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TRANSATLANTIC SECURITY SYMPOSIUM 2014

A Cold Peace?
West-Russia Relations in Light of the Ukraine Crisis

Rome, 20 October 2014

AGENDA
Hotel Ponte Sisto
Via dei Pettinari, 64

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FRIEDRICH EBERT STIFTUNG

9:00-9:15	REGISTRATION OF PARTICIPANTS
9:15-9:30	WELCOME ADDRESS AND CONFERENCE INTRODUCTION
Welcome address	**Ettore Greco**, Director, Istituto Affari Internazionali, Rome
	Pierfrancesco Sacco, Head of Unit for Analysis, Planning and Historic Diplomatic Documentation, Italian Ministry of Foreign Affairs and International Cooperation, Rome
Introduction	**Riccardo Alcaro**, Visiting Fellow, Center on the US and Europe, Brookings Institution, Washington DC
9:30-10:45	INTRODUCTORY SESSION
	Understanding Russia's Leadership: President Putin's Power Base and World Views
Chair	**Nathalie Tocci**, Deputy Director, Istituto Affari Internazionali, Rome
Keynote speaker	**Fiona Hill**, Director, Center on the US and Europe, Brookings Institution, Washington DC
Respondents	**Andrei Kortunov**, Director General, Russian International Affairs Council, Moscow
	James Sherr, Associate Fellow, Chatham House, London
	Q&A
10:45-11:00	COFFEE BREAK
11:00-12:30	FIRST SESSION
	West-Russia Relations and the Emerging Global Order
Chair	**Constanze Stelzenmüller**, Director, Transatlantic Trends, The German Marshall Fund of the United States, Berlin
Paper-giver	**Alexey Gromyko**, Director, Institute of Europe, Moscow
Discussants	**Isabel Facon**, Senior Research Fellow, Fondation pour la Recherche Strategique, Paris
	Margarete Klein, Senior Associate, Stiftung Wissenschaft und Politik, Berlin
	Open debate

12:30-13:30	LUNCH
13:30-15:00	SECOND SESSION
	NATO and Russia: Enemies Again?
Chair	**Piotr Kościński**, Director of our Eastern Programme, PISM, Warsaw
Paper-giver	**Christopher Chivvis**, Senior Political Scientist, RAND, Arlington (VA)
Discussants	**Mikhail Troitskiy**, Deputy Director, MacArthur Foundation, Russia Office
	Orysia Lutsevych, Research Fellow, Chatham House, London
	Robert Pszczel, Director, NATO Information Office in Moscow
	Open debate
15:00-15:15	COFFEE BREAK
15:15-16:45	THIRD SESSION
	West-Russia Strategic Competition in Europe and the South Caucasus
Chair	**Brian Whitmore**, Senior Editor, Radio Free Europe/Radio Liberty, Prague
Paper-giver	**Ivan Krastev**, Board Member, European Council on Foreign Relations
Discussants	**Nona Mikhelidze**, Reseaerch Fellow, Istituto Affari Internazionali, Rome
	Oksana Antonenko, Senior Political Counsellor, European Bank for Reconstruction and Development, London
	Samuel Charap, Senior Fellow, International Institute for Strategic Studies, Washington, DC
	Open debate
16:45-17:00	FINAL REMARKS
	Riccardo Alcaro, Visiting Fellow, Center on the US and Europe, Brookings Institution, Washington DC

Working Language will be English

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List of Participants

With the support of

Compagnia di San Paolo, Friedrich Ebert Stiftung (Rome Office), NATO Public Diplomacy Division, Italian Ministry of Foreign Affairs and International Cooperation and Unicredit S.p.A.

Riccardo Alcaro	Visiting Fellow, Center on the US and Europe, Brookings Institution, Washington DC, and Senior Fellow, Istituto Affari Internazionali, Rome
Gulnur Aybet	Head Department of International Relations, Özyeğin University Istanbul
Oksana Antonenko	Senior Political Counsellor, European Bank for Reconstruction and Development, London
Antonio Armellini	Ambassador
Angelica Attolico	Head of Political Risk and Country Analysis, Political Studies Public Affairs, Unicredit S.p.A.
Michael Braun	Head, Friedrich Ebert Stiftung, Rome Office (tbc)
Andrea Bucolo	Analyst, Russia and Ukraine, Political Risk and Country Analysis, Political Studies Public Affairs, Unicredit S.p.A.
Vincenzo Camporini	Vice President, IAI, Rome
Gaetano Casalaina	Director, Institutional Relations, Indesit S.p.A.(tbc)
Claudio Catalano	Research Department, Finmeccanica S.p.A.
Samuel Charap	Senior Fellow, Russia and Eurasia, International Institute for Strategic Studies, Washington, DC
Christopher Chivvis	Senior Political Scientist, RAND, Arlington (VA)
Giovanna De Maio	PhD candidate, L'Orientale University, Naples
Thomas De Waal	Senior Associate, Carnegie Endowment for International Peace, Washington, DC
Thomas Eymond-Laritaz	Senior Director, APCO Worldwide, London
Sergio Fabbrini	Director, Luiss School of Government and Professor of Political Science and International Relations, LUISS Guido Carli (tbc)
Isabel Facon	Senior Research Fellow, Fondation pour la Recherche Strategique, Paris
Ettore Greco	Director, Istituto Affari Internazionali, Rome
Alexey Gromyko	Director, Institute of Europe, Moscow
Fiona Hill	Director, Center on the US and Europe, Brookings Institution, Washington DC

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Alessandro Minuto Rizzo	Former NATO Deputy Secretary-General and Senior Advisor, Enel, Rome (tbc)
Gayane Novikova	Director, Spectrum, Center for Strategic Analysis, Yerevan
Fernando Pallini Oneto	Cons. Leg., Unit for Analysis, Planning and Historic Diplomatic Documentation, Italian Ministry of Foreign Affairs and International Cooperation, Rome (tbc)
Riccardo Perissich	Executive Vice President, Council for the United States and Italy, Rome
Jana Puglierin	Program Officer, Future Forum, Deutsche Gesellschaft für Auswärtige Politik, Berlin
Robert Pszczel	Director, NATO Information Office in Moscow
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Ferdinando Salleo	Ambassador
Nicolò Sartori	Senior Fellow, Security and Defence Programme, IAI, Rome
James Sherr	Associate Fellow, Chatham House, London
Stefano Silvestri	Scientific advisor, Former President IAI
Constanze Stelzenmüller	Director, Transatlantic Trends, The German Marshall Fund of the United States, Berlin
Oleksandr Sushko	Research Director, Institute for Euro-Atlantic Cooperation, Kiev
Paola Tessari	Research Fellow, Security and Defence Programme, IAI, Rome

Nathalie Tocci	Personal Advisor to the Italian Foreign Minister, and Deputy Director, Istituto Affari Internazionali, Rome
Mikhail Troitskiy	Deputy Director, MacArthur Foundation, Russia Office, Moscow
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Brian Whitmore	Senior Editor, Radio Free Europe/Radio Liberty, Prague
Franco Venturini	Columnist, Corriere della Sera, Rome (tbc)

TRANSATLANTIC SECURITY SYMPOSIUM 2014

A Cold Peace? West-Russia Relations in Light of the Ukraine Crisis

ROME, 20 OCTOBER 2014

West-Russia Relations and The Emerging Global Order

by

Alexey Gromyko
Director, Institute of Europe, Moscow

Polycentric world as new reality

The idea of the emerging global order, in other word the emerging polycentric world, is intractably bound with the issues of global governance and regulation, with a role and place of each state and their groupings in these processes. In fact, there are not many countries, which in principle aspire for a significant stake in the global regulation mechanisms. Even smaller number of them are inclined to claim a role in their invention. For the majority of functioning states the ultimate goal is to establish themselves as influential regional players; for some of them leading positions on the regional level is a strategic price. Very few nations have a desire and resources to strive for a place in the category of those subjects of international relations, which have trans-regional interests and adequate resources to underpin them.

In the past the top of the pyramid of global influence was occupied by great powers. In their ranks the most powerful were biggest empires. In the course of time they were replaced by two superpowers. Their main difference from previous heavyweights consisted in the fact that they wielded unmatched capacity to project their interests almost in any corner of the world, and propensity for such a projection was limited mainly by their will and mutual competition.

Russia in the beginning of the XXI century was developing as an autonomous transregional centre of influence with elements of global power. By its culture and history Russia is mainly a European country but by mentality and psychology – the transcontinental one. With its borders stretching thousands of kilometers in the west, south and east, Russia geopolitically, economically and security-wise cannot and should not concentrate its foreign policy in one direction.

This observation does not mean that Moscow lacks priorities in constructing its relations with other parts of the world. Their hierarchy is well known: the post-Soviet space, the European Union and other European countries, the United States, China and other members of BRICS, etc.[1] As foreign policy and national interests of any country are multifaceted, in each concrete situation such hierarchies of interests are different and evolving. For example, from the Moscow's point of view, nothing can be more important in the sphere of strategic stability than the US and China. But there are regions, which are significant in so many respects, which accommodate such a density of different interests for their neighbors that they become the main point of reference. Today and in the foreseeable future the region of such a comprehensive importance for Russia in political, economic, financial, cultural and security sense is Wider Europe, i.e. the European civilization stranding the land mass from the Atlantic ocean to the Pacific.

Perhaps, the dynamics of global history will lead in the future to a different set of priorities in the foreign policy of Russia. It is difficult at this point to judge if the scenario of its transformation into a Eurasian power, focused primarily on the Asia-Pacific region, is realistic and achievable. Russia after the fall of the Soviet Union keeps staying in its essence the European rather than Asian or Eurasian state. Migration of Russians from Siberia and the Far East still is not stemmed; the bulk of the economy beyond the Urals mountains is oriented towards Western markets; infrastructure in that part of the country, which constitute 2/3 of its territory, is developing too slowly; foreign investments, if not to count oil and gas, are concentrated in the European part of Russia. New pipelines, heading to China, Japan and other non-European consumers, will not change the situation fundamentally.

With all of its grandeur, the "Power of Siberia" pipeline, the long-term gas contract between Russia and China, signed in May 2014 during the official visit of Vladimir Putin to Beijing, envisages the maximum capacity of ¼ of the European market share of Gazprom. In

[1] The Foreign Policy Concept of the Russian Federation. Signed by the President of RF on 12.02.2013.

order to implement the "turn to the East" within a short range of time the Russian state would be expected to demonstrate the iron will comparable, for example, with the colossal task of evacuating the Soviet industry to the Urals and beyond during the Second World War. It will be impossible to carry it out relying on self-regulating market forces. Even in the long run such an assignment would demand consistent and systematic neo-industrial state policy.

However keeping in mind all challenges Russia is facing there is no doubt that it should diversify its foreign trade and foreign economic policy, its foreign investment policy adopted to the inexorable rise of China, India and other fast growth markets on huge territory from Turkey to Indonesia and in Latin America It would be a mistake to see the European orientation of Russia in certain key spheres as a monopoly, exclusive and excluding other options. In the sphere of security, politics, economy it will be increasingly important to develop the "multivector" foreign policy, the policy of strategic depth. Besides other projects, it certainly applies to BRICS, which boasts huge potential and which already has proved its viability against all odds. The BRICS summit in Brasilia in July 2014 was a vivid demonstration that Russia is imbedded in the new emerging international system and with this in view it is almost impossible for any of its actors or their groups, in case of confrontation, to isolate Russia on global scale.

A noticeable contribution of BRICS to the construction of polycentricity is that it is not the restoration of the balance of power in its traditional sense but rather a way to increase adaptability of aspiring countries to the runaway world, a way to increase clout in international affairs without imposing your views on others. This is a logic of rebalancing instead of counterpoising, the application of soft and smart power instead of forcing others to accept your position.

It is highly probable that in the following decades the dynamics of international relations will be defined by two groups of states – those that comprise BRICS and the combination of the EU and the US. In fact, this process is already ongoing. Under these circumstances, Russia finds itself in quite a unique situation when it is objectively one of the leading actors vis-a-vis the EU and at the same time the strategic partner of BRICS' members. Of course each of them has its own track of relations with the EU and the US; what is important that they pursue these tracks on the basis of polycentricity.

Strategic horizons of Russia are clearly seen in the G-20 format. Moscow has used it and will continue to do so as an additional leverage to coordinate regional and global policies with China and with other fast growing economies and aspiring nations. G-8 format, dismantled by its Western members because of the Ukrainian crisis, has not exhausted its potential. The suspension of the Russia's membership is not an unsurmountable obstacle on the way of pursuing Russian interests but to resume sooner or later G-8 functioning would be in everybody's interests.

One may argue that soon after the breakup of the bipolar world the humankind found itself in a situation familiar to the XIX and the first half of the XX century, a situation of shifting partnerships and competition among various centres of power. The notion of multipolarity (or polycentricity) became widespread. It took the place of the "concert of powers", born on the tailcoats of the Vienna Congress in 1815. However, the polycentric world, which is taking shape before our eyes, is a unique product of the latest stage of globalization[2].

The principle distinction of multipolarity in comparison to "concerts" of the past is threefold. First, the world is drifting away from Eurocentrism and in broader terms from Euroatlantism. For the first time in modern history on all continents there are aspiring nations, which harbor transregional ambitions. Second, the ability to influence the course of regional or global affairs now depends not so much on dominance let alone on coercion but on persuasion, attractiveness and smart combinations of soft and hard power. Third, the second half of the XX

[2] The comprehensive research of polycentricity is undertaken in: Russia in a Polycentric World. Ves Mir Publishing, Moscow, 2011.

century gave us the legacy of international law, which is based on the Charter of the Unite Nations. Therefore, there is a good reason to argue that to declare the postwar Yalta-Potsdam system of international relations dead is a mistake. The international law as it evolved after 1945, as a component of the Yalta-Potsdam system, is still the benchmark to judge the legitimacy of states' actions, a sort of a strait jacket, which hampers intentions of those who is prone to violate the established norms of conduct.

The international law, being a thoroughly codified system, still accommodates the ingredient of competition allowing for different interpretations of events. One of the most well-known manifestation of this is deep rooted dialectics of two principles: territorial integrity and self-determination. After the Second World War the former for a long time dominated Europe. However, in other parts of the world the latter got the upper hand as a result of anti-colonial struggle and demise of European empires. From the beginning of 1990s, with the breakup of the Soviet Union, Czechoslovakia, Yugoslavia, then Serbia, Georgia and Ukraine the principle of self-determination again has come to the fore in Europe. It still keeps its attractiveness in the eyes of a number of European peoples, striving for their own statehood, primarily Scots, Catalans and Flemish.

To be apprehensive of bipolarity because it ostensibly reconstructs the concert of powers of the XIX century seems to be misleading for the three reasons mentioned. In any case, one may argue that to run counter objective forces of history, to turn the clock back is impossible. What is within our reach is to correct these processes, to maximize their advantageous consequences and to minimize negative ones. The worst thing to do is to pretend that nothing happens and to ignore the reality. It is not less senseless to warn against polycentricity on the ground that it is much more complicated and unpredictable then bipolar or unipolar world. The whole history of humankind is a testimony to the fact that mechanisms of regional and global regulations get more intricate not simple and from this point of view the XXI century will be the continuation of its predecessors.

The law of rise and fall of great powers functioned all previous centuries; it appears that this law is carrying on. Not a single country, which dominated international affairs during previous periods of history, has succeeded in preserving its status or in enhancing it. In most cases, hegemonies of the past yielded their positions and slid back to lower categories. Sooner or later they were challenged by new aspiring nations and the next reconfiguration of regional, transregional and global influence took shape.

Such reconfigurations did never happened overnight and the ongoing one will take a significant time to solidify. The present system of international relations strands both XX and XXI centuries. It is still attached by numerous bonds to the postwar period. It is highlighted for example by drastic efforts of Euroatlantic states to prevent their marginalization in the emerging polycentricity. Some observers still define the US as the superpower; others reserves this status for rising China. However, it is a unique nature of polycentricity, which differs it from the epochs of empires, concert of powers and superpowers. In essence, it is reflected in low chances of new transregional or global hegemonies being born. Force fields of political, economic and other sorts of influence are distributed so even as never before and this trend is reinforcing itself. It will be a daunting task for any pretender to overcome the force of these fields.

The role and place of Russia in the changing configuration of powers

Russia had an opportunity in its history to enjoy the status of the largest land empire, later a superpower. In both capacities it played an essential role in shaping mechanisms of regional and global governance and regulation. After the breakup of the USSR for the first time since XVIII century Russia found itself in the range of regional, even subregional actors. However, history has shown that the depth of its downgrading was not entirely conditioned by the iron logic of

"rise and fall". The time showed that Russia's stance in the world could be significantly improved.

Presently Russia is a transregional power with elements of global reach. Today the thesis of Russia's international obligations sounds quite natural although in the recent past it was treated by many with skepticism and even with outright denial. Even today quite a few specialists in Russia not to mention foreign ones urge Russia to avoid the "unbearable burden of strategic depth".

I believe that this skepticism is misguided. For a long time successful internal development (and the XXI century makes it even more vivid) has relied heavily on the successful foreign policy. In the world, which is deeply intertwined, it has become the axiom. Of course, est modus in rebus, and the foreign policy, severed from reality, can be a burden for a country. But to find a right balance between the foreign policy activity and demands of internal development is a matter of quality of public administration and not the denial of necessity of such an activity. To waste domestic resources for the sake of illusionary foreign policy dividends is not less unacceptable than inaction in foreign policy detrimental to national interests.

A desire to restore the role of a superpower would be deceptive for modern Russia not less than inability to protect and further its interests as one of the centres of influence in the XXI century. Notably, aspirations of the Russian political class and society to see the country in the league of leading subjects of international affairs are not accompanied by messianic fervor or by declarations of some exceptionalism. At the same time the latter has returned to the political lexicon of the US leaders, as was demonstrated by Barak Obama speech in June 2014 in West Point. There are varieties of this approach to self-assessment in other countries. For example, in the UK since the times of Tony Blair the idea of "pivotal power" has come into vogue. One may get the impression that the more some international actors are made to adjust their policies by undercurrents of global development, the more they are willing to prove that this is not happening.

To realize its potential in foreign policy Russia is going to use mechanisms of regulations inherited from the second part of the XX century as well as mechanisms invented in the wake of the bipolar world. Among the first – the UN with all its ramifications, WTO (as continuation of GATT), OSCE (as continuation of CSCE), etc. Among the second – G-20, BRICS, SCO, CSTO, Eurasian Economic Union, etc. Without an active foreign policy it would be impossible for Russia to create or to contribute to creation of these organisations and therefore to have a say in regional and global mechanisms of regulation.

Moreover, in order to improve its chances in reserving for itself the appropriate place in the XXI century world order Russia needs to act even more energetically in the foreign policy field. Besides other things, it will be increasingly important to take into account the following paradox of modernity: in many cases it is impossible to enhance one country's influence without the buttress of regional integration even if this requires a delegation of part of your sovereignty upwards. In other words, it is the ability to establish yourself as a core of a certain group of states. An obvious example is Germany, which has acquired its present status of a European heavyweight due to its membership in the EU, or the US as a core of NATO, or Brazil as a centerpiece of several Latin America organisations. In the light of this instructive experience, it is very rational and advisable for Russia to press on with its role as a leader of integration projects in the post-Soviet space. Their further development and the rate of success in the following years will be a significant component of Russia's ambitions to embed itself in the international order as a transregional centre of power.

The emergence of new and reconfiguration of old mechanisms of regional and global regulation will continue for years to come. This will be a period of time when different international actors can join the process, correct it and even shape it. If not for the assertive foreign policy of the Soviet Union, the UN would have looked different, less conducive for promotion of Moscow's interests. Why the UK for all the decades past has failed to become the

driving force in the EU and now is its only member deliberating about leaving its ranks? Because long time ago it missed the opportunity to become one of its founding members and to invent its rules. Why Brazil is successfully establishing itself as a leader of Latin America? Because at the right time it exhorted its efforts to shape integration processes on the continent in a way, which were favorable to it. I think that this pattern will continue to reproduce itself: some countries will enhance their positions in world affairs due to application of strategic thinking (horizon scanning); others will be lose out because of inaction, passiveness or wrong strategic calculations. Assumingly, Ukraine has lost opportunity to become on par with Russia a driving force in the integration projects in the post-Soviet space.

Smaller Europe (EU) – Russia – the US: strategies of geopolitical survival

What variants of strategic development exist for Smaller Europe in the coming decades? Based on the linear logic the European Union is positioned to develop further as an autonomous actor of the XXI century. There are two ways to augment this status. First, the inertia scenario – with the help of well-known methods such as "power by example", i.e. by attractiveness of the model of development, soft power, pool of sovereignty, solidarity, etc.; second, the modernisation scenario – with the help of further federalisation including the field of the CSDP. The first way is less problematic as it does not require further institutional changes but at the same time less promising against the backdrop of the comprehensive crisis, which the EU has been engulfed in for seven years now. "Modernisation or slow death" – quite a real perspective for the European Union. In a situation when euro zone experienced a genuine threat of a breakup, when several of its members were on the verge of bankruptcy, when several countries are still in recession, when rates of unemployment in many places are record high and one of the major members is planning the in-out referendum, it is difficult to keep convincing yourself and non-members that the EU model of development still is sound and does not need the overhaul.

The second scenario – quality changes in the EU – is much more difficult as it runs counter numerous entrenched interests. Its consequences are less predictable and risks are higher including the risk of a "multi-speed Europe" getting out of control and centrifugal forces taking upper hand over centripetal ones. Nevertheless, it is the second scenario, which gives some hope that if the project undergoes quality changes, its gravity will restore its previous force. And the potential is still there: even in its present dented state the EU is the biggest market in the world; it boasts half of the world expenditures for international development and half of the world social expenditures. Many of its members enjoy high living standards and generous welfare states. The development according to the second scenario cannot be constrained to soft power instruments. Geopolitical weight, as Joseph Nye convincingly put it, will be defined in the XXI century by smart power, which combines in different situations different combinations of hard and soft power[3]. It seems that under the vail of "business as usual" a significant part of the EU political class inclines to go down this rout.

At the same time, critics of further territorial and political enlargement of Smaller Europe abound. The view is that in its present state the EU is already overstretched. Indeed one of the towering obstacles for internal and external development of the EU is its heterogeneity, which reached new heights since the biggest ever wave of new members in 2004 with later additions. The constant increase in social and economic inequality inside the EU is its obvious weak point, which should be tackled. However it is telling that in recent years economically and socially most problematic countries have been not so much "young European" but countries of the "periphery", which are represented not only by Ireland (accession year 1973), Greece (1981) or Spain and Portugal (1986) but also by Italy – one of the founding members. Therefore, the roots

[3] See: Joseph S. Nye, Jr. The Future of Power. Public Affairs, New York, 2011.

of the current problems of the integration project, laid bare by the economic crisis, go much deeper than the hasty enlargement of the 2000s.

Currently the structure of the EU is based on a sort of minipolarity unlike the principle of multilateralism. Various centres of influence inside the EU cooperate as well as compete. These inner tensions are accompanied by the desire of Smaller Europe, although diminished in recent years, to extend its sphere of influence to the post-Soviet space, to the whole of Mediterranean region and the Middle East. So one may argue that there is both an internal strategic overstretch, producing "enlargement fatigue", and external one, leading, for example, to the Eastern Partnership and the Mediterranean Union debacles.

There is another variant of strategic development, which is worth analyzing in case if Smaller Europe is a fading centre of power and influence in the XXI century no matter, which one of the two above scenarios take effect (the inertia scenario and the modernization scenario). The logic goes that if it is impossible to stem the strategic sidelining of the EU in global terms relying only on its own resources, than perhaps it can be done in couple with external factors. In other words – the union with what other key international players can prevent the further relative marginalisation particularly of the EU?

Indeed, it may seem not highly plausible, if to judge by long-standing trends, that the EU can escape from three fundamental corrosive factors. First, demography. In 1900 the population of Europe as a whole stood at ¼ of the global one, in 2014 – at 10,3%. According to the UN it has already reached its maximum and is projected to decline between 2013 and 2100 by further 14%[4]. By 2050 according to the medium fertility estimates the share of Europeans in the world population is expected to fall to 7,4%[5]. By 2065 one third of Europeans will be people older than 65[6]. Second, the problems with relative decline in the EU economic competitiveness[7]. Moreover, the data show that this decline started not with the world economic crisis in 2008 but much earlier, in the 1990s. Third, slow long-term decline in the EU (and European) share in world GDP[8]. In 2002-2012 the EU share of world GDP (PPP) shrank from 25% to 19,9% (the EU-28 share in world nominal GDP in 2012 was 22,9%).

Individual states, acquiring the status of the EU member, in their majority have enjoyed the integration project's surplus value and additional instruments to guard their national interests inside the EU and outside it. Now it may be the turn of the EU itself to use the same upgrading method – to enter an integration project of a higher level, i.e. transregional integration with other significant centres of influence. For the latter such a proposal may be the attractive option as well. With all its shortcomings Smaller Europe is a global player in world trade, innovations, science, education, social and technical standards, in international development and partly in conflict resolution.

At the same time, it is doubtful that the EU in its present form is privileged to expect that there will be a "scramble for Europe" on the part of other international actors. The EU in many aspects is in a mess and its appeal is far from what it was until recently. Almost the same can be said about problems, which Russia faces. Both Moscow and Brussels should admit that a possibility of their marginalisation in the XXI century is not scaremongering. It is quite real in case if geopolitical combinations, which do not include them, will become dominant, for example, Chimerica or a variant of a "tripolar world" (USA – China – India).

Apparently there are only two potential "integrators" for the EU, the strategic lock with whom may halt the weakening of strategic positions of Smaller Europe: Russia (the Wider Europe project) and the US (a new transatlantic deal). There is no other more influential partners of the EU in the space of the European civilisation. Theoretically the membership of Turkey in

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[4] http://esa.un.org/unpd/wpp/Documentation/pdf/WPP2012_Press_Release.pdf

[5] http://esa.un.org/unpd/wpp/Excel-Data/population.htm

[6] Joseph S. Nye, Jr. The Future of Power. Public Affairs, New York, 2011. P. 161.

[7] http://www3.weforum.org/docs/WEF_Europe2020_CompetitivenessReport_2014.pdf.

[8] http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-EX-14-001/EN/KS-EX-14-001-EN.PDF

the EU can give it a new existential boost (more than 70 mln new "europeans", new dimension of multicultural nature of Smaller Europe, the geopolitical wedging of Europe in Asia, etc). But probability of such a membership at this point in history is rather low. The enlargement fatigue may be seen not as a drawback but as a manifestation of common sense of the EU. It is quite clear that in the foreseeable future the main task of the organisation is to solve its present difficulties and not to import new ones.

The project of Wider Europe is problematic for the EU for a number of reasons: significant anti-Russian sentiments, especially in some East European and in Baltic countries, substantial differences in economic and political structures between Russia and most advanced members of the EU, mismatch in a number of strategic goals, etc. But arguably attractiveness of such a strategic lock is also obvious, taking into account the size of Russia, its human capital and natural resources, advanced positions in several spheres: nuclear industry, space industry, energy, military complex, cross-regional infrastructural potential. Several macroeconomic parameters of Russia are appealing: the size of the GDP, small budget deficit, low public debt, one of the largest gold and foreign currency reserves, relatively small share of the state in the economy, flat income tax, etc. with all its home-bred problems, the potential of the Russian economy is big. The last but not the least, the strategic lock between Russia and the EU would be a union between equals and not the subordinate relationship.

The idea of a new transatlantic deal is more comprehensible and straight-forward. The TTIP negotiations point out in this direction. However, this type of strategic alignment would rule out the development of CSDP, insure the "bigger brother" kind of relations, abandonment of foreign and geopolitical European ambitions, reliance on a partner across the ocean, whose foreign policy and economic interests in many ways do not coincide with the interests of Europe. The EU will have to share with the US the burden of hard power and the responsibility for future instances of military adventurism abroad. Even more important is to answer a question – won't such a union be directed at the salvation of "Washington consensus", which betrayed its weariness if not to say exhaustion since the start of the world economic crisis in 2008?

There is a view that a retreat of the EU to the role of a "smaller brother" is justified for the reason that it will provide Smaller Europe with inside influence on the policy of the US. However this idea has already proved its incapacity not once. The recent conspicuous example was the irreparable damage inflicted by Washington foreign policy on the political career of Tony Blair. Nevertheless this idea has been regularly discussed in the European political and expert circles. At the same time Europe has never been free from anti-Americanism for different reasons. The US reputation was severely dented because of the causes of the world economic crisis. "American dream" has lost much of its appeal. The country politically is deeply divided, its infrastructure, services and welfare long time ago ceased to be the envy of the world. The essential question is: if the US is in the phase of long-term decline isn't it a wishful thinking to count on the strategic lock with them to upgrade Smaller Europe globally?

Share in the world GDP (PPP), %

	1995	2007	2020	2030
USA	21,7	19,4	18,3	16,6
China	5,5	10,1	17,7	22,7
Japan	8,3	6,0	4,6	3,6
India	3,1	4,3	6,9	8,7
Russia	2,8	2,9	3,1	2,7
EU-27	24,5	20,8	18,6	15,6
France	3,6	3,0	2,5	2,1
Germany	5,3	3,9	3,2	2,5
Britain	3,4	3,1	2,9	2,5

Source: Economics Intelligence Unit (EIU.com).

Indeed the given Table demonstrates that the positions of the US and the EU are weakening and apparently will continue to do so. It should be noted that Russia, according to this figures, is in a shaky situation as well. With the present structure of its economy and even in case of moderate growth, which presently is not on the cards, the share of the country in world GDP will probably stagnate or will decrease in comparison to other more dynamic centres of growth. The country desperately needs neoindistrial modernisation policy. The Ukrainian crisis and anti-Russian sanctions have showed that over-dependence on export of natural resources is a poor ground for a place in the premier league in the XXI century.

Theoretically there is a third variant – the new «concert of powers» in the triangle «Russia – Smaller Europe – USA». This combination would solve the dilemma, which partner to build strategic partnership with, Russia or the US, would unite the space of the European civilisation in its entirety, would guarantee this concert the role of the global leader in economic, political and military affairs for several decades. It would be Wider Europe Plus.

Unfortunately the probability of such a scenario at the moment is scant. Firstly, the US seems to be stuck in the unipolarity set of mind for long time to come and therefore will not agree to a status of primus inter pares in the mentioned triangle. Secondly, taking into account the low visibility of the EU as a subject of the global political process (apart from the window dressing in the form of CFSP), it is clear that in the foreseeable future Russia and the US would prefer dealing directly with national capitals rather than with Brussels. Such state of affairs would only prolong the present stagnation of CFSP, would further marginalize those members of the EU, which do not yield much influence. Thirdly, in the EU and USA anti-Russian sentiments are stronger than anti-American feelings in Smaller Europe. Fourthly, in case of the rise in geopolitical tensions between China and the US, it would be difficult to expect Moscow to preserve equidistance with Beijing and Washington and would tend to support the former.

Each of the strategic locks, outlined above, with participation of Russia have their own logic and attractiveness (Wider Europe and the new concert of powers). In spite of the fact that at present, against the backdrop of the Ukrainian crisis, it seems impossible to realise any of them, it would be a mistake to write them off completely. The world in 10 years time will be a very different place. However, if the dream of the European civilisation coming together or the Wider Europe from Lisbon to Vladivostok is not going to come true, then the success of

integration projects in the post-Soviet space will acquire additional and even existential meaning for Russia.

Whatever course the history decides to take, whatever combinations of power and influence Russia gravitates to, it is the imperative for Moscow to establish itself as a core of integration processes. The more successful such a policy proves to be, the broader transregional and global maneuver Russia is going to have at its disposal.

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TRANSATLANTIC SECURITY SYMPOSIUM 2014

A Cold Peace? West-Russia Relations in Light of the Ukraine Crisis

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Deterring Russian Revanchism: Russia and U.S. Global Priorities

by

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The new conflict with Russia

Russia's annexation of Crimea and subsequent invasion of Eastern Ukraine is unquestionably the most serious crisis in European security since the end of the Cold War, and possibly since the pre-Détente era. It upends numerous assumptions that have underpinned U.S. and European foreign and security policy in the region since the 1990s. In particular, it overturns the assumption that while Russia had the capability to alter borders in Europe by force, it had no such intent, hence could be considered a benign and essentially pro-status quo power. These assumptions must be reconsidered in light of events in Ukraine. The United States, NATO and Russia are headed toward a new phase in their relationship, one that will be characterized by more conflict and less cooperation than was the case in the first quarter century after the end of the Cold War.

Some would thus argue that we are either facing or at risk of falling into a new Cold War. This is inaccurate at best. If the emerging new relationship between the Untied States, Europe and Russia will share many commonalities with the Cold War, it is not the same thing. The nature of the conflict today, the context in which it is playing out, and the relative importance of the conflict together differentiate the present situation markedly from the East-West contest that framed international politics in the fifty years that followed World War II.

Like the Cold War, today's clash has ideological as well as geopolitical dimensions. Ideologically, Russian President Vladimir Putin stands for a conservative authoritarianism that claims grounding in family values and his interpretation of Orthodox-Christian tradition. This conservative ideology is portrayed as an alternative to western European liberal democracy, which Putin portrays as decadent, immoral, and ill-suited for Russian society. Putin also portrays western liberalism as ill suited for many other societies, and presents his ideology as an alternative preferable to the values for which the United States and Europe have long stood.

This ideological contrast is not, however, so sharp as during the cold war, when Russian official rhetoric often portrayed the very existence of western capitalism as a de facto threat to the Soviet Union. Russia today makes no such claims. Nor does the ideology shape Russian foreign policy to the same the extent that communist ideology did. There is no equivalent to the Third International, no support for Putinist revolt in the developing world. Importantly, despite its criticisms of western mores, the Kremlin has not gone so far as to claim that its political system is fundamentally incompatible with liberal democracy. Soviet leaders may eventually have come to a similar view regarding the compatibility of communism and capitalism, but their rhetoric, coupled with the dogma that the capitalist system was destined to collapse of its own internal weaknesses, heightened overall tensions. The chasm between Putinism and western liberal democracy is not now so great.

Geopolitically, today's clash is reminiscent of the Cold War, but also not identical. In practical political terms the Cold War arose over the question of whether or not the countries of Central and Eastern Europe would be democratic after World War II, as the west believed had been agreed at Yalta, or whether they would be ruled by puppets of the Kremlin, as the Soviets felt was necessary for their security. In contrast, the root of the current conflict is whether or not Russia has a privileged sphere of interests in the regions along its current borders and a corresponding right to dominate weaker countries if their domestic or foreign policies run counter to what Russia sees as its interests. Not only are the countries immediately affected different, but the Cold War was about de facto control of Central and Eastern Europe, whereas today is about Russia's purported right to a sphere of influence in western Eurasia that justifies military intervention in neighboring countries.

In addition to these fundamental differences in the ideological and geopolitical essentials of the conflict, there are also important differences in the broader political and military context. To begin with, the military geography is starkly different from the Cold War. Russian armies are no longer in Central Europe, indeed, are unlikely ever to be again. The Russian military is meanwhile in the process of deep reform designed to transform it from a capability for large-scale war ground-war in Europe to a smaller, faster force that can intervene rapidly on Russia's periphery. Although the transformation has been slow, the Russian military remains weak and antiquated when compared with the combined strength of NATO. It does not pose a military threat to Europe anywhere close to the scale of the

threat posed in Soviet times. Even if they remain relevant, nuclear arms have also been greatly reduced in number from Cold War levels, the size of NATO forces in Europe has declined, and the capabilities of those forces have shifted away from a central focus on large-scale ground operations at the division level.

The world today is meanwhile vastly more integrated and more pluralistic than during the Cold War. China is a contender for global super-power status. North Korea, Iran, and possibly other countries have nuclear weapons programs that are pressing concerns. ISIS, Al Qaeda, and other Salafi Jihadist groups are likely to remain the leading security threat to the United States and its allies in the next decade, and the leading focus of U.S. efforts. The global economic context is also radically changed. Russia is integrated into global energy, and especially financial markets to an unprecedented degree – even as sanctions distance it from these markets. The physical and virtual integration of societies, and the profusion of weapons technology have spawned terrorist threats of a kind unknown during the Cold War.

For many reasons, therefore, the today's conflict with Russia will never have the central importance that the East-West conflict did during the Cold War. In Washington, especially, concern about Russian revanchism will compete for resources and attention along with a minimum of two other major concerns, the rise of China and the chaotic and dangerous evolution of the Middle East.

Moreover, the global context means that U.S. and European efforts to address the problems that Russia creates will frequently be torn between the need to cooperate with Russia on some fronts, for example, in defeating Salafi jihadist groups in the Middle East, on Iran's nuclear program, or in Central Asia, even as it seeks to contain and deter it from destabilizing steps in Europe. The new global context also creates mutual vulnerabilities that should serve both as checks and as levers against rapid escalation, dampening conflict, and, hopefully, encouraging sustained engagement, communication and measured policies on all sides. Together, these realities will make if very difficult for the United States to pursue a consistent, calibrated strategy toward Russia. It will be similarly difficult for Europe to do so.

Geopolitical and ideological drivers of conflict

To make the perhaps obvious argument that the current clash with Russia will not be a strict return to the cold war, however, is by no means to claim that there is no clash. There is, in fact, a serious conflict, with a potentially dangerous side to it that should disturb not only experts in European security, but all those who concern themselves with maintaining a peaceful global order under the rule of law. Developing strategies to deal with the problem requires first an effort to understand its basic nature.

One view of the nature of the conflict with Russia is that it is geopolitical in nature, springing from the simple fact that Russia is too large to incorporate into the European system, and yet not strong enough to survive as a regional pole on its own. This condition creates inherent insecurity, leaving Russia at risk of invasion from a more developed Europe on the one hand, and unable to control its own territory on the other. Insecurity in turn encourages Russia to dominate its borderlands in order to create a buffer against the incursions of Europe and in an effort to protect itself against incursions from these borderlands themselves.

The Russian desire to dominate its borders was in the 19th century the Russian form of imperialism. Whereas the British and French empires were far-flung and included dispersed around the globe, the Russian empire was right on its doorstep. In a certain sense, Russia did not have an empire, it was an empire. The reduction in Russia's size that resulted from the Cold War settlement has, paradoxically, made the problem more acute since Russia has lost much of the buffer that it enjoyed under the Soviet Union and in the 19th century. Only in the years following the Treaty of Brest Litovsk was Russia reduced in the degree to which it was after the end of the Cold War.

The historical reality of Russian domination of its border for centuries creates the misimpression that Russia has a right to dominate, while the geopolitical condition creates insecurity that itself reinforces the perceived need to dominate. The two factors are mutually reinforcing. It is important to recognize that, even in the post-Cold War era, the claim to a sphere of influence predates

even Vladimir Putin. It was Putin who objected most forcefully to the color revolutions, which he saw as a western plot to dominate countries that border on Russia. Russian objections to NATO enlargement, as well as statements regarding Russian privileges in its near-abroad, however, date from the 1990s. The tussle with Ukraine over Crimea, of course, dates to the early 1990s, when Russian backed Crimean politicians such as Yuriy Meshkov agitated for Crimean separatism.

If Russian concern with its near-abroad has both historical and more recent roots, what has changed in the last decade is both the intensity of what Russia views as encroachment on its territory as well as Russia's evaluation of its own capability to asset its rights against these countries. In the 1990s, Russia was in a state of chaos, reeling from the loss of its empire and the collapse of the ideological system that had guided it for eighty years. In the first decade of the 20th century, however, the Russian economy began to recover. The relative strength of Europe and the United States meanwhile appeared in decline as economic troubles continued to plague Europe and the United States expended enormous resources for little apparent gain in Iraq and Afghanistan wars. The Russia-Georgia War of 2008 was the first indication of this willingness to pursue its regional agenda with military power. What has happened in Ukraine in 2014 affirms that Russian capability and will have both undergone a phase shift.

A purely geopolitical view of the conflict leads to a somewhat disturbing set of policy conclusions, however, since it implies that Europe and the United States will be in perpetual conflict with Russia. If the problems is essentially Russia's size, there is little that can be done, and the West will be perpetually in conflict with Russia over its borders. But todays' conflict is not just about geopolitics, even if geopolitics plays a role. Ultimately, ideology is what leads the Kremlin to view the policies of states like Ukraine as a threat worthy of military response. Russian leadership feels insecure when countries like Ukraine take steps to move closer to the European Union because they believe that the import of the institutions and norms of the European Union – specifically pluralistic society and the rule of law -- will diminish their ability to influence and control the politics of these states. Even more grave is the risk of a demonstration effect – particularly acute in Ukraine – by which the success of the liberal democratic model in a society widely viewed as similar in character to Russian society disproves Putin's claim that Russia can only be managed and governed with a conservative authoritarian system.

The danger to the Baltic States and NATO

The conflict with Russia is thus real, and has both ideological and geopolitical dimensions. But if the Cold War is not back, how seriously should we take the new challenge? What should be done about it?

The Kremlin's willingness to use force to change borders in Europe is hugely destabilizing for all of Europe and therefore not in Russia's own best long-term interests. But the danger that Russia's revanchist foreign policy poses to the United States, NATO, and stability in the broader Euro-Atlantic security sphere is complex and varied. The threat to non-NATO countries of western Eurasia—whether Ukraine, Georgia, or Moldova -- is, in particular, different from the threat to NATO members. In contrast with the Cold War, the danger within NATO is also widely varied (and this is of course an inherent problem for the alliance). These variations are a function of the inherent vulnerability of the countries themselves on the one hand and Russian intentions and capabilities on the other. On the one hand these vulnerabilities are all interconnected, on another they are individual problems that call for and will received individualized responses.

On one level, the threat is generalized and stems from the very fact of what has happened in Ukraine. Russian intentions in Ukraine have been a subject of some debate, especially about whether Russia acted strategically or spontaneously when it annexed Crimea. Some analysts argue that Russian actions in Ukraine are purely tactical and that Putin has not been acting according to a larger scheme to redraw the lines of Europe. Some analysts have argued that Putin's objectives are to redraw the lines of the post-color revolution order in Eastern Europe and Western Eurasia, not to redo the entire post-Cold War settlement. Specifically, he seeks to turn back the clock on NATO's 2008 Bucharest promise to bring Ukraine and Georgia into the Alliance.

This may all be true, but it is largely irrelevant, given what has happened. The problem is that the objectives are subject to change. The norms of security in Europe have been undermined by the Ukraine and Georgia invasions and the arms control regimes that have helped stabilize European security for decades have been enfeebled. Relations between Europe and Russia have taken a serious downturn. In these conditions, the impediments to testing NATO's mettle in the Baltics or elsewhere have naturally decreased. The incentives may be the same, but the downsides of any such meddling could easily appear to the current or any future Russian regime, relatively less severe.

At the same time, the threats are also specific and varied. Clearly, the threat to Ukraine, Moldova, and Belarus is categorically different than the threat to NATO members. The contest between Russia and Ukraine over Crimea has been longstanding and the subject of multiple disputes between the two countries since the early 1990s. Russia's actions in Ukraine have been aimed at sustaining the status-quo, not at overturning it.

Any effort to destabilize the Baltics would be both a change in objectives. It would also be inherently more difficult since the Baltic states are inherently less vulnerable to the kind of hybrid strategies Russia has used in Ukraine. Democracy in the Baltic States is well-established, and seeking to undo democracy there would be a much greater challenge for Russia than seeking to prevent it from taking root in Ukraine. Democracy in the Baltic States is less of an implicit threat to authoritarianism in Russia to begin with because the Baltic States are culturally further from Russia than Ukraine, and have been part of Europe within the Russian bureaucracy for over a decade.

Most of all, the citizens of the Baltic States, Russian ethic or otherwise, are members of the European Union. While the ethnic issues in these countries may be real, the divisions do not rival those that have existed in Ukraine over the course of the last decade. Ukraine was divided over NATO membership, with a significant portion of the Eastern populace preferring to stay out of NATO. In the Baltics, no such division exists. The standard of living is much higher, including for the Russian ethnic population. This means that any Russian operation to foment protest and separatism in the Baltics would not only be inherently more difficult than it was in Ukraine, it would also be subject to far more scrutiny and much more difficult to legitimize and sell. This is not to mention the fact that, unlike Ukraine, the Baltic States are part of NATO.

This is not to say that Russia has nothing to gain from meddling in the Baltics. Any Russian operation to destabilize NATO's Baltic members would almost certainly be grounded in the assessment that NATO was politically and militarily unprepared to respond. The objective would be to sow discord within the Alliance, and cast the shadow of doubt over Article V by progressively testing the waters. If the stakes are higher in the Baltics, in other words, the potential payoffs are as well.

Deterrence and engagement

What is needed in these circumstances is a strategy that both deters and engages Russia. Deterrence is necessary because the assumptions, norms and institutions of European security have been eroded in the wake of Russia's invasion of Georgia and Ukraine, leaving few other options for re-establishing a stable security environment. Engagement is necessary, both to dampen escalation between the two sides – both having nuclear weapons – and because the long-term interests of Europe and the United States are to restore the Euro-Atlantic political order that includes Russia and was the objective of western policy for the last quarter century.

The implicit NATO strategy for defending the Baltics since they joined the alliance has been extended deterrence, the claim that the United States would be wiling to use nuclear weapons to defend the Baltic States in the event of a Russian attack. The great advantage of this strategy is that it is very cost effective, since it requires no additional forces in the region, and permits the redeployment of those forces elsewhere. It is also, for this reason, and perhaps ironically, more politically feasible than forward deployed ground and air forces in Eastern Europe would be. The big problem, of course, is that extended deterrence lacks credibility against the kind of hybrid, limited warfare that Russia has used in Ukraine. That the United States would be willing to risk thermonuclear war and self-destruction to protect the Baltic States from minor incursions of ununiformed Russian forces and mercenaries is

dubious. This was not a problem in the period when the threat was relatively remote, but given the renewed threat, the deterrence problem is now real, and increasingly widely recognized.

The methods and purposes of deterrence are unfortunately not universally well understood. Deterrence differs from defense in that defensive strategies aim to prevent an adversary from achieving its objectives by force of arms or other measures. Deterrent strategies are intended to convince an adversary to change its objectives by making them appear either completely unachievable or unachievable at an acceptable cost.

The fact that NATO is not postured to defend the Baltic States from conventional or unconventional Russian attack is nothing new. NATO was not postured to defend, in the strict sense of the term, its allies, during the Cold War, but was instead postured to deter a Russian invasion through defense in depth. The problem with a defense in depth strategy today is that Russia would not need to fight in depth in order to achieve its political objectives. These objectives could be achieved by the simple occupation of a small portion of territory in one of the Baltic States. NATO's unity and meaningfulness as an alliance could be undercut if Russia were simply to occupy a small part of the Baltics with a single brigade and then sue for peace.

The objective of any NATO deterrent strategy must therefore be either to deny the possibility of occupying part of the Baltics or to make it so costly and risky as to rule the strategy out. Moreover, the deterrent strategy would ideally function with at least three layers – one tactical, one operational, and one strategic.

At the tactical level, the strategy would need to deter the kind of limited, hybrid warfare that was used to such effect in Crimea and, initially, in Eastern Ukraine. Developing an effective deterrent against this strategy is extremely difficult. It will require a combination of efforts to track and thwart Russian covert activities, increase risk for Russian operatives in the region, improve the livelihoods of ethnic minorities, and ensure effective police practices. It may also involve steps to strengthen cyber defenses and potentially some form of declaratory policy.

At the operational level, the deterrent strategy would have to involve either denying Russian forces the ability to hold territory in the Baltics, or make doing so so costly as to be unthinkable. Russian forces would have an enormous advantage geographically against NATO in the Baltics, simply by virtue of proximity to operating bases and the relatively short distance between the Russian border and the Baltic capitals. Only a massive investment of military capability in the region would enable NATO, through conventional means, to deny a committed Russian force of medium size the ability to take significant parts of Baltic territory and capture the capitals. Preventing Russia from holding part of the Baltics would require an extremely large NATO force deployed in North Eastern Europe, the Baltics themselves, and the North and Baltic Seas. Such a force would not only be very costly, it would also be exposed to pre-emptive attack, and politically a target of constant Russian recrimination that could undermine the need to sustain a working relationship with Russia on other matters. Serious questions about the speed with which it might deploy would also be raised.

If denial is not a serious option, the best strategy for NATO in the Baltics is a cost-imposition strategy that makes any such intervention so costly militarily that no current or future Russian leader would seriously contemplate it. A deterrent strategy that relies on cost imposition can be had with a much more modest force posture. Indeed, even NATO's current posture, given especially its airpower assets, could inflict significant damage on any force moving into the Baltics. This does not mean that the current posture should not be enhanced, especially as regards the speed of deployment which is a critical factor, but it does mean that this layer of effective deterrence is likely possible within the cost constraints that NATO countries currently face.

At the strategic level, deterrence must be grounded in an effort to demonstrate that salami tactics in which Russia has engaged in Ukraine will not, in fact, weaken NATO. To the contrary, it should be clear that they will strengthen the alliance and incur costs for Russia. The need to do both – strengthen the alliance and impose costs – is of course the crux of NATO's own strategic dilemma, since threatening to impose costs tends to divide the alliance. In this regard, the Alliance has fared well. Political unity has been good in the face of the Ukraine crisis. There have of course been differences of perspective, but in the end the United States and the European Union have managed multiple rounds

of sanctions, undertaken military steps to reassure Eastern Europe, and proved willing to incur costs to strengthen the current deterrent regime.

A robust deterrent strategy should moreover not be grounded solely on denial and threats. Ideally, NATO would also be postured to offer benefits to Russia for compliance and in the event of a crisis. The Cuban Missile Crisis was resolved fortuitously by the fact that the United States had deployed medium range Jupiter missiles in Turkey and was thus in a position to offer to withdraw them in exchange for the withdrawal of Soviet missiles from Cuba. Economic and financial sanctions offers Europe and the United States some leverage to reward compliance with our objectives, and should be sustained until the Kremlin takes concrete steps toward such compliance. Because NATO and U.S. force posture in Europe is limited today, however, the horizons for offering benefits are limited, a consideration that should be weighed in discussions of force posture changes.

Engagement is no easier than deterrence, yet it is equally important. Engagement is particularly difficult when Russian diplomats, by all accounts, refuse to engage and repeat talking points that both sides know are contrary to facts on the ground – for example regarding the presence of Russian forces in Eastern Ukraine. This approach to diplomacy is at best counterproductive because it irritates. At worst it is downright inflammatory because of the message that it sends about Russia's perceived willingness to avoid further conflict.

A larger challenge with improving engagement, however, is lack of clarity in Europe and the United States about who does and does not have influence in the Kremlin. Diplomatic engagement, even high-level diplomatic engagement, is of little use if the interlocutor is not part of the inner-circle shaping Russian policy.

Nevertheless, however frustrating, continued engagement is critical for two reasons. First Russia remains a player on the international stage. It is not in a position to offer much positive good, but can play a spoiler role, especially if the United States and its allies remain committed to the United Nations, as they should. Second, in the event of escalation or crisis, the ability to send messages about red-lines will be critical to escalation management.

It is thus very important that the maximum number of official and unofficial channels remain open. It is also essential that NATO invest in understanding which of those channels are liable to be most effective under which circumstances.

Strategic principles

There are good reasons to be concerned about NATO's resolve and its capabilities for the enterprise that lies ahead. To believe that Russia can be deterred and security in Europe restored without significant costs – military, financial, and otherwise – is naïve. Europe and the United States have demonstrated a willingness to incur costs through sanctions at a level that many experts might have doubted was possible before the crisis began. This fact in and of itself is likely has some deterrent value against future Russian moves. At the same time, however, European militaries remain depressingly underfunded. Broader change in the willingness of European publics to spend on strengthening their militaries so that they can credibly defend themselves against the new security challenges of the twenty-first century, which include, but are not limited to Russia, is still sorely needed.

It is needed not just for NATO, but also for the stated aspirations of the European Union. If NATO is unable to stabilize security situation, the European Union will also suffer the consequences. A credible defense of NATO is a necessary precondition not only for sustaining the European Union's partnership with Eastern Europe, which it continues to seek, but also for sustaining the European Union itself. Putin's actions in Ukraine have made clear that he sees NATO and the European Union as linked. Given this, it would be foolish to assume that if the Kremlin successfully undermined NATO, the European Union would not suffer a serious blow as a result. If European citizens continue to believe in the value and importance of the European project, which they should, they will need to take NATO's future seriously, and invest resources accordingly.

What are the deeper principles the United States and its allies should stand for in this conflict? First and foremost, the commitment to defending and strengthening the European liberal-democratic order, which is intimately linked with the security of our own democratic system of government.

Second, a rules based international order, in which changes to borders are accomplished through the rule of law rather than the use of force. Third, the good not only of the people who are fortunate enough to live within its borders, but also the good of others, and this includes the Russian people.

This final principle will, in practice, be the most difficult to uphold, yet it is in many ways the lodestone for a any policy that is to avoid unnecessary war and succeed in the long run. It will be particularly difficult to square with the need to deter future Russian incursions. Any statements regarding deterrence must be chosen carefully to avoid the jingoism that too often characterizes statements from some NATO capitals. It will be important to make crystal clear that the problem that NATO has with Russia is not with the Russian people, but with the policies of the Kremlin, and specifically the willingness to use force to redraw borders in Europe. The nonchalance with which Russia has approached the conflict – as well as the downing of MH-17 -- is particularly noxious in contemporary Europe, where it undermines several decades of mutual efforts that have been made -- through military, legal, arms control, and other diplomatic arrangements -- to build lasting security in this once extravagantly violent continent.

NATO leaders must also continue to emphasize that Russia has a right to security and that the United States and NATO are respectful of this right under international law, and that our disagreement is over the particulars of the issue, not the right itself. The importance of certain issues such as access to the Black Sea fleet should be recognized as legitimate security concerns for Russia, even if Russia's methods of securing those interests is not acceptable.

The Russian claim that there are cases where the United States and other members of the international order violate the sovereignty of weaker states under the guise of humanitarian intervention. This is true, and the parallel would be apt were it not for the fact that Russia itself was the cause of the breakdown of order in Eastern Ukraine. To cause a civil war and then intervene to end it is not, by any reasonable standard, the moral equivalent of the several humanitarian interventions that the United States and its allies have engaged in since the end of the Cold War. There may have been tension within Ukraine over its relationship with NATO, but there was no war until the Kremlin created one.

Some escalation, and concomitant increases in tension, will inevitably arise as U.S. and NATO force posture in Central and Eastern Europe evolves. This should be accepted as the cost of deterrence. Yet at the same time, it will be important to recognize that tensions with Russia feed Putinism and that missteps could risk inviting attack. The United States and its allies should make every effort to eschew inflammatory rhetoric in the process. Equally, it is crucial to make a serious effort to constantly and consistently articulate the principles and rationales that underpin NATO policy, and especially any military moves such as changes in NATO force posture.

We are not facing a new Cold War, though if we were it might simplify things. Indeed, the challenge now for the United States and Europe is to sustain a strategic view and policies that consistently work toward the strategic objective of re-building momentum toward a Europe that is whole, free and at peace. The risks of a fragmented policy in which Europe and the United States work against each other, and in which the United States and Europe work against themselves in an effort to achieve short term gains, is great indeed. The United States will be consistently pulled in multiple directions on Russia policy and this will pose a challenge for deterrence. The European Union will need to decide whether or not it is serious about its Eastern Neighborhood partnership and if it is, pay the necessary price in its relationship with Russia.

Eventually, one can hope that change in Moscow will bring about a regime that is more willing to abide by the norms of security in Europe. In these circumstances, the United States and its Allies can consider a return to the conflict free-zone that Europe enjoyed for two decades after the end of the Cold War. Of course, change in the Kremlin could also bring even greater turmoil if it results in greater nationalism or, equally frightening, fragmentation and state collapse. In both the latter cases, however, the United States and Europe will be better served if current policies strengthen rather than weaken security and deterrence in Europe.

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A Cold Peace? West-Russia Relations in Light of the Ukraine Crisis

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The New European Disorder

by

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For the past 300 years Europe has played a central role in global affairs. Of course Europe was not everything but in reality for most of the last three centuries Europe was at the center of everything[1]. In 1914 European order was world order. The interests, ambitions and rivalries of the European empires have shaped the world politics. The First World War was also known as the European war. In 1919 it was the American President Woodrow Wilson who re-ordered the world, but his vision for global peace was primarily an attempt to re-order Europe.[2] In the wake of the WWII two non-European powers, the United States and the Soviet Union emerged as the global super-powers, but Cold war order still was a Europe-centered order because the future of Europe was the ultimate prize in the Cold War contest and both democratic capitalism and Soviet communism were European ideologies.

In 1989-91 we witnessed the emergence of a distinctly European model for international conduct that was based on a set of assumptions and practices radically different from the global order. In August 1989 Communist authorities crashed pro-democracy movement in China. By contrast in Europe the ruling communists agreed to a peaceful transfer of power-thus rejecting the use of force as a legitimate political instrument. This choice to solve differences without military intervention made Europe different from the rest of the world. "What came to an end in 1989," wrote British diplomat Robert Cooper, summarizing the new situation, "was not just the Cold War or even the Second World War. What came to an end in Europe (*but perhaps only in Europe*) were the political systems of three centuries: the balance of power and the imperial urge"[3]

The key elements of this new European order were a highly developed system of mutual interference in each other's domestic affairs and security based on openness and transparency. The new post-modern security system did not rely on a balance of power; nor did it emphasize sovereignty or the separation of domestic and foreign affairs. It rejected the use of force as an instrument for settling conflicts and promotes increased mutual dependence between European states. The post-modern European order was not interested in changing the borders of Europe or in creating new states/like after the WWI/. It did not attempt to move people in order to secure these borders/like after WWII/. After 1989, Europe's ambition was to change the nature of the borders, to open them for capital, people, goods and ideas. The political leadership of the old continent "banned" themselves from thinking in terms of maps. Cartography was displaced by various economic graphs that documented the financial and commercial interdependence of Europe. Territorial imagination was replaced by the GDP imagination.

Moscow's annexation of Crimea made clear Russia`s rejection of this order. After 1989 it was Soviet Union and not Russia that sought a place within the European model. For the late Soviet leaders the expansion of European order of soft sovereignty and economic interdependence was the only way to protect their empire from drive for independence and national sovereignty by the different Soviet republics. Faced with the choice between post-modernity and disintegration Gorbachev opted for post-modernism co-signed the Paris Charter with its the vision of a common European home.

It was Soviet Union and not Russia that tacitly agreed with the NATO's expansion to the German Democratic Republic. But Gorbachev's attempt to save Soviet Union by joining the Western world has failed. And unlike the Soviet Union post-Soviet Russia was a separatist project and not surprisingly Moscow was in defense of a classical 19th century concept of sovereignty. What makes Russia different was its conviction that sovereignty is not a right it is capacity. Only Great powers could be really sovereign. Sovereignty does not mean a seat in the UN General Assembly it implies economic independence, military power and cultural identity.

Russia's foreign policy in the first two post-Cold war decades was a strange mixture of conservatism and resentment. Russia was pro-status quo power because it valued its position as a successor of one of Cold war super-powers/with a permanent seat on the UN Security Council/ but at the same time Russia was resentful to the fact that post-Cold war European order was anchored in

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[1] (Box-we should pick some data to illustrate Europe's dominance-how much territory was controlled by European powers, GDP, finance, trade)

2 Deluge

3 The Breaking of nations

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Western institutions like NATO and the EU. In 21st century Russia was in a constant search of new European order. In this sense Kremlin's violation of the territorial integrity of Ukraine did not mark the beginning of the crisis of post-Cold war European order but the final stage of the crisis.

The question now what should Europe do in the face of this rejection? How should Europe react to the literal attack on its principles and model?

The fact is that most of the world has never accepted this new European order even if Europeans saw this approach as universally applicable. Robert Kagan famously described Europeans as Venusians faced by world of Martians.

The crisis in Ukraine revealed that many non-Western powers are uninterested in investing in the preservation of Europe's post-modern order. Brazil, China, India, and South Africa did not join the efforts of the West to punish Russia. They abstained in a UN General Assembly vote to sanction the country. Then, they used the standoff between Russia and the West as an opportunity to close some big commercial deals with Moscow. For them, the crisis in Ukraine was a local European crisis and not a global one. They see the European order as a distinctive regional settlement based on the principles and norms different than ones that regulate the global order.

In short, Russia's annexation of Crimea made Europeans suddenly realized that EU political model is although exceptionally good, but not universal. Europe came up with an international order that is highly successful when not challenged by the rest of the world, but unlikely to become a global norm. What till yesterday was Europe's universalism today looks like as Europe's exceptionalism.

Suddenly, Europeans realized they couldn't take peace for granted any more. They couldn't rely on international treaties or international institutions to protect the borders of their states. And they were shocked to discover that economic interdependence turns out to be rather a source of insecurity than of security.

Russia's Revolt Against Globalization

In his September speech at the General Assembly of the United Nations Russia's foreign minister Sergei Lavrov asked for a declaration "on the inadmissibility of the interference into the domestic affairs of states and non-recognition of coup d'état as a method of the change of power".

Lavrov's speech is a powerful demonstration that instability within states, rather than rivalry between states, is the leading cause of international crises today. The behavior of the most influential global actors is shaped less by their strategic geopolitical ambitions than by their efforts to manage a swelling domestic backlash against globalization. Condemning "foreign interference" in other countries' domestic politics Lavrov spoke to the c fears of West's back color revolutions in authoritarian states like China or Iran but also to the West's growing fear of the export of militant Islam by countries like Qatar and Saudi Arabia. In his classical book "Revolution and War" American scholar Stephen Walt has argued that revolutions intensify security competition and increase the probability of war by altering each side's perceptions of the balance of threats. Revolutions foster "malign perceptions of intent and a perverse combination of insecurity and overconfidence based primarily on the possibility that revolution will spread to other countries".

"The end of power"[4] rather than the shift of power explains the emergence of the new global disorder. "In the twenty first century- wrote Moses Naim-, power is easier to get, harder to use- easier to lose". What we witness is the increased ability of the weaker party to inflict casualties on its opponent at lower cost to itself. Political instability within states has become the common feature of both democratic and non-democratic regimes. In the last five years after the Great Recession of 2008 a mass political protests has shaken more than 70 countries in the world. Sometimes the protests succeed to topple the government but in most of the times they succeed to disrupt the work of the government. Global public opinion as a rule took the side of the anti-establishment protesters. These protest movements while mostly fuelled by domestic grievances in the eyes of Kremlin are direct result of the unwillingness of the architects of the post-Cold war order to put sovereignty at the center of

[4] Naim

international politics. What Russia wants from international community is an international order that will discourage people from marching on the streets and Moscow expects when people end up on the streets anyway international community to take the side of the government in power regardless of the record of the government. Kremlin's problem is that such an international order is simply impossible in the interconnected world, West's problem is that we have underestimated the risks coming out of the interconnected world.

In the post-Cold war period Europe has proved itself incapable of reading Moscow's signals correctly. Its inability to appreciate the intensity of Russia's resentment to the European order is rooted in the EU's proclivity to think of Russian-European relations after the Cold war as a win-win game and to see the Union itself as a benevolent, vegetarian power that no reasonable actor could view as a threat. Until the Crimean annexation, the West assumed that Russia could only lose by challenging the international order and especially by questioning the inviolability of internationally recognized borders on which control of its own exposed south-eastern flank seemingly depends. European leaders had persuaded themselves that, behind closed doors, what Russia really fears are China and the spread of radical Islam, and that Russia's endless complaints about NATO enlargement or America's anti-missile defense system in Europe were simply a form of popular entertainment aimed at a domestic audience for television news. The problem is, these Western assumptions were wrong.

European leaders and European publics failed victim of their cartoon vision of the nature and capacity of Putin's elite. The stories of pervasive corruption and cynicism coming from Russia made them believe that Putin's elite is interested only in money and it will do nothing that threatens its business interests. Russian leaders were crooks but economy minded crooks. This vision of Russia as Russia Inc. turned to be wrong. Russian elites are greedy and corrupt but they also dream about Greater Russia and they wanted Russia's triumphant return on the global stage. "Putin is a Soviet person-wrote President's former advisor Gleb Pavlovsky-who set himself the task of revanche, not in a stupid military sense, but in a historical sense." [5]

After 1989, Russia suffered the twice-over humiliation of being a loser in a world that was advertised as a world without losers. In 1989 only 13 percent of Russians believed that their country had external enemies; this view is now shared by 78 percent of Russian respondents. What European leaders failed to realize was that while very few Russians longed for a return to Soviet communism, a majority was nostalgic for the Soviet Union and Moscow's status as a super-power, "a state that could be respected". And while Russians for all this period tend to view European Union as reasonable and agreeable power at the same time Russian elites viewed European foreign policy simply as an instrument for America's strategy to preserve her hegemony in the region. The crisis in Ukraine and Kremlin's state propaganda related to it succeeded to make the view of the elite a view of the public. According to the independent Levada Center in September 2014 only 19 percent of Russians have positive view on the EU.

Thus, building a "civilizational state", "a castle identity"—a hard-shell state that can be integrated into the global economy only if its domestic politics are sealed off from external influences—has been the principal goal of Putin's state-building project ever since he acceded to power.

In 1993, the Russian classicist and amateur grand strategist, Vadim Tsimburskiy, published an influential article titled "Island Russia." Russia's geopolitical destiny, he argued, was as an island that could best survive by cutting itself off from Europe. In his view, Russia had to break with the legacy of its "three European centuries" and realize that its attempt either to copy Europe (which is how he sees Russian imperialism) or to join Europe will inevitably culminate in tragedy. At a time when globalization was destabilizing the world, he wrote, Russia's only viable option was to focus on the country's Far East and on its internal development. Russia was too weak and fragmented internally to succeed in a globalized world.

In this sense, Putin's actions resemble 19th-century Russia imperial politics; but in reality they are part of a worldwide 21st-century revolt against globalization. Putin defines the threat coming from the West as a threat to Russia's political identity and not so much as a threat to Russia's territorial integrity.

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[5] New Left Reviw

Putin's improvised Ukrainian gambit is better explained by Kremlin fear of regime change through remote controlled street protest than his fear of NATO expansion. "Occupy Crimea" was a logical response to Moscow's protesters' "Occupy Abai" movement. It is Kremlin's domestic politics and not so much Russia's security calculations that explain best Moscow's foreign policy revisionism. Putin's contract with society based on constantly improving of the material wellbeing of the average Russian for the exchange of citizens' withdrawal from politics collapsed during the Moscow's 2012 winter of discontent. Russia's economy is in stagnation while Russian society got politicized.

From Kremlin's perspective, the heart of regime's vulnerability lies in the Russian elite's cultural and financial dependence on the West. This is why nationalization of the country's elites became Putin's major objective. The open confrontation with the West was a strategy adopted well before the fall of Yanukovych and it meant to scandalize the West with the conscious purpose of increasing Russia's economic, political and cultural isolation from the West. Putin's war on sexual minorities and his annexation of Crimea are taken from pages of the same playbook. Putin has conceptualized the very existence of the post-Cold war European order as a threat to Russia's strategic interests. [6]

Sanctions and the Paradox of Russia's Isolationism

In a January 8, 1962 speech that remained secret for over forty years, Soviet leader Nikita S. Khrushchev announced to his colleagues in the Kremlin that the Soviets were so thoroughly outmatched in the superpower struggle that Moscow's only option was to seize the initiative in international affairs. Some decades hence future historians may unearth a similar secret speech delivered to his inner circle by President Vladimir Putin in February 2014, that is, at the moment when he decided to annex Crimea in order to disguise the fact that Russia had lost Ukraine and that Russia has failed to compete economically.

The paradox of Russia's isolationism is that although the Kremlin wants to increase Russia's insulation from the world, it lacks the capacity to do. In the early 1960s, having decided to cut East Germany off from the West, the Soviets erected a Wall through the center of Berlin. Putin does not have capacity to do anything of the sort. He cannot stop trading with the world and he lacks an ideology capable of convincing Russians that, in their glorious isolation, they will own the future. So what has he done? Putin's judo logic is in display. In analyzing Russian President's way of thinking Pavlovsky insists that Putin is unwilling to fight global trends and use up his resources. He believes that "you have to take the resources of the trend and achieve what you want with them". Kremlin has manufactured a crisis so that it is now Kiev that hopes to build a wall along the Russian border, a crisis that allowed him effectively to discipline his offshore elites. Russian officials who initially disobeyed their President's repatriation directives and kept their money in Western banks are now sending the money back home, fearing Western sanctions. And, not accidentally, the business that has suffered most from the quasi-war in eastern Ukraine has been Russia's tourist industry. This summer, 30 percent fewer Russian tourists went to Europe than traveled there in 2013.

The West has become an accomplice in Putin's effort to disconnect Russia from the world.

This brings us naturally to the question of Western policy: Do economic sanctions make sense in light of Putin's strategy of using the power of the West to do what he cannot do on his own, namely to unravel the connections that, for the past quarter century, Russia's economic elite have woven with the West and to re-orient Russia away from Europe?

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[6] We can, of course, speculate about historical parallels when it comes to the anti-cosmopolitan uprising of the Russian rulers. Whenever Russia opens itself to the world, there may be a point where panic sets in and the country's authoritarian leaders hysterically reverse course, returning to isolationism with a vengeance. Something of this sort happened after Russia's victory over Napoleon in the 19th century. In 1946, Stalin launched his infamous campaign against cosmopolitanism, and hundreds of thousands of Soviet soldiers were sent to the camps because the regime feared that they had seen too much of Europe. Could we not be witnessing something similar, though much less murderous, today?

Faced with Russia's annexation of Crimea and Kremlin's role in the de-stabilization of Eastern Ukraine the West had no other alternative but to react forcefully and to make Russia to pay for her actions. The Western leaders were well aware that Kremlin's game of escalation and de-escalation in Donbas creates the risk that the EU has been turned into the proverbial frog that, placed in a pot of cold water that is gradually heated, never realizes the danger it's in and is boiled alive. At the same time it was clear from the very beginning that the West is not ready and willing to use military force to change Russia's aggressive behavior and that it could not hope that Kremlin's intervention in Ukraine will mobilize anti-government sentiments in Russia. On the contrary in the short term Russian public opinion is an obstacle in finding a peaceful solution in Ukraine and the West has a good reason to fear not only Putin's Russia but also post-Putin's Russia.

Sanctions were the West's only possible weapon. They are intended as nonviolent foreign policy alternative to military intervention. They signal the resolve of the countries that impose sanctions to reverse the situation they strongly disapprove. They also try to impress on the sanctioned country how dependent it is on those who impose sanctions. But, sanctions are also clumsy tools which are hard to design, difficult to implement and sometimes impossible to enforce. Jeremy Shapiro, an expert at the Brookings Institution and a former member of the State Department's policy planning staff, was right to stress that "Russia is bigger than all of our previous sanction targets put together. It has a lot more links with the world economy than any other country sanctioned in the past." It is also well positioned to survive a relative short period of sanctions because of its currency reserves and the nature of its economy.

EU's sanctions practice has been a reality since a Council Regulation in the early 1982 that partially restricted trade with the Soviet Union to protest against its role in the crackdown of the Solidarity movement in Poland. But sanctions were not a classical Cold War weapon. The union used sanctions very rarely in the 1980s. Soviet system was too self-sufficient in order to be overthrown by sanctions. It was the Balkan wars that triggered more frequent and more systematic use of the instrument in the 1990s. Following the end of the Balkan crisis, the frequency of the use of sanctions fluctuated, but beginning in 2010, EU sanctioning activity really took off. From 2010 to 2011 the number of relevant decisions more than trebled, jumping from 22 to 69, most of them concerning measures against Libya, Iran, and Syria (see figure 1 for a tally of EU sanctions decisions[7]). Sanctions were demonstration of power in the absence of military force. It was like those weapons from science fiction movies that do not kill the enemy but simply sends him to sleep.

The paradox of the sanctions is that they strife on interdependence but they also undermine it. They reveal West's dominant position in the international order but they also threatens this dominance by making other players fear West's hegemony and give them incentive to de-globalize. So, in judging the impact of the sanctions we should be interested not only how successful they are to hurt Russia but how do they influence the policies of the non-western powers when it comes to security based on economic interdependence.

The paradox of Russian isolationism is that sanctions can be effective in damaging Russia's economy/and they are effective/[8] while at the same time they may facilitate Putin's plans for limiting Russia's exposure to the West. In a speech to the Russian National Security Council, Mr. Putin declared government's readiness to build a backup system to keep websites in the Russian domains — those ending in .ru and .rf — online in a national emergency, in other words Kremlin is ready to nationalize the Internet on the territory of the country. Russia Duma also voted a law that forbids foreign companies to be majority stakeholders in Russian media. Sanctions while targeting Putin's cronies also have marginalized pro-Western members of Russian elite. "You [in the West] reason that the sanctions will split the elite and force Putin to change course, but that's not what is happening," a billionaire investor told Financial Times. "On the contrary, you are destroying those in Russia who are friends of the West. The soloviki ["the heavies"] have been strengthened more than ever before." Sanctions also assist Putin in his strategy re-orient Russia's trade away from the West. In Bruegel policy brief

7 "The role of sanctions in EU Foreign Policy", Stefan Lehne, December 2012

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published September 30 this year Silvia Merler has shown that while FDI flows from Europe to Russia have been shrinking significantly in the last three quarters up to March 2014, FDI flows from Asia - mostly China - picked up to high levels during the same period and literally exploded in the first quarter of 2014. During the first three months of 2014, European net FDI inflows to Russia amounted to 2.9 USD billion (2 billion of which coming from the euro area), i.e. down 63% year on year. Asian net FDI flows to Russia were instead 1.2 USD billion (1 billion of which coming from China), i.e. up 560% year on year. And this is not the only sign suggesting that Russia might have been succeeding in re-orienting the geography of its capital flows over the latest months.

Dancing with the Bear

In many aspects the current situation resembles the East-West crisis in the late 1960s and early 1970s. Then like now mass protest movements and economic crisis shook both East and the West. In 1960s domestic political unrest initially provoked more aggressive foreign policy urging the US to escalate their involvement in Vietnam and Soviet Union to invade in Czechoslovakia but with the passing time this strategy of coping with domestic problems have failed both in the East and in the West and political leaders were forced adopt a policy of Detente. Détente looked to its contemporaries as appeasement to Soviet policies of interference in Eastern Europe, two decades later this same policy was recognized as an effective instrument in eroding the fundament of Soviet communism.

What makes Russia different than the other emerging powers is that it is more inclined than any other power not to think in economic terms. The fact that Russia is economically uncompetitive while at the same time military powerful/it is planned that till 2020 Russian army will modernize 70 percent of its armament/ in combination with the one dimensional nature of its economy makes Russia much more prone to political adventures than any other of the emerging global powers.

In the last months Western policy makers have been preoccupied how to press Russia to change its policies in Ukraine and how to protect the territorial integrity and political stability in the EU member states bordering Russia. Responding to Russia's propaganda war against "the decadent Europe" was another priority. But not much thought have been put on how re-engagement with Russia could take place if Russia decided to play a more constructive role in Ukraine.

Return to business as usual is not an option nether for the EU or for Russia. Putin's strategy does not envision return to the post-Cold war status quo. The West could not close its eyes to Putin's blunt violation of international law. So, what is the way out of the current policy paralysis?

Lifting sanctions is not a strategy it could only be an element of a strategy. Keeping sanctions forever is not a strategy too. Europe's re-engagement with Russia makes sense only if Europe forces Russia to move back to economic field. And the paradox of the current situation is that now when Russia got Crimea and lost Ukraine, the best hope for "Europeanization of Russia" is EU's support for Eurasian Economic Union. In a insightful paper "Eurasian Union: the real, the imaginary and the likely' Paris based analyst Nicu Popescu provides insightful analysis of the internal contradictions of Moscow's project for re-integration of the post-Soviet space demonstrating that the Eurasian Union is a flawed integration project. Russia's ambition to form Eurasian Union resembles an ill-concealed attempt to restore the Soviet Union. While the EU was an enterprise of several European states quite similar in size, it is obvious that Moscow will dominate the Eurasian Economic Union (Russia will represent 90 percent of the GDP of the Union) and that it will function as Russia's sphere of influence. Economists have figured out that the positive effect of this regional integration will be minimal, because "in the two decades following the dissolution of the USSR, Russia's weight and importance as a trading partner for most post-Soviet states have declined. As a result, the EU and China are bigger trading partners than Russia for every post-Soviet country except Belarus and Uzbekistan". The prospect of free movement of labor is probably the single most attractive feature of the Eurasian Union from the point of view of most post- Soviet states. The Eurasian Union is a union between authoritarian regimes whose goal is to strengthen authoritarianism. What is common between Russia, Belarus and Kazakhstan is strong leaders, weak institutions and no legitimate mechanism for succession. All these arguments are fair and correct. Eurasian integration is flawed project and this flawed project is EU's best chance to keep Russia's interdependence with the EU while allowing the

EU to preserve its post-modern nature. Engagement with the EEU/Russia, Kazakhstan, Belarus and in future probably Armenia and Kyrgyzstan/ means that the EU recognizes Russia's right to have an integration process of its own. It also means that at this moment the EU recognizes the borders of the Eurasian Union as the borders of its own integration project. But while EU's acceptance of the EEU as a trading partner creates some administrative difficulties for Brussels and it looks as Moscow's success, it offers real opportunities. It drifts the completion between Russia and the West on the economic field where Russia could not win.

Negotiating with the Eurasian Union will reduce some of the advantages that Russia enjoys in its current negotiations with the EU. Brussels will increase its leverage playing on the different views between Eurasian Economic Union member states. Kazakhstan's and Belarus's maneuverings after Russia's annexation of Crimea are best illustrations that Astana and Minsk are reluctant vassals to Kremlin. The recognition of the Eurasian Union will weaken Kremlin's policy to think in terms of Russia's world and thus will reduce the pressure on Russian minorities abroad. Because Russia's minority centered foreign policy is a threat for the Baltic states but also for Nazarbaev. And last but not least the EU leaders will not need to negotiate with Vladimir Putin. What makes the EEU the best policy to resist Russia's suicidal isolationism is the fact that unlike the notion of Russia's world EEU is organized around the idea of economic interdependence and it promotes certain type of constraint on Russia's policy. It helps liberal economists to re-capture some of their lost influence and it presents the only available system of constrains when it comes to Kremlin's power.

"When you dance with the bear-observed late Robert Strauss, American politician who had a first hand experience with East-West policies in the 1960s and 1970s, "you don't quit when you are tired; you quit when the bear is tired." What he actually meant is that you quit "when you have succeeded to exhaust the bear". And this is exactly what the EU should do.