of values.

The last several months proved the efficacy of this tactic (consolidation against Russia continues on the whole) and there is no reason to expect it to end any time soon. Those who disagree with this tactic easily give up their views after encountering consolidated opposition to their attempts to build relations with Russia differently or may even want to “sell” a demonstratively tough attitude towards Moscow to their opponents in order to garner their support on more important issues. All this only indicates that Russia is not a real priority either for anti-Russian or pro-Russian politicians and in some cases plays a purely instrumental role. For example, in the European Union, all of the “pro-Russian” governments, which publicly speak about the harmful impact of sanctions, vote for their extension every six months.

For Russia, this means a serious deterioration of the overall climate in international relations. Pragmatic considerations in relations with Russia have been sacrificed to ideological ones, and this makes the situation even worse than it was during the Cold War when there was a large and influential camp of “detente advocates” in the West, who called for constructive cooperation with the Soviet Union above the ideological struggle. Alternating ups and downs in relations at that time were a result of a rational carrot-and-stick policy on both sides and their understanding that systemic confrontation should be structured and managed. This is not the case now. The factor of irrationality and unpredictability becomes increasingly manifest as internal circumstances gain priority.

## Unprecedented Instrumentalization of Russia

Although Russia is still perceived in much the same way as before throughout history, ***there is a substantially higher degree of instrumentalization of the Russian issue now.***

This clearly indicates that Russia is of much less importance to the West now than it ever was over the past two centuries. Suffice it to compare discourse on Russia with that on China which has been rejecting liberal values much more persistently and which is probably no less active on the cyber-front.

The example of Donald Trump is particularly illustrative. He began with positive statements about Russia, obviously in contrast to Obama. But in reality Russia is of little interest to Trump and his associates. Their priority is to change global trade and financial relations in such a way as to match them to mercantilely understood U.S. interests. In this respect, Russia, with its modest share of the global economy, is a second- or maybe even third-tier player, and is not worth paying much attention, let alone taking risks for the sake of relations with it.

The harsh “alienation” of Russia can partly be blamed on its bold foreign policy in recent years. Moscow intentionally challenged the West not only in concrete conflicts but also in terms of values by exposing and ridiculing the West’s inconsistency and hypocrisy rather than by offering a different set of values. Russia often legitimized its behavior by claiming that it was not the first to have broken formal or informal conventions but acted in response to the West’s misconduct. Such symmetric approach produced more modest results than was expected and many of Russia’s actions remained unrecognized by the world, but it had a certain propagandistic effect and earned respect for the daring behavior. Now that the Donald Trump administration has come to power in the United States, this symmetry no longer works, because Washington is absolutely irresponsive to reproaches and denunciations and is guided solely by egoistic considerations.

The Trump administration is determined to use force not in order to achieve some results but as sheer demonstration. The U.S. missile strike on a Syrian army base in April showed that this may be quite an effective tactic. The reaction of Europe, Turkey, and Persian Gulf monarchies clearly indicated that they are ready to support any U.S. actions if they give them the comfort of American leadership which they can follow, even if Washington has no policy to be followed.

The political crisis in the U.S. leadership may have all sorts of foreign policy consequences. Minimization of international risks created by the struggle for power in the United States becomes a priority task.

## Detachment as an Imperative

In the current situation, the policy of *detachment without confrontation* we proposed in our previous report remains the only reasonable option. Russia is unable to influence the discourse that has turned it into nearly the main threat to Western liberal values, but did not make it a legitimate opponent with whom one has to negotiate the rules of the game (as was the case with the Soviet Union).

No progress can be achieved in relations with the United States in the foreseeable future. Whatever turn political struggle in Washington may take, Russia will remain in the center of the destructive process. But Russia should not under any circumstances get involved in the internal political fighting in the United States, for this is a no win situation where both sides will immediately turn on it.

A “big deal” or even an agreement on Ukraine or Syria is highly unlikely. The Russian threat has become a much more important instrument for addressing internal American problems and the issue of EU unity than cooperation with the real Russia.

This means that Russia’s efforts to change the European Union’s strategic orientation will not produce the desired results but can only give the EU an extra tool for winning U.S. attention contrary to what Moscow actually expects. The Kremlin must understand that Russia will not be able to outplay America on the European field. The U.S. still has strong leverage established by the Marshall Plan and the Cold War, backed by decades of meticulous work to raise Atlantic-minded elites in Europe. Russia has no matching resources or an attractive and convincing model of development. As for those parts of Europe where Russia has considerable symbolic capital (primarily the Balkans), history proves that attempts to use it always ended badly.

The list of claims against Russia is much longer than just Crimea or its role in eastern Ukraine and includes the rejection of the Russian leadership as irreversibly alien to liberal values, unacceptability of attempts to restore its military potential, and refusal to accept its demands for equal negotiating positions with the West. In the foreseeable future, Russian society may be ready to accept these terms only in the event of economic collapse and/or major military defeat.

None of the above means that Russia should purposefully fence itself off from Europe. As we pointed out in our previous report, no matter what the European Union is going to be like in the years to come, there will be no joint political project with it and there is no need to seek one. The EU transformation will continue within the framework of the same Atlantic paradigm that served as its basis from the very start of European integration. Russia does not fit into this framework. But there is no evidence that a hypothetical collapse of the European Union and the Atlantic project could benefit Moscow.

And yet, the main achievement of European integration was that it ended fatal rivalry on the continent, which not only caused trouble for European countries themselves but also sent devastating ripples across the world. History shows that Russia could never stay away from upheavals caused by great-power rivalry in Europe and outbursts of nationalist hysteria in different parts of the continent. (Even in the few cases when caution prevailed over ambitions and prestige in Russia, there were forces in Europe that succeeded in drawing Russia into European conflicts in their own interests.) If the EU and NATO serve the purpose of keeping European countries from returning to the old habits, one should not wish them ill, especially since both organizations have probably restrained their expansionist ambitions.

Europe will always be there as an important economic partner and a source of Russia’s cultural and historical identity. It is particularly important as a factor

helping maintain the balance in the emerging new Eurasian configuration, which is an objective reality now. In the absence of a single political framework, it is important to strengthen and develop ties with those interest groups, circles and political forces in Europe that advocate constructive cooperation with Moscow. In the short term, as we noted above, they will have no chance to change the perception of Russia in Europe. But in a longer-term perspective, when Europe regains inner equilibrium, the pro-Russian “ferment” in the European Union, albeit remaining completely Atlantic, will lay the groundwork for a new agenda. It is not possible at this point to say when this may happen because development prospects of the EU itself remain unclear. But such a time will definitely come. Russia should exert systemic and sustained efforts not in order to achieve immediate results but in order to establish a foothold for the future.

## China and the U.S.—an Attempt to Avoid Confrontation

No matter how important Europe may be for Russia, major international events are unfolding elsewhere, and the European crisis has a regional, not global, impact. The hardest and most dramatic decisions will have to be made by the Chinese leadership.

China has got into a situation it has always tried to avoid. Since the end of the 20th century, Beijing’s strategic goal has been to build up (possibly unnoticeably) strength and influence in order to “grow” into the Western-centric international order and gradually change it from within in its own interests. China has been doing this quite successfully, while constantly carping at the West’s reluctance to share control in global institutions. Nevertheless, China has been consistently advocating evolutionary, not revolutionary, changes in the world architecture.

Now it is facing challenges from two sides. On the one hand, China has reached such an economic and political scale that it no longer can unobtrusively stay in the shadows. On the other hand, the erosion of the order which Beijing was carefully and calculatingly entering had begun from within when leading Western countries, primarily the United States, moved to give up the open global system. As a result, China faced the need to take the lead in either dismantling the old model or, on the contrary, preserving it. President Xi Jinping’s speech in Davos in January 2017 is often interpreted as Beijing’s decision to choose the latter and become a new leader of globalization. However, on closer inspection it becomes clear that Xi made no choice but continued to maneuver. In addition, internationally touted slogans aside, the Chinese economy is highly protectionist, and it would be out of character for Beijing to act as the main advocate of openness. One way or another, China will have to adapt to the new international situation under rather unfavorable circumstances.

Changing the nature of trade and economic relations with China is one of the key priorities for Donald Trump. Although his initial aggressive rhetoric (hinting at possible recognition of Taiwan, accusing Beijing of currency manipulation and threatening to

impose draconian duties on its products) has been toned down, the main goal remains the same. How far is Beijing prepared to go in making concessions to the United States in order to avoid a trade war or a standoff with it? The decision will depend not only on Beijing's traditional tactic of avoiding acute and open confrontation but also on the risk of seeing its economic bubbles deflating and its economy slowing down. It may so happen that Trump will have a much stronger position in his bargaining with China than everyone thought at first.

The situation inside China should also be factored in. The legitimacy of the Communist Party's power depends on continuous economic growth and better well-being, but the changing external situation makes things harder. Nationalist sentiment is on the rise both in society and among members of the political elite who believe that it is time China demanded a completely new status for itself on the international stage. Both circumstances are upsetting the balance of internal and external factors that has invariably been maintained in the country since Deng Xiaoping.

Tension is mounting in East Asia because of North Korea's provocative behavior which gives Washington the reason to increase its military-political activity and pressure. Both sides are playing a dangerous game of bluff, which is a habitual practice for North Korea, but something entirely new for the United States. All this creates increased uncertainty. The U.S. administration is using the North Korean nuclear issue for strengthening its positions in the Pacific where Donald Trump is following in the footsteps of his predecessor Barack Obama. The difference is that Trump tends to link absolutely unconnected questions together, for example, regional strategic stability and security with trade issues. The pressure being exerted on Beijing to make it assume a tougher stance with regard to Pyongyang is part of a bigger plan to reformat trade and economic relations.

Sino-American ties are developing according to their own logic and Russia cannot influence it. Moreover, any change in these relations will strongly impact the context in which Moscow has to act. For example, the North Korean issue is very important for Russia. It cannot but worry Russia as it threatens stability in the Far East, gives the United States the reason to deploy its missile defense system in South Korea and step up its naval activities in the region, and creates discomfort in relations with China which expects Russia to support its position that has yet to be articulated.

Russia's dependence on the decisions of the world's two most powerful countries becomes increasingly palpable. As we pointed out in our previous report, we can be sure that China will not support anti-Russian initiatives and steps and will lend its shoulder in a critical situation. But what has also become very clear is that China will not take risks in relations with the United States because of Russian-American disagreements and will not support Moscow's attempts to put pressure on Washington. Moreover, the election of a U.S. president who acts impulsively and assertively, and demonstrates his readiness to disregard established rules of conduct has only made America all the more important for China. Beijing is trying hard to find a new *modus vivendi* with America, obviously being prepared to accept (at least for now) the costs of it and even some damage to its image.

## Russia in the Face of New Transformations

For all the difference in problems Western countries and Russia are experiencing, there are some surprising similarities too. In 2012-2013, the Russian authorities faced a crisis of legitimacy and the danger of looming economic stagnation and even recession. In 2013-2015, Vladimir Putin often had to solve the issue of his legitimation through foreign policy moves. In 2011-2013, the ruling strata came under fierce attack from nationalists of all stripes, who accused it of betraying national interests. They claimed that people in power had their bank accounts, families and property abroad and, therefore, could not under any circumstances stand up to the West. An acquiescent loss of Ukraine would have been the most vivid and convincing proof of that.

The escalation of stakes in the conflict over Ukraine and incorporation of Crimea were largely a forced move taken to avoid a crisis of legitimacy. In parallel, it helped identify those who were responsible for economic stagnation, the roots of which lie in the structural limits of the existing system. Amid confrontation with the West, the crisis was officially linked to sanctions and falling oil prices, and people generally responded by rallying around the flag and agreeing to pull in their belts. Putin's legitimacy as a *national* leader who is prepared to take big risks for the sake of the country's *dignity* was reaffirmed, and the proverbial 86 percent of votes for him were quite authentic.

However, by 2016 the Crimean effect had worn off even though it had been backed with a military operation in Syria. Russian people are now focused on internal problems and their demand for a project of development becomes increasingly broad and manifest. Foreign policy is no longer the main priority no matter how hard television may try to keep it in focus. For the electoral campaign in 2018 to be successful, it must be based on the domestic agenda and offer a strategy for further development.

Over the past year, the Russian authorities failed either to address key domestic issues or offer a more or less clear plan of future economic and political transformation. Instead, the authorities seem to have developed an inclination towards political and ideological "monologue." The problem of international image, which was quite prominent in the 2000s and the early 2010s, no longer worries the authorities. They act more vigorously to restrict people's freedoms, imitate a dialogue with society, and adopt voluntarist decisions in the field of socio-political governance. This approach is vividly manifested in the ambitious housing renovation project in Moscow, which was started by a decision from above and can hardly be considered practical and expedient as it undermines the trust in the sanctity of private ownership, with the house or flat people live in often being the only property they own, but creates the illusion of concern about people and renovation.

The nascent economic recovery in Russia will remain limited unless it is backed by substantial institutional changes. Excessive regulation and taxes, lack of affordable loans, and insufficient protection of private property rights are key factors that hinder the development of small and medium-sized business. As for the legitimacy of large private companies, acquired through loans-for-share auctions in the 1990s, this

problem will last well into the future. None of these issues can be solved solely by technocratic methods. Changes must occur in the socio-political sphere as well. In this respect, the upcoming presidential campaign of 2017-2018, the result of which, speaking the truth, is obvious and decided, will be really important. It will have to show the political vigor, the drive, and the ability of the system to respond to changes in society and shifts in public demand.

There is yet another parallel between the Russian and Western agendas. The biggest problem all leading countries are facing is the rise of the so-called “populism,” that is, public protest against the unpopular establishment. Russia is in a somewhat special position due to the peculiarities of its political system, but it is not isolated from global trends either. Russian people generally lack trust in political institutions and most members of the ruling class, just as Europeans tend to mistrust Brussels and most Americans remain wary of the Capitol Hill. However the Putin factor makes up for this gap. For a number of reasons, the president is not viewed as part of the ruling class.

In the winter of 2011-2012, when Moscow and St. Petersburg were swept by protests organized by “advanced” members of society, Putin stepped away from his role of “president for all Russians” and sided with the majority, thus opposing the protesting minority. He filled in the niche which otherwise would have been used by the “populist forces” and became a sort of “part-time Trump.” This consolidated the government but had serious consequences for the Russian political system, which in part are the cause of the current situation. But the ability of the one and only leader to cover up for the majority of institutions lacking in legitimacy is limited, at least in time. Diversification of legitimacy is an acute task to be tackled during and after the upcoming elections and Vladimir Putin’s likely second term.

## History as an Admonition

The past experience shows that combining political and economic reforms has never been easy for Russia. In the 20th century, there were two such attempts and both had catastrophic consequences. In the first case, the empire was shattered by a world war and plunged into a revolution, losing the real chance of carrying out successful modernization. In the second case, the Soviet Union had exhausted itself in the Cold War and arms race and fell apart.

In pre-revolutionary Russia there were also several episodes when the internal situation required major and comprehensive transformations. Examples of foreign policy scenarios in such situations abound. Alexander II tried to keep away from armed conflicts in order to create favorable conditions for domestic development. A deviation from this position forced by the need to suppress the Polish rebellion in 1863-1864 took a heavy toll on reforms. (The political transformation of post-Soviet Russia was also substantially distorted by the struggle against regional separatism in the Caucasus.) At the end of Alexander II’s reign, Russia, responding to public sentiment supportive of the

Balkan Slavs, had to go to war with the Ottoman Empire in 1877-1878. The authorities sought to overcome the estrangement of the educated part of society and showed caution on the battlefield in hope for a quick international settlement. Foreign policy moderation and self-restraint exercised by the authorities at that time allowed Russia to avoid direct confrontation with Western countries and overcome the Crimean War trauma.

Alexander III was particularly conscientious in avoiding armed conflicts, which earned him the reputation of “peacemaker.” A deviation from his policy cost Russia dearly. The Russo-Japanese War of 1904-1905 was a classic example of how primitive ambitions to start a small and successful war in order to win broader public support can cause disastrous consequences.

Finally, discussions held in 1913-1914 on whether Russia should enter the Great war can graphically illustrate how an obsession of the authorities and an educated part of society with status, coupled with vague and **unclear goal-setting**, led the empire to its demise even though somber-minded voices had called quite strongly and argumentatively on eve of the war for restraint and concentration on internal transformation.

So, Russia is facing the same problems of “uncertainty and anxiety about the future” the majority of other countries are experiencing. Russia has coped with the shocks of 2013-2016 quite well and proved its steadiness. But now it is entering a situation where it can be vulnerable because of the need to carry out major social and economic reforms which will also require adjustments in the political system. In this situation, maximum caution in foreign policy to avoid sharp moves, even when they are provoked by external factors, becomes imperative.

## Restraint as an Imperative

Over the year that has passed since our previous report the situation in the world has become more dangerous. The West’s turn to a more egoistic policy instead of global expansion essentially means that foreign policy activities will not decrease but will be instrumentalized and used for solving domestic political problems. This is particularly evident in the case of the Trump administration, but some signs of this can be found in Europe as well. The task of settling regional conflicts, which was at least articulated during the previous stage, no longer seems to be on the agenda, while global strategic security issues become increasingly pronounced. The U.S. administration’s commitment to remilitarization and rearmament, including nuclear weapons, at a time when the previous arms control formats are no longer effective and key arms control agreements are expiring only adds to uncertainty.

A year ago we wrote that “Russia’s ability to take everybody else by surprise, thereby compensating for the scarcity of resources, was a trademark of Russian policy in recent years. Putin’s unexpected moves more than once yielded considerable tactical advantages. But Russia’s reputation of an unpredictable player, which may be useful in some cases, also entails noticeable costs not only in relations with the West (the United

States first and foremost), but on other tracks, too. Moscow's partners in the East and the South have developed the habit of seeing Russia as a very impulsive actor, prone to sharp turns and improvisations, not very much disposed towards systemic work."

This style of work is practically exhausted now. Firstly, now it is the U.S. president who is the master of unpredictability, and his response to sharp moves may be even sharper, which must be taken into account in order to avoid risks. Secondly, the curtailment of globalization in its previous form and the current trade and economic priorities of the American administration shift relations between great powers into the sphere of more fierce economic competition, which has never been Russia's strong point. Finally, demand for order, stability and proper conditions for development is on the rise across the world both regionally and globally. And there is an obvious need on the international level for new rules of interstate interaction.

The reason for this lies in political and economic transformations and changes in the balance of power as well as the new technological reality which for the most part is not regulated by any rules at all. Regional conflicts tend to grow more intense, with no one willing to assume responsibility. The place of the exporter of stability is vacant, while demand for its services is growing. At the same time, countries which rock the situation in their own selfish interests, neglecting all the others, will draw more and more criticism. The notion of 'common good' will most likely play a more noticeable role in the political and ideological transformation of the world.

The dismantling of the previous world order triggered by the collapse of the Soviet Union is over. A new era is beginning; it will focus on trying to build something new and sustainable. This will take time and may cause upheavals, with no guarantees of success. But its logic will be increasingly geared towards finding solutions and minimizing risks, if mankind does not plunge into the madness of global conflict, of course.

Russia needs to change its image and concentrate on what it can give the world, key partners and neighbors. Objectively speaking, Russia can act as nearly the only, and virtually irreplaceable, guarantor of stability in Eurasia, especially in Central Asia where the quantity of internal problems will inevitably transform into quality. Russia is an inalienable part of most key projects in Eurasia and has political, diplomatic and military tools that are needed for solving many global problems. This potential must serve as the basis for Russia's positioning on the international stage. Commitment to the future and the need to respond to new challenges should be the main content of the narrative, and the less it alludes to the past, the better. This will strengthen Russia's positions in relations with China, India, Iran, and other countries which can hardly be interested in Russia's obsession with its own post-Cold War era agenda.

## Restraint and Its Reasons

Let us say one more time that the world is entering a new stage of development where protectionist sentiment becomes a norm and the resolution of internal problems in

countries and societies becomes top priority in order to guarantee stability. Leading countries will subordinate their foreign policies to domestic tasks. In this situation Russia should cut down on external activities that create increasingly palpable problems for internal development, mainly because of restricted access to technologies and capital as well as the excessive focus on military-strategic issues.

Limited economic capabilities act as a brake on the development of foreign relations when political rapprochement needs to be backed with deeper economic cooperation. It is the insufficient economic potential that hinders Russia's cooperation within the Eurasian Economic Union as well as with China and other leading Asian countries. Russia can supply energy resources, arms and even security as such, but this is not enough if it cannot complement that with a sufficiently large market and diversified economic possibilities. Restrained foreign policy should be based on nuclear deterrence as a key element of security. Preserving Russia's ability to inflict unacceptable damage upon a potential aggressor remains a key element of its defense strategy. At the same time, Russia should exert every effort to keep effective nuclear arms limitation treaties in force. What little is left of the U.S. forces and structures that were engaged in the nuclear nonproliferation process and nuclear arms reduction negotiations is one of the few areas where cooperation with Russia is considered a norm and a necessity. This work has always been done through dialogue with Russia, and Moscow must do its best to resume it in the future.

Strategic stability and predictable management of relations in the nuclear sphere are perhaps one issue where Russia should show initiative. This is the only problem that may hypothetically wipe out human civilization if handled irresponsibly. It must be placed most reliably above momentary disputes, internal or external. That said, the unique situation in the United States and in Russian-American relations may have a positive effect by helping Russia get rid of the American-centric mentality. Moscow cannot influence the situation in the United States, or draw benefits from it, or rally others around itself for confrontation with the U.S. It is time Russia started doing things that must be done regardless of Washington's role and position.

Naturally, it would be strange to pretend that America does not exist, because in any condition the United States will remain the strongest country on the planet that can interfere anywhere and at any time. But Russia must use the period of a possible internal paralysis in the United States caused by political infighting in order to advance its own priorities in Eurasia, in relations with Iran, Japan, South Korea, and neighboring countries.

It must pay much attention and exert much effort to create a model of balanced long-term relations with China. The abovementioned situation in China opens up new opportunities for Russia but it also requires it to take thoroughly considered and independent security decisions (Central Eurasia, East Asia, Asia-Pacific region), carry out economic activities and propose joint measures to reduce the risks associated with changes in Western countries' policies. No simple or straightforward approach will work with China. Likewise, it would be pointless for the time being to try to use the much talked-about notion of Russia-China-U.S. triangle. None of its participants, least so the United States, is prepared to engage in a serious strategic discussion on joint efforts to build a global balance. They may come to that at some point, but no one knows when.

Another priority task for Russia is to find a solution to the two worst conflicts of recent years which played a crucial role in the preceding period but which are turning into vulnerability points in the current situation. These are Ukraine and Syria. In both cases, Russia may be drawn into an escalation without any chance of reaping strategic benefits but with the risk of ruining many of its domestic and external achievements.

Ukraine continues to degrade and may turn into a failed incapable state or even fall apart, if the West and Russia keep playing their staring contest game. Or the current wishy-washy situation may continue indefinitely if the Ukrainian issue turns into a never-ending crisis on the fringes of Europe, driven not by the efforts of external actors to do something about it but by their desire to save face and keep the opponent from scoring political points. Because of its historical and geostrategic involvement, Russia bears greater risks of all types, especially since the probability that Ukraine may turn into a serious hindrance for Russia in various areas is quite high. Offering any action plan based on real circumstances, including those in Ukraine, is hardly possible at this point. The goal should be to achieve a sustainable balance of interests around Ukraine and minimize the risks involved.

The same goes for Syria. Russia has drawn maximum international and political dividends from its participation in the Syria campaign, preserving Syria's incumbent regime and preventing a collapse of its statehood. But Moscow's further ability to solve Syrian problems by force and through political and diplomatic interaction with non-Arab states (Iran and Turkey) is limited. Getting stuck in Syria to guarantee the survival of the Bashar al-Assad clan will yield no benefits but will distract resources from other, more important problems. Diplomatic efforts towards normalization are important and must be continued, but Moscow should clearly understand that they are needed for a gradual reduction of its presence and participation, not for expansion. If no stabilization begins in Syria, a long-term presence there will make it a burden rather than an advantage for Russia.

## Foreign Policy Restraint for the Sake of Internal Liberation?

Some of the major countries are experiencing problems in determining their role, their "scale" and their "measure." These problems pushed England towards Brexit. (In fact, it was England that voted for secession from the EU, while Scotland and Northern Ireland voted against.) Germany is trying to figure out how not to turn from the EU's "locomotive" into its "boss." On the contrary, Donald Trump seems to have firmly decided that the U.S. should try a new role of global "boss" rather than a leader, but no one can tell how long his policy or he himself for that matter will last. India could, and probably would like to, seek the role of a global player by virtue of its size, but internal problems dramatically limit its possibilities. China constantly looks for a balance between a cautious foreign policy of "the creeping economic tiger" and global leadership of "the soaring dragon." All these are signs of a transitional period the world system is going through, as we stated above.

Russia is not an exception. Its military and foreign policy potential inherited from the Soviet Union inevitably makes it a global player. But the country should create a mechanism of economic growth that would match its foreign policy potential and meet increasingly tough economic competition requirements. Otherwise, the gap will widen, precipitating more dangerous crises. Russia should also strengthen the functionality and legitimacy of its institutions in order to make its political system more resilient against crises.

A rule-of-law state, political pluralism and human rights were part of Russia's European aspirations, which never came true. Does this mean that we are ready to give up these goals because they have no intrinsic value for us without European prospects? Can we address these issues as a self-sufficient sociopolitical community rather than following in someone else's footsteps? Answers to these questions will determine the future of our country, and we will have to look for them with no hope "of leaning on the strong shoulder of a friend." Under these circumstances, Russia's foreign policy should be based on restraint and commitment to creating favorable conditions for internal transformation of society.