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SECURITY RISKS
IN RUSSIA AND THE CIS
A CASE STUDY

by Sergei A. Medvedev

Paper prepared for the IAI-Stiftung Wissenschaft und Politik (SWP) Research Project on "The interaction of the EC and NATO: adapting Transatlantic cooperation to the new security challenges in Europe"

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THE INTERACTION OF THE EC AND NATO: ADAPTING TRANSATLANTIC COOPERATION TO THE NEW SECURITY CHALLENGES IN EUROPE

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INTRODUCTORY NOTES

This case study was undertaken in the framework of the two-year project "*The Interaction of the EC and NATO: Adapting Transatlantic Cooperation to the New Security Challenges in Europe*", carried out by Istituto Affari Internazionali (Rome) and Stiftung Wissenschaft und Politik (Ebenhausen). Along with other case studies on specific areas of security challenges, it is supposed to lay the basis for Chapter I ("*New Security Challenges for Europe: The Combination of Military, Economic and Political Aspects*") of the final report. A short version of this case study will be presented and discussed at the First Project Conference in January 1994.

In the new geopolitical environment the European security is challenged from a number of regions (East Central Europe, the Balkans, the Mediterranean, etc.). However, the greatest uncertainty and the principal security risk are brought by transformations in the former Soviet area. Enormous landmass, the population of roughly 300 million people of 150 nationalities, gargantuan and obsolete economy, a major army, military-industrial complex and stock of nuclear and conventional weapons, inherent conflicts in the society and ethnic relations, and finally, the historical tradition of Russia's influence on the European stability make "the Soviet legacy" a paramount security concern.

The course of events in the former Soviet area will largely influence the future shape of the Euro-Atlantic security system. There's a number of possible scenarios of post-Soviet transformation, each running different security risks and creating a different security environment in Europe. The greatest risk, though, is that there won't be a definite (not even a negative) solution, that "nothing will happen" in Russia and the CIS, immobility will prevail, and the post-Soviet economic, political and security stalemate will continue for years. As argued in the case study, this is one of the most probable scenarios, and also one the most dangerous ones, creating an atmosphere of uncertainty and unpredictability in Europe.

Part I of the case study deals with current trends and security risks in Russia and the CIS. They are divided into four groups:

a. Security risks brought by political instability and inherent weakness of political regimes in Russia (Section 1) and in the CIS states (Section 2).

b. Security risks brought by disintegration in the former USSR. Section 3 examines the reasons and principal forms of disintegration, Section 4 deals with disintegration and separatism in Russia, and Section 5 treats on ethnic conflicts in the CIS area.

c. Security risks brought by the economic crisis (Section 6).

d. Security risks in the military sphere, including the military-industrial complex (Section 7).

Part II is composed of two sets of alternative scenarios: the six "Russian scenarios" and the five "Commonwealth scenarios". Security implications of each contingency are examined. The probability of each scenario is assessed, using the 10-point scale. Part II is concluded by a forecast which predicts the most likely combination of scenarios for the next few years.

Part III outlines strategic options for the West in dealing with the post-Soviet security challenges. Depending on the course of events in Russia and the CIS, there can be at least three alternative sets of strategies:

- "positive" strategies of involvement
- "negative" strategies of isolation
- "neutral" strategy of damage limitation.

The case study is based on detailed analysis of current trends in Russia, 10 other Commonwealth states (including Azerbaijan, which has signed, but not ratified the CIS Agreement), and in Georgia, which, while not a member of the CIS, is a part of the common economic, political, ethnic and security system. The situation in the three Baltic states (Estonia, Latvia and Lithuania), which opt out of any post-Soviet arrangements, and, supported by the West, have won the highest degree of independence, is not examined in detail, but treated in general context.

Most of the facts, trends and figures, cited in the case study are up-to-date (May 1993), and, given the highly dynamic character of transformations in Russia and the CIS, will quickly become obsolete. However, the aim of this work is to provide not an account of recent developments, but rather a conceptual framework, a method for assessing whatever new trends and security risks will emerge in the post-Soviet area.

I. CURRENT TRENDS AND SECURITY RISKS IN RUSSIA AND THE CIS

1. Political Risks in Russia

1.1. Uncertainty and fragility of the post-Soviet political environment are symbolized by inherent weakness of the political regime in Russia. As a matter of fact, Russia, that for over 70 years had been identified with the USSR and finally emerged as a sovereign state in 1991, has not yet developed its statehood. The construction of Russian statehood is a necessary prerequisite for future security arrangements on post-Soviet territory, in the Euro-Atlantic system, and on the global scale. Until that time, the lack of mechanisms of state power in Russia will be the dominant conflict-bearing factor and one of the principal security threats for the West.

There are at least five major deficiencies that prevent the Russian leadership from effective (or even satisfactory) exercise of state power:

- weakness of legislative, executive and judicial branches; their continuous and futile struggle for power;
- separatist trends in the provinces, and the development of alternative vertical mechanisms of power;
- weakness of the system of political parties, all of which lack identities and constituencies;

- absence of greater political forces that could offer a positive solution to the current crisis, consolidate the society and take full responsibility for the future transformations of Russia;

- lack of the social base of the current regime.

This section of the case study concentrates on these five points, and examines the prospects for political stabilization in Russia.

1.2. The ideology of the division of powers was introduced in the Soviet Union in late 1980s. The democratic forces used it as one of the means to split the monolithic power structure of the USSR and to overthrow the communist regime. However, since the Soviet Union has crumbled, this ideology began to play a dubious role in the nascent Russian state.

The principle of the division of powers was born in the West in the course of development of the civil society as a certain counterbalance to the state. Finally, the triangular model of power took shape: the state (the source of executive power), the civil society (the source of legislative power), and the judicial system (an arbiter and mediator between the state and the civil society). In this sense, the division of powers in the West means not literally the "division", or a split, but rather the introduction of a more complex and diversified structure of a single and consolidated power.

On the contrary, there was hardly any civil society (in the Western sense of the word), or the political culture based on law and consensus in the Soviet Union, and they have not yet emerged in Russia. Implantation of the principle of the division of powers is objectively contributing to the **fragmentation of a single authority**, and instead of "checks and balances" the opposing power branches are seeking to destroy each other. As a result, after a year and a half of exhausting warfare, all three are substantially weakened.

The executive, composed of the President and his apparatus and the Cabinet of Ministers, is in a slightly better shape than its rivals, especially after the convincing victory of Boris Yeltsin in the April 1993 referendum.[1] However, it lacks political leverage to consistently pursue economic and institutional reforms, as it is severely restricted by the Russian constitution, inherited from the Soviet days, that vests supreme authority into the legislative branch, embodied by the Congress of People's Deputies, and also by the influence of the former nomenklatura in the Russian political establishment.

Firstly, **Boris Yeltsin** has clearly failed to build a strong presidency immediately after the failed August 1991 coup, when conditions were most favorable for this. He opted instead for a short-sighted policy of temporary compromises with different political forces, particularly with the legislature, and by Spring 1992 has lost much of his political capital. Several moves by Mr.Yeltsin to strengthen the

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[1] Russia's referendum on April 25, 1993, % of votes cast (% of registered electorarate

Question	Yes	No
1. Do you have confidence in the President of the Russian Federation, Boris Yeltsin?	57.4 (37.7)	39.9 (25.3)
2. Do you approve the socio-economic policies carried out by the President and the Government of the Russian Federation?	53.7 (34.0)	45.5 (28.8)
3. Do you consider it necessary to hold early elections for the President of the Russian Federation?	49.1 (30.9)	49.8 (31.4)
4. Do you consider it necessary to hold early elections for the Congress of People's Deputies of the Russian Federation?	70.6 (44.8)	31.5 (19.9)

(Source: *Economist*, May 1, 1993, P.29)

presidential regime failed, like the attempt to merge the Ministries of Security and of the Interior in December 1991, that was outlawed by the Constitutional Court; or the attempt to create the institute of representatives of the President in the provinces in 1991-1992 (most of these representatives were integrated into local political establishments); or the declaration of assuming special powers on March 20, 1993, that a few days later was traded off for a temporary compromise with the parliament.

Now it seems to be too late to create a really strong presidential regime. Though Mr.Yeltsin can make another (probably the last) attempt to build a strong presidency in Summer 1993, leaning on regional leaders in order to abolish the present parliament and to adopt a new Russian constitution, which would form the basis for a strong French-type presidential regime, and though he might even succeed in this plan, the cost he will have to pay (especially the degree of autonomy granted to autonomous republics and provinces) will be too high.

Secondly, **the government** is currently split among few reformers and a conservative majority, composed of former nomenklatura cadre. In December 1992 President Yeltsin was compelled to replace the reformist Prime Minister Yegor Gaidar and to construct the compromise cabinet, headed by industrialist Viktor Chernomyrdin, in order to placate the center ground, whose support he needed. Within this cabinet, the reformist ministers are a small and embattled minority. B.Fyodorov, deputy Prime Minister in charge of finance, has claimed that of the 117 people of ministerial rank in the government, only four understood the market system: A.Chubais, deputy premier for privatization; A.Shokhin, deputy premier for foreign economic affairs; S.Shakhrai, deputy premier for nationalities and himself.[2] Recent reshuffle of posts in the executive (2 conservatives - Yu.Skokov and G.Khizha - out; 2 conservatives - O.Lobov and O.Soskovets - in) suggests that Mr.Yeltsin is not willing to disturb the balance before the possible new elections in Autumn 1993. Furthermore, the government does not control the central bank of Russia, that is subordinate to the parliament. The current chairman of the Central Bank Victor Gerashchenko has been continuously frustrating the fiscal policies of the government by issuing new credits to enterprises.

Finally, side by side with the decaying executive, **alternative vertical structures of power** emerge. This process has been made especially dangerous by the rapid vertical development of criminal and other illegal networks, penetrating the post-Soviet state system ("chains" of corruption, lobby networks, etc.).

In other words, the executive branch is largely ineffective and divided in itself. Even if the presidential republic takes shape in Russia in late 1993-1994, the executive will still be lacking political leverage, as the inherent contradiction between few reformers at the top and the majority of nomenklatura cadre will stay intact, and reliable vertical power structures are not likely to emerge soon.

The legislative branch, inherited in its present shape from the Soviet days and unquestionably obsolete, is much weaker. Russia's constitution, adopted in 1978, never envisioned a democratically elected president, giving power instead to a two-tier legislature, in which the top tier, the Congress of People's Deputies (currently comprising 1,033 deputies), periodically called for sessions, nominally has supreme authority in the country. The second tier is the standing Supreme Soviet, elected by the Congress and composed of 248 deputies (124 in the Soviet of the

[2] *Financial Times*, May 13, 1993

Republic, and 124 in the Soviet of Nationalities). The authority of the Supreme Soviet is largely restricted.

Under the communist regime, the Congress and the Supreme Soviet merely rubber-stamped decisions made by the CPSU leadership. However, after August 1991 the parliament discovered new vigor and the ambition to rule the country. Legislators were elected in the old-style communist elections in 1990, and the overwhelming majority of them are former Communist party *apparatchiks* (secretaries of Oblast and district CPSU committees) and conservative industrialists. Headed by speaker Ruslan Khasbulatov, a former Boris Yeltsin's ally, who turned into open opposition since late 1991, the hard-line parliament has put a brake on many of Mr.Yeltsin's reformist proposals, such as legalizing the private ownership and sale of land. In 1992 the parliament made over 300 amendments to the Russian constitution to strip the President and the government of their powers and to slow down reforms. The Russian politics in the last year and the half have been continued "trench warfare" between the legislature and the executive, peaking during the Congresses.

As a result, the parliament is becoming growingly unpopular. In the April 1993 referendum 70.6 percent of votes were cast for early elections of the Congress of People's Deputies (that is 44.8 percent of registered electorate). The rating of the speaker Khasbulatov is even lower, and he is despised both by the population and by the nationalist opposition which discharges him as a "non-Russian" (Khasbulatov is Chechen). In its present shape, the legislative branch definitely can not have the final say in the power struggle, put an end to political chaos, and consolidate the nation. On the contrary, it can only further contribute to instability, outlawing any President Yeltsin's action aimed at constitutional reform (under present regulations, only the Congress can change or adopt a new constitution, and it is not going to vote itself out of existence), appealing for support to regional leaders and legislators, or to the army, and actually dividing the nation.

The judicial branch, represented by the Constitutional Court, is the weakest of all three. Compared to the President (a figure of "the father of the nation" is traditional for the Russian mentality) and to the legislature (though nominally, the parliament existed in the Soviet Union), the judicial power is absolutely not rooted in the Russian political culture. The Constitutional Court and its chairman Valery Zorkin have been the object of cynical political manipulation over the last year and a half. In recent months it has completely sided with the parliament and the communist and nationalist opposition, outlawing many of President Yeltsin's decrees (like the one, abolishing the chauvinist National Salvation Front in November 1992). It will be another obstacle on the way of possible constitutional reform in 1993, probably compelling Mr.Yeltsin to act unlawfully. If the new constitution proposed by the President is nevertheless adopted, the Constitutional Court will have still weaker perspectives, as the President will have the right to appoint three chief judges.

The power struggle in Russia is getting even more complicate and unpredictable, as there are two other key participants, waiting on the sidelines. The first force is **the Army and security ministries**. From August 1991 until now, they managed to stay more or less out of politics. However, relentless attempts of opposing forces to drag the Army into politics, along with the growing political concern within the Army itself, can result in a situation, when the armed and security

forces will be compelled (or willing) to step in. One also shall not exclude the possibility that the Army will split between supporters of the President and of the opposition. (*See Section 7.4*).

Another major force on the sidetracks are **regional leaders**, whose presence in the Russian politics is getting more and more noticeable. (*See Sections 4.1 and 4.6*). In the post-referendum political struggle both the President and the parliament started wooing the regions, seeking support for their alternative drafts of the new Russian constitution. Most probably the leaders of Autonomous republics and provinces within Russia will be the decisive weight that will define the balance of forces in the second half of 1993, but their political preferences still remain a big question mark.

Summing up what has been said, there's no balance of forces, or consensus, or even the domination of a single force on the Russian political scene. The situation can be described as a *growing power vacuum, the fragmentation and dissolution of authority, with weak institutions unsuccessfully struggling with each other*. Instability is innate to such a political regime. Even if President Yeltsin manages to get the new constitution adopted, "trench warfare" in the high echelons of power with periodical showdowns of opposing forces is going to continue.

1.3. Another deficiency of the Russian political system, resulting in high instability, is **the weakness of political parties**. In this case, too, the tradition is clearly lacking: parties existed in Russia only during the turbulent interrevolutionary period of 1907-1917, and since then the political scene was dominated by the CPSU, which was not a "party" in the Western sense of the word, but the core of the state - or rather the state itself.

Currently there are about 20 main political parties in Russia, with the total number reaching several hundreds.

One can outline five principal political tendencies:

a. **Organizations of communist and left-wing socialist trend**, based on the orthodox cadre of the former CPSU, that were created after the ban of the Communist Party in late 1991 - early 1992 (The All-Union Communist Party (Bolshevik) of N.Andreyeva (VKPb); The Russian Communist Workers Party of A.Makashov and V.Anpilov; The Workers' and Peasants' Socialist Party of S.Gubanov; The Union of Communists of A.Prigarin; The Russian Party of Communists of A.Kryuchkov; The Party of Labor of B.Kagarlitsky and A.Buzgalin; the Socialist Workers' Party of A.Denisov and R.Medvedev). According to public opinion polls, communist parties are supported only by several percent of the population. However, they have inherited from the CPSU a disproportionate share of representatives in both the federal Parliament and the local legislatures and administrations.

b. **Parties of left-centrist kind**, from Social Democrats to left Liberals, supported by the reformist wing of the former Communist Party, pragmatically-minded intelligentsia, and by the directors' and engineers' corps (The People's Party of Free Russia of A.Rutskoi and V.Lipitsky; The Democratic Party of Russia of N.Travkin; the All-Russian Union "Renewal" of A.Volsky and A.Vladislavlev that emerged from the Union of Industrialists and Entrepreneurs, uniting the directors of major state enterprises). Each of these parties has a solid base in the parliament.

c. Ideologically akin to the second tendency, but politically separated from if is **a group of small parties that were formerly a part of the "Democratic Russia"**

movement (The Republican Party of the Russian Federation of V.Lysenko and V.Shostakovsky; The Social-Democratic Party of Russia of O.Rumyantsev and B.Orlov; The Peasants' Party of Yu.Chernitchenko; The People's Party of T.Gdlyan). These small parties are weakly represented in the parliament.

d. **The radical-democratic tendency**, which is closer to conservatives in the traditional sense, supported by Western-oriented intelligentsia and part of the business circles. Their organizational basis is the decaying "'Democratic Russia" movement, that still retains some ground in the parliament. A new phenomenon on the political scene is the Party of Economic Liberty of K.Borovoy, the organization of entrepreneurs. It is distinguished by a sound financial support, but its prospects, and its place in the future coalitions are still uncertain.

e. **The extreme right of the political spectrum**, politically close to the extreme left, is occupied by organizations and movements that define themselves as "national-patriotic" (The Union of People's Patriotic Forces of Russia of G.Ziuganov; The Russian Nation-wide Union of S.Baburin and S.Pavlov; The Russian National *Sobor* (Council) of A.Sterligov and V.Rasputin; The Russian People's Assembly of I.Konstantinov; The Constitutional Democratic Party of M.Astafyev; and the Russian Christian Democratic Movement of V.Aksiuchits). In November 1992 the ultra -radical alliance of neo-fascists and neo-communists, called the National Salvation Front was set up. It pursues massive organizational activities, like creating the Russian National Legion, a paramilitary organization, which has sent mercenaries to fight in Pridnestrovye and in Bosnia, or organizing a riot on the May Day of 1993 in Moscow, when one policeman was killed and almost 600 people injured. The social base of these movements is nationalistic-minded part of intelligentsia and of the former Communist Party apparatus, as well as marginal elements of the population. In the parliament they have control of the largest faction, "The Russian Unity", which has 303 of 1,033 seats in the Congress of People's Deputies.

The date of birth of each political party was the time of withdrawal of its founders from the Communist Party. The first wave of apostates made up the leadership of "Democratic Russia", the second wave (called "The Democratic Platform within the CPSU") transformed into the Republican Party, and the third wave ("Communists for Democracy") laid the basis for the People's Party of Free Russia.

The majority of political parties have been formed not on the basis of common interest, but rather on a vague proximity of opinions, and as a rule, have consolidated around certain political figures. The distinctions between parties are mostly insignificant, and their fractional existence can only be explained by their leaders' ambitions. Hence frequent splits within the parties, and the permanent change of allies.

The activity of most parties is limited to Moscow, St.Petersburg, and several major cities, and is increasingly restricted by growing regional separatism. As a matter of fact, all existent parties are crippled due to their small size, scarce financing, the lack of state support, limited intellectual potential, the absence of prominent leaders, and the weakness of party structures. They did not take their time to become sound political forces, and actually remain "protoparties".

1.4. Apart from the party structure, one can observe that even **greater political forces (the right, the center, and the left)** are lacking constituency, leverage and long-term strategies.

In 1988-1991 the strongest political force was **the "democratic coalition"** that united national democratic movements in Russia and in the USSR republics. It had a sound intellectual potential and enjoyed strong popular support; its "Interregional Deputies' Group" was one of the major forces in the Soviet parliament, and it was "The Democratic Russia" movement that actually put forward Boris Yeltsin as an alternative leader, challenging Mikhail Gorbachev.

However, this was an ad hoc political instrument, created only to overthrow the communist regime, but with no further perspective. When the Soviet Union collapsed in August 1991, the "democratic coalition" started to fall apart. This was a rule in all anti-totalitarian revolutions; but while in the countries of East and Central Europe these developments laid the basis for building a multiparty system, the "democratic split" in the former USSR virtually outstripped the rise of multiparty system and of the new power structure. "National democrats" in the Soviet republics mostly turned out to be simply nationalists. In Russia, too, the "Democratic Russia" movement suffered multiple splits and withdrawals. The denial of "democratic" affiliation became a political *bon ton*, and parties and politicians that were earlier considered "democratic" were hastily making statements of a "patriotic" character. (For instance, within several months two leading "democrats", the mayor of St.Petersburg Anatoly Sobchak and Mr.Yeltsin's adviser Sergei Stankevich, turned into advocates of "*derzhava*", a word used for the Russian Empire).

Currently the democratic forces in Russia don't have a single political organization. The "Democratic Russia" is virtually bankrupt. Its ability to rally tens of thousands of people in large cities shall not be overestimated: they rise against communists, neo-fascists and the parliament, but not for any specific political organization. As their last stronghold, the democrats preserved a number of posts in the presidential administration and in the government, though such Mr.Yeltsin's allies as Sergei Shakhrai and Sergei Filatov are not in the majority, and a number of democratic ideologists like Gennadi Burbulis have left the political scene. If the new political regime, dominated by the President, will take shape in Russia, the democrats will still be lacking cohesion and constituency (and those in the office will be concerned with the power struggle and maneuvering) to exert large influence on the political life.

The centrist forces, mostly represented by the "Civic Union",[3] are in a slightly better shape. Since Summer 1992 they have been in "constructive opposition" to the President and the Gaidar government, insisting on the slower pace of reforms and state support of the enterprises, devastated by crisis. This criticism, and a key position in the parliament, where the "Civic Union" had the decisive say in the argument between the reformers and the opposition, were permanently winning them new supporters from both the right and the left. In Summer and Fall of 1992 the "Civic Union" seemed to be the force that could at least consolidate the Russian political establishment, though on a rather conservative ground.

[3] The "Civic Union" was formed in June 1992 by the Democratic Party of Russia of N.Travkin, the People's Party of Free Russia of A.Rutskoi, and the All-Russian Union "Renewal" of A.Volsky.

In 1993, however, the situation changed for the centrists. Taking a number of key posts in the compromise cabinet in December 1992, including that of the Prime Minister, they also had to take part of responsibility for the disastrous economic situation. Thus their criticism of reform has been largely wasted. Secondly, the drift of hard-line centrist leaders like Vice-President Rutskoi to the opposition camp resulted in deep mistrust of the President, and the centrists lost part of their influence in the executive. Finally, the results of the April 1993 referendum cast the heaviest blow to the centrist opposition. Mr.Rutskoi is becoming a political marginal. The parliament, the stronghold of the centrists, is destined to leave the political scene: another key centrist Nikolai Travkin resigned from the Congress because of the voters' lack of confidence in the legislature. Most important, the constituency of the "Civic Union", the so-called "directors corps" (heads of major state-controlled enterprises), currently depends on state subsidies from the central bank and the cabinet, dominated by the centrists; but if privatization gains momentum, along with the growing economic independence of the provinces, industrialists will have less reason to rely on their "sponsors" in Moscow. In other words, the centrists' chances to win the upper hand in the power struggle are much weaker now than in 1992.

Finally, the so-called **"united opposition" (or "reds and browns")**, composed of neo-communist, neo-fascist and Russian chauvinist groups, is the most vocal, but also the weakest of the three major political forces. It almost completely lacks popular support: according to various opinion polls in 1992 and 1993, "reds and browns" are supported by 5 to 10 percent of the Russian population. Its program has very few pragmatic elements and is totally ideologically-biased (e.g. the slogans of the "workers state", or the restoration of the Soviet Union, etc.), which makes it completely irrelevant to the present situation in Russia and the CIS and scares away possible allies. Furthermore, the "united opposition" is made up of essentially different elements (e.g. the Communist Workers Party and the Christian Democratic Movement), which prevents from the elaboration of a single strategy or simply from pursuing cohesive politics.

1.5. In a word, *the entire political spectrum in Russia can not adequately express the vast variety of interests of the populace and the existent social trends*. Neither the current political regime (legislative, executive, and judicial powers), nor the political parties and movements possess of a stable social base. There's a striking and dangerous gap between the sharpening power struggle at the top and the growing political passivity of the population.

The argument of political apathy seems to run counter to such episodes as the popular opposition to attempted military coup in August 1991, or the massive support of the President and his reformist course in the April 1993 referendum. However, these episodes don't prove much except the fact that the people of Russia can rise to the occasion. When it goes to everyday life, political apathy prevails, especially in the provinces, where local authorities set their own rules of political behavior, and power struggle, going on in Moscow, is hardly noticed.

In this sense, contemporary Russian politics are "hanging in the air", becoming self-sufficient, sort of a trade for several thousand politicians in Moscow, that are growingly alienated from their constituencies. For instance, two leaders of the hard-line "Russian Unity" faction in the parliament, President Yeltsin's most vocal opponents Vladimir Isakov and Sergei Baburin got clear signals from their

electors during the April 1993 referendum: in the district that Mr.Baburin represents in the parliament, 68 percent of those who voted pledged support for Mr.Yeltsin; in Yekaterinburg, which is Mr.Isakov's constituency, 86 percent were for the President.

Instead of providing a framework, in which conflicting interests could be settled and channeled in a constructive way, the present political system in Russia is becoming one of the factors of destabilization. The continuing political stalemate, and apparent inability of authorities and major political forces in Russia to resolve it create a highly risky security environment. In the months to come, the West might be facing at least five major security challenges:

a. Irrelevance of existent political structure can lead to a radical reshuffle of all current political tendencies, parties and coalitions, in which there will be hardly any continuity. New leaders, unknown to the West, can come to the forefront, and start the revision of Russian security policy.

b. Political passivity of the populace against the background of extreme social tension often foreshadows a social upheaval. Massive social and economic protests can grow into a politically indifferent (like in 1917), or a politically biased riot, inclined towards the most radical political tendency on offer. *(See Scenario 1.4)*

c. On the other side, in the situation of total political indifference the public might not even notice the institutional coup at the top, leading to the establishment of the authoritarian regime. All political forces on the scene are more or less inclined towards authoritarian rule, or even dictatorship; however, this trend is restricted by growing ineffectiveness of mechanisms of power. *(See Scenario 1.2)*

d. Further degeneration of the central authority, the absence of political force, or ideology that could consolidate the nation, and atomization of political life can result in the final breakup of a single political space and the emergence of a loose confederation on the territory of Russia. This will be a much more unstable security space, with separate regions oriented towards different security systems. *(See Scenario 1.6)*

e. The most probable risk, however, is that due to growing ineffectiveness of power structures, the weakness of political parties, and political apathy of the electorate *the current political stalemate will endure, and no force in the nearest future will be able to break it.* There will be temporary gains and compromises, economic reform will proceed by leaps, followed by setbacks, foreign policy and security relations with the West will be fluctuating from warmer to colder terms, depending on the domestic political situation at the moment, but there will be no final solution in either of these fields. (*See Scenario 1.1*). In a certain sense, this scenario is the most challenging for the West, as it will require an extremely flexible strategy and security policy, adaptation to living with permanently unstable political regime in Russia. In this contingency the security environment in the Euro-Atlantic system will be characterized if not by hostility towards Russia, then at least by increased tension and awareness. This will require adequate military and institutional buildup on the Euro-Atlantic level, that will be safeguarding Europe unless a proper and trustworthy political arrangement takes place in Russia.

2. Political Risks in the CIS Countries

2.1. The political situation in the CIS area is marked by a key contradiction: it was the Soviet state that broke up in December 1991, but not the country. This

created a dangerous security environment, in which present political structures (both CIS and national) do not correspond to the economic, political, military and psychological interlinking inherited from the old days. Moreover, obtaining independence, the majority of republics are yet incapable of effective exercise of essential state functions and still have a long way to go before sound political systems are built and a stable popular constituency of regimes is established. This is a major point to be considered by the West in pursuing politics in the post-Soviet milieu, as it creates a power vacuum in the area and runs a permanent risk of political instability and turmoil.

Another important point to be observed is that the post-Soviet area has retained a high degree of economic, political, and military dependence on Russia, while ambitious attempts to break this dependence make it even more apparent. One has to admit that the outcome of economic and political transformations in the states of the former Soviet Union unequivocally depends on the course of reforms in Russia.

2.2. The political situation in **the Slavic republics of the CIS (Ukraine and Belarus)** is similar to that in Russia. The former nomenklatura majority in parliaments and local authority bodies has retained its positions, but increasingly loses its political capacity. The anti-nomenklatura "democratic" opposition splits even before coming to power. The centrist forces of a moderate reformist kind gather momentum. The political scene is dominated by leaders of the state, the public profile of political parties is low, and the growing social discontent is accompanied by political passivity of the population.

The political evolution of the two states somewhat "lags behind" the Russian model. The former Witold Fokin's cabinet in Ukraine and Vyacheslav Kebich's cabinet in Belarus were attempting to implement "Ryzhkov-type" low-profile economic reforms. However, the new economic situation dramatically changed by the Russian reform, condemns such policies to failure. It was plainly shown by the fall of the Fokin government in Summer 1992. Political barriers can not impede the ties of the three republics that still remain "communicating vessels". By Summer 1992 it has become evident that the break of economic ties with Russia means economic suicide for Belarus and Ukraine. This has resulted in Dagomys agreements of Boris Yeltsin and Leonid Kravtchuk, and in signing the agreements between Russia and Belarus in July 1992.

In the meanwhile, anti-nomenklatura and "democratic" forces in Ukraine ("*Rukh*") and Belarus (The Byelorussian Popular Front) are, in contrast to Russia, nationalist-minded and patriotic-oriented. Given the close historical, cultural, and linguistic affinity of the three Slavic nations, Ukrainians and Byelorussians are asserting their national identity at the cost of cultural, linguistic and political separation from Russia. Hence the fervent patriotism and "Moskvophobia" of the Ukrainian and Byelorussian "national-democrats", seeking for an occasion to confront Russia (though in Belarus the positions of nationalists are much weaker than in Ukraine).

Apart from being economically devastating, such campaigns bring little political effect. 21 percent of the 52-million Ukrainian population are Russians, and actually speaking Ukrainian is only one third of the country's population. That is why the national radicalism of "*Rukh*" can not win masses of supporters in Kiev, Donetsk coal basin, Novorossia, the Crimea, and on the Left-bank Ukraine in general. In other

words, "*Rukh*" is confined to be a regional political force of the Western Ukraine, or, at best, of the Right-bank Ukraine.

A shrewd politician like President Leonid Kravtchuk had to realize the actual limits of nationalism. Having earned the reputation of a "*samostyinost*" (independence) champion in the first half of 1992, he later showed his other side, that is of a pragmatic and flexible politician, free of "Moskvophobia", and able to maintain decent relations with Russia. Though the episodes of confrontation will be repeated, in the short- and medium-term perspectives Ukraine will be bound to "pendulum movement" of approaching and moving away from Russia while staying on the "Moskvocentric" orbit. "The divorce with Russia" will stay a strategic priority of the Ukrainian politics, but the "litigation" is going to be long and difficult. It will also offer President Kravtchuk an opportunity to balance between extreme nationalists and pragmatic politicians and thus to consolidate his regime. In general, his political standing continues to be rather high, and Ukraine is likely to emerge as a "soft" authoritarian state with nationalist opposition in the parliament and in Western regions of the republic.

As for Belarus, Russians comprise 12 percent of its population of 10 million. The linguistic russification went that far, that proclaiming Byelorussian a state language did not add to its viability.[4] There's no historic evidence to confrontation between Russians and Byelorussians, and the Byelorussian national character is immune to extremism of any kind. Given this, the national radicalism of the Byelorussian Popular Front did not win masses of supporters.

In the meanwhile, the centrist Chairman of the Presidium of the Supreme Soviet of Belarus Stanislav Shushkevitch has been maintaining a 50 percent rating in the polls during 1992, by far surpassing his rivals. With political vacuum emerging, the most probable development is the transfer to a presidential republic with certain authoritarian features, in which democratic institutions will be formally functioning.

So, as far as present trends are concerned, the political situation in Ukraine and Belarus does not pose an immediate threat to the European security, as well as Russian-Ukrainian and Russian-Byelorussian relations. The conflict potential is certainly present, but it is not going to explode right away. These are other internal issues, like nuclear arms on Ukrainian territory *(See Section 7.7)*, that should be of major concern for the West.

2.3. **In Moldova**, too, the post-Soviet political system took shape of a neo-nomenklatura regime with authoritarian features. The anti-nomenklatura Popular Front that barked on forced unification with Rumania, quickly exhausted its political resource and lost its appeal. The war in Pridnestrovye, and the actual loss of this strategic region,[5] the collapse of the Moldavian economy, mixed feelings about unification with Rumania, even among native Moldavians that have uneasy memories about life in a Rumanian province in the interwar period, further weakened the opposition.

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[4] In 1992 only 17 percent of Byelorussians were willing to have Byelorussian as a state language, compared to 25 percent in 1989. Only 6 percent of the native population favored teaching Byelorussian in schools in 1992, compared to 18 percent in 1989. The number of people using Byelorussian in everyday speech is five times as less, compared to 1989. (*Nezavisimaya Gazeta*, September 1, 1992)

[5] Pridnestrovye makes up 37 percent of the industrial potential of Moldova, and produces 83 percent of electric power (*Izvestia*, 1992, June 5).

Future developments will be mostly determined by the course of settlement in Pridnestrovye (and also in the rebellious Gagauz Republic in the South of Moldova). In case Kishinev reaches political compromise with Pridnestrovye, it will be bound to stay in the CIS milieu. This conforms to the interests of President Mircia Sneghur and the leaders of neo-nomenklatura that could otherwise only hope to become provincial officials in Rumania. The independence of Moldova ensures the local elite economic and political dominance; and balancing between Ukraine, Rumania, and Russia gives certain foreign policy advantages.

In case the armed conflict recommences, the unification of Moldova and Rumania (actually the absorption of Moldova by "Greater Rumania") will be emerging as the only alternative. Russia and Ukraine will be facing hard choices concerning the future status of Pridnestrovye. Annexation by Russia of an outlying enclave will be a questionable acquisition, and will set a dangerous precedent, posing a threat to the territorial integrity of Russia itself. In the meanwhile, the separation of Pridnestrovye and the possibility to use it as an instrument of pressure on Ukraine, Moldova and Rumania might appear tempting for Russian hard-liners. However, Russia has little legal and ethnic rationale for such action.[6]

Ukraine has more formal reason to lay claim on Pridnestrovye, that was part of her territory in 1924-1940. However, Kiev took a deliberately neutral and passive stand during the conflict. The recognition of legitimacy of secession of Pridnestrovye as a result of the free expression of the people's will could create a dangerous precedent for Ukraine itself, provoking similar actions in the Crimea, the Donetsk basin, in Transcarpatian region, etc. Most likely, Ukraine will favor the retention of status quo in Pridnestrovye. Peaceful settlement of the conflict on the basis of Pridnestrovye's autonomy in the borders of Moldova, as proposed earlier by President Leonid Kravtchuk, will remain a solution most suitable for Kiev.

In any case, the "Pridnestrovye knot" appears the serious security challenge to the West. This is a conflict area on the ex-USSR territory that is the closest to the Western security zone. The possible conflict could also involve Rumania that is (a) a major military force on the Eastern European scene; (b) a possible applicant for Western economic and political institutions and security guarantees. The dangerous link Russia-Ukraine- Pridnestrovye-Moldova-Rumania can well become a "bridge" by which instability and crises could be spreading westward, provoking conflicts in Central Europe and compelling the West to intervene. The idea of reunification, on which nationalist opposition in Rumania and Moldova barks, goes hand in hand with Rumania's claims on North Bukovina and South Bessarabia, that were given to Ukraine in 1940. Rumania could also offer Ukraine a deal, exchanging these territories on Pridnestrovye after reunification with Moldova. Such a deal could well provoke Hungarian claims on Transcarpatian region and Polish claims on parts of West Ukraine. The problem of Transilvania will also sharpen. If Bulgaria, in order to justify its claims on Macedonia, comes out in support of reunification of Rumania and Moldova, such an approach can give reason for old Rumanian claims on Bulgarian South Dobrudzha.

That means, that Moldova makes a part of a very delicate East European and Balkan security network, full of mutual territorial pretensions and animosities, and

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[6] On the territory of Pridnestrovye live 39 percent Moldavians, 28 percent Ukrainians, and 24 percent Russians. Out of 562,000 Russians living in Moldova (that is 13 percent of the entire population) 75 percent live not in Pridnestrovye, but in the Right-Bank Moldova (*Izvestiya*, 1992, June 9).

any change in territorial or administrative status quo can cause chain reaction of destabilization and the emergence of an "arc of instability" from Moldova to Serbia and Kosovo, that will be even more dangerous for the European security than the current Balkan crisis. All this makes the Moldavian case a top priority for Western "security watch" in the former USSR.

2.4. The situation in **the Transcaucasian region**, where nomenklatura regimes have been swept away, is essentially different. The only exception is Azerbaijan, the part of which, the Nakhichevan Autonomous Republic, is governed by the former republican Communist Party leader Geidar Aliev, whose influence and connections reach far beyond the limits of this territory. Recent economic and military failures of the anti-communist Popular Front of Azerbaijan and President Abulfaz Elchibei resulted in wide popular discontent with "democratic" forces and put forward the figure of Aliev as the possible leader of the nation. It must be noted that, apart from anti-communist allergy, the population generally has good memories of life under Aliev's regime in the early 1980-s, when Aliev, a good friend of Brezhnev, received "a special treatment" in Moscow and Azerbaijan enjoyed somewhat of a "most favored nation" status among Soviet republics.

The price of revolutionary changes in the three Transcaucasian nations has been high. With the "national-democratic" forces in office, the existent ethnic tensions quickly developed into full-fledged military conflicts: in Nagorny Karabakh, partly in Nakhichevan, in South Ossetia, Abkhazia. The internal stability has been ruined, and this overshadows the prospects for economic development. The situation could be favorable for market reforms, but the militarized economy retains its administrative character. Beside this, none of the three republics has an elaborate program of market transition, or the necessary conditions (investment, trained personnel, etc.). In the Transcaucasian region, Armenia, where land has been already turned private, and the rich and educated Armenian diaspora is willing to help, could have better chances for economic reform, but the exhausting war in Karabakh brought the country on the brink of national catastrophe. For already two years the economic and social situation in Armenia resembles that in the besieged Bosnian enclaves. It is only the traditional Armenian psychology of national uniqueness, habits of survival and mutual assistance that prevent the situation from an immediate social outburst.

While democratic procedures have been formally introduced in Azerbaijan, Georgia and Armenia, the political life in the Transcaucasian republics is actually determined by the balance of forces between armed units. This is especially vivid in Georgia, where Edouard Shevardnadze found himself in the situation of a captive to paramilitary and criminal groups (this sometimes explains his uncompromising policies towards Ossetia and Abkhazia). Internal politics in Georgia has been for a long time dependent on the conflict of National Guard and "*Mkhedrioni*" units. With armed conflicts expanding all over the region, the army and law enforcement authorities emerge as key actors on political scene. The militant psychology of national mobilization prevails in all three states, contributing to authoritarian trends in internal life and further deepening the conflicts.

The conflict potential in the area is a major security concern for the West. One has to be aware of the fact, that this is the place where a full-fledged war, involving missiles, aviation and heavy artillery, producing thousands of casualties and actually in no way different from that in Yugoslavia, is already taking place for

the fifth year. However, the risk is much higher, than just one war between Armenia and Azerbaijan. The situation in Transcaucasion region threatens the European security system on two fronts: Eastern (as far as Russia is already deeply involved) and Southern (as far as Turkey, a NATO member and the EC associate is on the verge of more-than-just-humanitarian engagement, and Iran appears seriously concerned). As a matter of fact, a system of territorial trade-offs, including Azerbaijan, Nagorny Karabakh, Nakhichevan, Armenia, Turkey and Iran is being discussed undercover for a long time. If any territorial redivision takes place, this will have most serious security repercussions in the wider area, probably including the Middle East and the Gulf. This shows strategic importance of these conflicts in the heart of Eurasia for both European and Middle Eastern security. (It shall be also noted that there's a latent possibility of conflict between Georgia and its constituent part, the Autonomous Republic of Adzharia, bordering Turkey, that could probably involve Turkey).

So far, the UN and CSCE proved to be incapable to exert even a small degree of influence on the course of warfare in the region. The situation in Transcaucasion area, with its intricate ethnic composition, involvement of major powers, and links to other conflict areas poses a major challenge for security institutions of the West.

2.5. **In the Central Asian republics of the CIS**, the crash of communism has only removed the upper ideological veil that was covering the traditional Oriental hierarchical power structure. Conventional wisdom of European residents of the USSR has always held that "there's no Soviet power in Central Asia", i.e. that Soviet law and party regulations were actually not effective there. Quite as superficial was the implantation of Western democratic institutions in this traditional Oriental society that has fully retained its feudal and tribal structure.

Given ethnic tensions in the region, further complicated by tribal and clannish contradictions, the only guarantee of political stability is the conservation of neo-nomenklatura regimes of two basic kinds: a "soft" authoritarian regime, inclined to economic reforms, with a relatively free press and multi-party democracy (Nursultan Nazarbayev in Kazakhstan, Askar Akayev in Kyrghyzstan), and a "hard" authoritarian regime, with heavy censorship on press, a token opposition, and obscure perspectives for economic reform (Sapurmurad Niyazov in Turkmenistan and Islam Karimov in Uzbekistan). The fall of these regimes will inevitably lead to civil war and ethnic armed conflicts of the Afghan type, as clearly shown by the recent upheaval in Tajikistan.

At first signs of such developments the massive exodus of the Russian-speaking population will start.[7] This runs the danger of further internal destabilization in Russia, and industrial and cultural decline in Central Asia.

Another result could be the establishment of Islamic regimes. In the meanwhile, notwithstanding the growing presence of Islam in everyday life in Uzbekistan and Tajikistan, and to a lesser degree in Kazakhstan, Kyrgyzstan and

[7] According to the 1989 census, among Uzbekistan's 20-million population, 11 percent were Russian-speaking, compared to 10 percent in the 5-million population in Tajikistan; 22 percent in the 4-million population in Kyrgyzstan; and 13 percent in the 4-million population in Turkmenistan (*Moskovskie Novosti*, 1991, N 40, October 6, p.9). Due to instability in Tajikistan in 1990-1991, over 70 thousand Russians left the republic before the outbreak of the civil war, and by summer 1992 the total number of Russians in this republic went down to 300,000 (5.5 percent of the population) (*Nezavisimaya Gazeta*, 1992, June 9).

Turkmenistan, it could win as a political force only in case of the general regional upheaval, before which time the processes of state, national, regional, ethnic, tribal, and clannish differentiation will prevail. For the moment, Islamic presence in Central Asia (with an exception of Tajikistan) does not pose an immediate threat for the security of Russia and Europe. Moreover, most countries in the region appear to be more inclined to "lay model" represented by Turkey or to "Islamic capitalism" of the Gulf kind, than to fundamentalist ways of Iran. It is important that the overwhelming majority of the Central Asian Muslims are sunnites.

Notwithstanding a rather low political profile of Islamic fundamentalism, the security environment in Central Asia (with the exception of Northern part of Kazakhstan) is extremely dangerous and conflict-prone. Due to the complicated ethnic structure of the Central Asian states and artificial nature of borders between them, local conflicts in any of republics can easily spread across the borders and become the hotbed of instability for the entire region.[8] Lack of arable land and water, and overpopulation will be permanently giving rise to conflicts even in a relatively stable environment. From this point of view, the most risky and unstable area is the rich and fertile Ferghana valley, where the borders of Uzbekistan, Kyrgyzstan and Tajikistan meet, and where three murderous ethnic conflicts nave already taken place over the recent years.

Civil wars in Tajikistan and the neighboring Afghanistan (where 4,2 million Tajiks and 1,8 million Uzbeks live, while the entire Afghan population is ethnically and linguistically akin to Tajiks),[9] uncontrolled migration of tens of thousands of refugees across the border (at one point in late 1992, there was about 70 thousand Tajik refugees, concentrated on Afghan territory), shipment of arms and infiltration of mojahed groups on the Tajik territory made the Southern border of the CIS, guarded by the Russian troops, extremely vulnerable, and bluntly questioned stability and the very existence of the Central Asian regimes. This was well realized by the Central Asian leaders, that proclaimed trust in Russia as "an advocate of peace and stability, the guarantor of inviolability of our external frontiers".[10]

The reliance on Russia in security terms, however, has nothing to do with the prospects of economic reform in Central Asian republics. The only exception could be Turkmenistan, where a relatively small population of 4 million, and vast resources of oil and gas resemble the situation in the oil emirates of the Gulf some 30 years ago, and could provide for an economic boost. Such model could be tempting for the rest, but is absolutely irrelevant neither for the poor Kyrgyzstan, nor for the overpopulated Uzbekistan. In Kazakhstan, President Nazarbayev has proclaimed an open-door policy, trying to attract Western capital to the national economy (as shown by the billion-dollar deal with Chevron Co. that has won a tender to develop an immense Tenghiz oil field in Northern Kazakhstan), but is not willing to go far in terms of privatization.

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[8] Thus the civil war in Tajikistan has directly affected the Uzbek population (1.2 million people, or 23 percent of the population of Tajikistan), especially in Leninabad Oblast, evoking repercussions in Uzbekistan. Still unclear is the orientation of the Tajik population of Bukhara and Samarkand (5 percent of population of Uzbekistan). The 1991 massacre in Osh has already revealed the potential for ethnic conflicts between Uzbeks and Kyrgyzis. In the meanwhile, 550,000 Uzbeks make up 13 percent of the population of Kyrgyzstan.

[9] BRUK S.I. *Narody SSSR v strane i za rubezhom* (Peoples of the USSR in the Country and Abroad). - Moscow, 1991, pp.25-26

[10] *Nezavisimaya Gazeta*, 1992, June 2

The opposition in Central Asian republics, too, does not favor market reforms. For instance, the Republican Party of Kazakhstan (the organization of moderate nationalists) and the "*Alash*" Pan-Turkic and fundamentalist movement oppose privatization and foreign participation in exploiting mineral resources, because "the Kazakh population is not yet ready to live under the market", and "will not take a proper part in this process". In Kyrgyzstan, too, the national-democratic organizations like "*Erkin Kyrgyzstan*" and "*Asaba*" fight against auctions as a means of privatization, because poor competitiveness of Kyrgyzis excludes them from the sphere of private enterprise. Land reform in Kyrgyzstan also meets great difficulties, because most fertile land in the Ferghana Valley is populated by Uzbeks and Tajiks, and in the Chuisk Valley - by Russians, Ukrainians and Germans. Thus the privatization in industry and agriculture in all Central Asian republics will be permanently overrun by ethnic problems.

Taken per se, out of the post-Soviet political context, the Central Asian republics could be moving towards state capitalism of the African type, with elements of foreign investment, and private enterprise in agriculture, retail trade and handicraft. Political life will then be mostly determined by competition of tribal, criminal, drug business, etc. groups, with frequent military coups.

On the other hand, such a scenario appears rather hypothetical. The impossibility of reaching political balance without the Russian engagement, along with grave consequences of the economic break with Russia have given rise to re-integration trends in the region, and at least three countries - Kazakhstan, Kyrgyzstan, and Uzbekistan - are inclined to closer cooperation in the framework of the CIS. In Tajikistan, too, once the civil was is over (it might take a number of years, if not a decade), its uncomfortable situation between China, Pakistan and Afghanistan, the fear of being divided between more powerful neighbors, and its extreme poverty, even by Central Asian standards, are likely to move it closer to the CIS milieu.

Assessing security risks for the West in the former Soviet Central Asia, one must admit that they are relatively grave, but not as high as those in Transcaucasian region and in Moldova, mostly due to the remoteness of the conflict area and to the absence of weapons of mass destruction (nuclear installations in North Kazakhstan are rather far from the conflict area). However, as far Russia, whose troops are stationed in Central Asia and who is tied with Kazakhstan, Tajikistan, Uzbekistan and Kyrgyzstan by Collective Security Agreement of May 1992, is involved on one side, and such states as China (hundreds of miles of its frontier with the CIS area are not officially demarcated), Pakistan and Afghanistan are involved on the other side, the situation in the area is crucial for the general Eurasian stability, and in this sense affects Western security interests.

Civil war in Tajikistan, that has deep impact on all states of the region, marks the beginning of a dangerous conflict period, in which no one, including Russia, will be immune, and means of this war (extreme cruelty, mass murder of civilians, disregard of neutrality of certain parties, like the Russian troops, etc.) point to the impossibility of limited peace-keeping or peace-making intervention, unless this is a massive military operation, like the Soviet invasion in Afghanistan (which also proved ineffective). In general, feudal, overpopulated and ethnically mixed Central Asia is the place where the danger of Hobbesian "war of all against all" is most clear and present. In case such war is unleashed, it will have deep negative impact on Russia and the CIS (up to the dissolution of the Commonwealth), and its

repercussions (mass migration, proliferation of weapons, military buildup in Russia, changes in Russian security and foreign policy doctrines) are certain to affect the European security.

3. Emergence of Local Elites in the Post-Soviet Area

3.1. The prevailing political trend in the post-Soviet area can be expressed by a single word: disintegration. It surfaced in various processes: the breakup of the Soviet Union, the drive towards political and economic autonomy of regions in Russia and other republics (Ukraine, Georgia, Moldova, etc.), and finally, the escalation of ethnic conflicts.

So far, disintegration has emerged as a principal security risk in the post-Soviet world, as it threatens both inter-state relations, sometimes drawing them into military confrontation, and domestic legitimacy and stability of post-Soviet regimes. As for the West, it is marked by a dangerous similarity to the "Yugoslavian case", and poses innumerable security dilemmas: Who are real subjects of political power? How seriously can present regimes be taken? Who will assume control of the Soviet military and nuclear potential? What level of disintegration is "acceptable" for the West? How much provocative can be the example of disintegration for East Central Europe, the Balkans, and for Europe in general?

To answer at least some of these questions, it is necessary to examine the inner roots of disintegration (addressed in this section of the study) and its two major implications: disintegration in Russia and ethnic conflicts in wider CIS area (treated consequently in sections 4 and 5).

3.2. Current political and economic disintegration is the "visible part" of a larger and more imperceptible process: radical restructuring of the entire political setup of the former USSR due to the breakup of centralized power system. As far as the Soviet Union was essentially a single giant corporation, the crush of its controlling unit left its key elements autonomous. These key elements were not former quasi-state entities (Union and Autonomous Republics), but those who possessed of real local power: the regional political elites.

Local centers of power began to form long before the Gorbachevian perestroika. The origins go back to early 1960s, when the Soviet political system started to evolve from Stalinist unitarianism to a more flexible model of Khruschev and Brezhnev years. This model, underpinned by the cadres infrastructure of the Communist Party, put forward key participants of the Soviet internal politics: the ministries for economic branches and local power structures, notably the Oblast Committees of the CPSU. "You are masters of the country!", overtly claimed Constantin Chernenko, addressing first secretaries of the Oblast Party Committees at the conference he held after being elected General Secretary in 1983.

In Gorbachev's day this process of forging local political elites has been dramatically accelerated. By Fall 1991 it has resulted in an almost complete degeneration of the traditional Soviet unitarian power structure, so that the elimination of the "branch ministries" and Yeltsin's ban on the Communist Party did not lead to a complete power vacuum in the localities, as one could have expected. Starting from this point, the authority was growingly taken over by local elites, and

now it is namely them who exert the strongest influence (though not always openly) on the post-Soviet political scene.

3.3. Local elites have emerged (and continue to develop) virtually in all regions of the former USSR, and, as a rule, are composed of the following six elements:

a. **The traditional clan and tribal system**, that is most representable of the region's history and culture. Despite the "internationalist" indoctrination, the clan relations were well preserved over the Soviet period (especially in the Caucasus and Central Asia) in the communist power structures.

b. **The former party functionaries** that have retained vast connections on the entire territory of the former USSR and still make up a sort of a common cadres network. The authorities in certain regions (including those that are considered "democratic") are almost completely staffed by former nomenklatura cadre. For example, the staff of Nizhny Novgorod Oblast Administration under Yeltsin's protege Boris Nemtsov has virtually not changed compared to the communist period.

c. **Heads of major industrial and agricultural enterprises** of the region.

d. **Influential representatives of the private sector**, many of whom are connected with the old nomenklatura. This link goes back to mid 1980-s, when they covertly started investing state and party capital in joint ventures and private businesses. This social layer is sometimes merged with local mafia.

e. **Local heads of law enforcement authorities, state security, and the army**.

f. **The representatives of the central republican authority** (in Russia these are Representatives of the President, and Heads of local Administration also appointed by him). As a rule, the majority of them are incorporated into local elites and become sort of captives to local establishment. These figures play an important role in legitimizing local elites and are sometimes used for applying pressure on the center.

3.4. Local elites emerge on certain territories, such as:

a. **In historically-specific areas**, either ethnic (Chechnya, Daghestan, Turkic and Finno-Ugric lands of the Volga region, Yakut-Sakha, etc. in the Russian Federation), or in areas with local peculiarities in language, mentality, habits and ways (Galitia in Ukraine, Menghrelia in Georgia, the Ferghan Valley in Uzbekistan, etc.).

b. **On wider traditional territories**: the Lvov area and adjacent lands that form the traditional community of West Ukraine, opposed to Central (Podolia), East and South Ukraine; Menghrelia, Guria and part of Abkhazia, that constitute West Georgia in contrast to East Georgia (Kartli); the Ferghan, Namanghan and Andizhan Oblasts, forming the wider Ferghan region as opposed to three other major areas of Uzbekistan: Tashkent, Samarkand-Bukhara, and Khiva.

c. The present deep economic crisis brings about the situation of economic austerity, barter trade and reliance on self-sufficiency. That is why local elites seeking autonomy emerge **in economic regions**. This is especially true for Russia and Ukraine. The main formative feature of the local elite becomes the control over natural resources (as seen in the regions producing raw materials like Komi and Yakut-Sakha Republics, Kuznetsk and Vorkuta coal basins, etc.) and over land (is it

namely the hold of local authorities on land that blocks the implementation of land reform).

d. A special kind of regional elites develops **in large cities, administrative and industrial centers** (Moscow, St.Petersburg, Kiev, Sverdlovsk, Tomsk, Dnepropetrovsk, etc.). A stable local elite has emerged in Moscow under the previous (Gavriil Popov) and the present (Yuri Luzhkov) mayors.

3.5. From the regional point of view, the territory of the former Soviet Union is divided into a number of areas with well-established, emerging or latent centers of power. According to some calculations, there may be over 300 actual or potential local elites, including the smallest, those of a district level, on the territory of the former USSR. A substantial part of them is or may be seeking autonomy, and some may fuel instability and provoke regional conflicts.

The political situation in the post-Soviet world, strongly influenced by the local centers of power, is marked by following key contradictions:

- **contradictions between neighboring local political elites** that can evolve into an open military conflict;

- **contradictions between local elites and the new republican centers** that have assumed the functions of supreme authority. After the breakup of the Soviet Union the legitimacy, stability and efficiency of the republican centers are principally defined by their ability to maintain a balance of forces between the inner republican local elites. However, it is much more difficult to maintain such balance in the context of the paramount social and economic crisis and the lack of effective mechanisms of power. This brings about the situation when the new republican centers (whose legitimacy is not yet established, because it has been traditionally coming from above, from Moscow, and not from the localities) are compelled to yield to the pressure of local elites. The failure to find a compromise between regional centers of power leads to forced ousting of the republican regime and to permanent instability in the country, as plainly shown by the example of Rakhmon Nabiev regime in Tajikistan in 1992.

4. Disintegration in Russia

4.1. After August 1991 the general trend of disintegration has been notably manifest in Russia. It provoked the Autonomous Republics' and Autonomous Oblasts' surge towards full sovereignty and the economic regions' drive for autonomy. This process has been denoted "regionalization".

The new ambitions of local elites in Russia appeared in the first weeks after the abortive August 1991 coup. This provoked reshaping of the state structure of Russia (the declarations of sovereignty in Tatarstan, Chechnya, Bashkortostan, etc.), and sharpening of ethnic territorial disputes (between Kabardins and Balkarians; Chechens, Ingushis and Cossacks; Ingushis and Ossetians; between ethnic groups in Daghestan, etc.). Tension increased between the native population of the national Autonomous Republics and the Russian-speaking population. New risks emerged, like the separation of the Russian-populated regions in Siberia and the Far East (the ideas of the Yenisei Republic and the Far Eastern Republic), or economic separatism, that provoked political conflicts (the "blockade" of Moscow and St.Petersburg).

Instead of attempting to maintain some kind of balance between local centers of power and offering a fresh conception of federative and regional politics, Moscow actually yielded to their demands and to kind of politics they were imposing. Ceding wide economic and political powers to the local authorities, and pressing with the hastily signing of the Federative Treaty in April 1992, Moscow found itself in limbo.

Tatarstan and Chechnya have refused to sign the Treaty, while Tyumen Oblast has signed it with a number of substantial reservations. Thus the three strategically important regions with major reserves of oil and gas do not have any definite administrative status within the Russian Federation. The Komi Republic (coal), Bashkortostan (oil and gas), and the Yakut-Sakha Republic (gold and diamonds) also joined the Federative Treaty on special terms. Exclusive economic rights and privileges were granted to Karelia, the Irkutsk Oblast and the Altai Republic. Next in line are the Buryat Republic, Kaliningrad, Chita, Amur, Arkhangelsk, Murmansk, Sverdlovsk and Chelyabinsk Oblasts, the Krasnoyarsk Territory and the Koryak Area in Kamchatka that have already claimed their rights.

By the end of 1992, 23 territories imposed their own quotas on "export" of commodities beyond their frontiers and set up self-fashioned customs. Tatarstan, Yakut-Sakha, Chelyabinsk oblast and the Council of Siberian Oblasts unilaterally introduced the so-called "one-way" taxation system (i.e., they decide on their own how much taxes to pay to the federal budget).

Special privileges granted to subjects of the Russian Federation furnish them a large degree of economic autonomy. The Republics are entitled to establish their national banks (due agreements have been concluded with 20 Republics of the Russian Federation); according to the Russian Ministry of Justice, a special provision in the unpublished Annex to the Federative Treaty makes republican courts the highest authority in legal procedure; land and natural resources are taken out of control of the center; and certain regions like Sakhalin are not obliged to comply to the all-Russian investment law.

The regionalization in Russia is aggravated by a visible usurpation of authority in the localities. The functions of state power are assumed by local political, social, ethnic, military and sometimes even criminal groups. It is bluntly demonstrated by the evolution of the politically-charged Cossack movement that has finally become an issue of big-time politics; by the armament of Cossacks who assume the rights of law enforcement bodies; and by unwarranted participation of Cossacks in military conflicts beyond the borders of Russia (in Pridnestrovye, North Caucasus), discrediting the foreign policy and peacemaking efforts of Moscow.

The regionalization of Russia develops in an uneven manner. More inclined to economic and political separatism are regions producing raw materials and the territories with a higher degree of economic self-sufficiency (i.e. those that can allegedly maintain themselves and produce marketable goods for barter trade). Such are, for example, some southern regions of Russia like Lipetsk and Belgorod Oblasts, Krasnodar and Stavropol Territories, etc. Oblasts with a lesser potential for sustaining themselves (like the Yaroslavl Oblast) and the so-called "subsidized" Oblasts (the Magadan Oblast) are more dependent on the center and have less possibilities for political maneuver.

Assessing the prospects of disintegration in Russia and inherent security risks, one can point out at least four main areas, or "belts" of actual or possible instability in the Russian Federation:

a. The North Caucasian area

b. "The Volga belt"
c. "The Transbaikal belt"
d. "The Northern belt"

4.2. Concerning **the North Caucasian area**, it is hardly possible to speak of openly separatist or anti-Russian trends of the forces involved (the only exclusion is a part of Chechnya leadership, which is becoming growingly unpopular at home). The situation is rather to be described in terms of long-term instability and gradual moving away from Moscow. Main political forces on the scene are: "the Chechen bloc", headed by the extremist leadership of Chechnya; "the Adyg bloc" (Cabardins, Cherkessians, Adygs, Abazyns, Shapsugs); "the Karachayevo-Balkarian bloc", and finally, Ossetia.

Though the majority of these nations joined to form "The Confederation of Mountaineer Nations of the Caucasus", their cohesion shall not be overestimated. It mostly serves to promote, or at least to demonstrate a community of interests to Russia, Georgia and possibly to Azerbaijan. The prospects of this Confederation are obscured by century-old historical, ethnic, religious and economic contradictions in the region. The Confederation can probably serve some of its members as a vehicle to move away from Moscow, but it is hardly capable to unite them in a strategic opposition to Russia.

The common fear of "Lebanonization" of North Caucasus is largely exaggerated. As a matter of fact, "Lebanonization" means power struggle for constitutional influence and representation of different ethnic and religious communities in a state, the very existence of which is not questioned by opposing forces. So, in order to become "second Lebanon", North Caucasus still has to be united in a sort of federation or confederation, which now seems almost improbable. There isn't even a steady confrontation of official authorities, ethnic movements and the Confederation of Mountaineer Nations: these three forces exist separately, in different dimensions. So, the most probable scenario for the North Caucasus holds that there won't be any sort of a long "trench warfare" between several major opposing forces, but rather occasional outbreaks of conflicts all over the area.

Provided that the North Caucasian "conflict knot" is effectively localized, it will not pose an immediate threat to the very existence of the Russian Federation, or to its state system. However, security risks for the West are relatively high in this region. Firstly, conflicts will most probably produce mass migration (the "exodus" of Russian-speaking population from North Caucasus is already going for a number of years) and terrorism (Chechens already account for a large part of organized crime in Russia), and there's no indication that these two trends can be kept within frontiers of Russia and the CIS. Secondly, proliferation of arms in this region, already heavily charged with weapons, will continue. Thirdly, Russia will probably have to keep a large military contingent in or near the area. However, the possible separation or isolation of North Caucasus is not likely to provoke popular resentment: for most Russians this is already a "lost area".

4.3. As to **the "Volga belt"** (Tatarstan, Bashkortostan, Mordovia, Chuvashia, Mary-El), the key security risks are connected with policies of Tatarstan. Its independent and sometimes obstructionist stand on the Federative Treaty and on federative politics of Moscow is confirmed by the fact that Tartars are second largest (after Russians) ethnic group in the Russian Federation (4 percent of the population)

and by the tradition of statehood, that is older than the Russian one. Besides this, separatism (or at least isolationism) of Tatarstan and Bashkortostan has sound material reasons: large resources of oil and a tangible industrial potential (military, chemical, electronic industries, etc.). Low level of ethnic tension and a wide-spread conviction of unprofitability of economic ties with Moscow form a relative popular consensus around separatist course of the leadership of Tatarstan and Bashkortostan, so that even Russians in these two republics are mostly in favor of such policies.

Internal tensions in Tatarstan are also weakened by a balanced ethnic (49 percent of Tartars, 43 percent of Russians), language and religious composition of the population; by traditional links of both nations, a high percentage of mixed marriages (which is rather unusual in terms of coexistence of Christian and Islamic cultures), and also by the fact that only 1/3 of all Tartars living in Russia reside in Tatarstan. That is why the nationalist opposition ("*kurultai*", or the congress of Tartars, and its standing parliament "*milli-mejlis*"), despite its impressive performance, has obscure perspectives. In Bashkortostan, too, the titular ethnic group is only the third largest, after Russians and Tartars, which provides for relative internal stability.

Concerning other republics of the "Volga belt", the majority of the Russian population in all of them, except Chuvashia, their cultural affinity with Russia (they are all Orthodox, except Mary El, which has strong pagan traditions), and a lack of substantial natural resources weaken their separatist zeal.

Though internal tensions in the "Volga belt" are relatively low, the external effect of "Volga separatism" is much higher. As a matter of fact, *this is potentially the most dangerous and ruinous form of separatism in Russia*. As far as it concerns an essential "nucleus" of Russia, that was formed in 16th century and is surrounded by Russian territories (to say nothing of Volga as a symbol of the nation), it arouses bitter popular resentment and is actually a very sensitive issue for Russians, that tend to see it as a threat to the very existence of the Russian state. The secession of the Volga republics from Russia could virtually disrupt major transport and power lines going from East to West and from North to South. Therefore the reaction (or overreaction) of Moscow can be most serious.

4.4. **The Transbaikal belt** is composed of Tuva, Buryatia, Khakassia, The Agin Buryat and Ust-Ordyn Buryat National Districts. Ethnic tensions in this area and the general crisis of statehood and economy could lead to regional separatism. However, the only candidate for real self-determination and probably secession from Russia is Tuva, where the titular ethnic group accounts for 2/3 of the population, and Russians are mostly forced to leave (in certain cases there was almost a genocide of Russians, though it did not provoke a major reaction in Moscow). Tuva is one of the few territories in the Russian Federation with a genuine tradition of independent statehood (it was joined to the USSR only in 1944).

In the meanwhile, the possible separation of Tuva is hardly going to have major destabilizing effect on the situation in Russia. Such destabilization could be taking place only if the general balance of forces in this geopolitical area is ruined, which involves the highly hypothetical scenario of disintegration of China. However, such a contingency is worth consideration. One can not exclude that processes of self-determination in this part of the Russian Federation can be tempting for: (a) the regime in China, which is now entering the phase of economic and political expansion, comparable to Western expansionism of the early imperialist period; (b)

national minorities in the bordering provinces of China, seeking self-determination (mainly in Tibet).

Therefore, *developments in the "Transbaikal belt" are risky from the point of view of Russian-Chinese relations (that are anyway going to be uneasy in next decades), and of general stability in the Far East*. As in other cases, the effect could be again the "hardening" of the regime in Moscow, emergence of authoritarian, conservative and imperialist trends, military buildup in Russia. This could affect the European security system in two ways: a more aggressive profile of Russia on the Western front and/or lower profile of Russia in Europe, deeper isolationism and seclusion. However, there isn't any immediate security risk for Europe in this distanced area.

4.5. **"The Northern belt"** is a chain of former or current autonomous republics, stretched from the Komi Republic and the Yamalo-Nenets Autonomous District in the West to the Chukotka Autonomous District and the Koryak Autonomous Soviet Republic in the East. Destabilization in this enormous area, making up almost half of the territory of the Russian Federation is provoked not as much by actual or latent ethnic conflicts (which have already occurred in Yakut-Sakha and in other places), but rather by "natural resource" separatism or isolationism of wealthier regions: Yakut-Sakha, Komi, the Yamalo-Nenets District. Possession of natural resources is actually the key political issue on the agenda, defining the degree of autonomy of republics. Territories rich in resources sometimes enter into an alliance with more radical separatist leaders of other republics to form a more effective coalition against Moscow: for instance, such an alliance of Tatarstan, Bashkortostan and Yakut -Sakha was formed in August 1991.

The biggest security risk for Russia in this area is connected mostly with Yakut-Sakha, which covers enormous territory (roughly the size of half of Western Europe), stays one of the largest producers of gold and diamonds in the world, and has a relatively legitimate presidential regime, as compared to other republics in the Russian Federation. The Yakut President Mikhail Nikolayev pursues a kind of a long-term strategy, based on economic self-sufficiency and drawing away from Moscow in political sphere. Though full separation of this republic will hardly ever take place, greater economic insulation of Yakut-Sakha will cast a heavy blow to the Russian economy and finances and produce a serious setback in popular psychology, as far as Yakutia is considered an essential part of traditional Russian territory.

In general, the "Northern belt" can rather add to general destabilization in Russia, than directly provoke it. It can contribute to the possible disintegration of Russia by loosening the financial and taxation system, the economic links in the country, or by promoting Siberian and Far Eastern regional separatism. This kind of separatism is still rather hypothetical (slogans of the "Yenisei Republic" and the "Far Eastern Republic" are mostly rhetorical), but the failure of Moscow to introduce economic reforms and large-scale privatization, as well as the continuing power struggle in the center, could greatly promote this trend.

If this occurs, security risks will run high. Besides being the most dramatic step towards real disintegration of Russia (as far as ethnic issues will no longer be concerned, and it will be a blunt confrontation of Russians against Russians), the split of the nation and probably towards the civil war, the territorial change of such scale will completely ruin fragile geopolitical balance in the Far East. China and Japan will be largely tempted (or even compelled) to come into play. Japan, for example, can

see this as a unique chance to get back its part of the Kuril chain (or the entire chain, or even half of Sakhalin, as Japanese radical nationalists insist). This, in turn, will provoke frictions within G-7 and the strategic alliance of leading industrialized nations.

In other words, under certain circumstances the separation of Siberia and the Russian Far East, with possible involvement of China and Japan, could pose real threats for European and Atlantic security in the 1990s.

4.6. Most probably, disintegration in Russia will continue. Added to the emergence and separatist ambitions of local elites is the growing disability of Moscow to keep the situation under control. The period of 1991-1993 showed that the leadership of Russia was dangerously hesitant and surprisingly inconsistent dealing with the possible breakup of the country. Absolutely lacking was a special policy that would render movements and forces threatening the territorial integrity of the state illegitimate. This was well demonstrated by President Yeltsin's contradictory statements on the creation of the German autonomous region during 1991-1992; by complete failure with imposing the state of emergency in the Chechen Republic in Fall 1991; and by conflicting and irresponsible promises of Moscow concerning the Prigorodny District in Vladikavkaz (both contesting parties, Ingushis and Ossetians, were promised the same territory), that finally resulted in a military conflict in October 1992.

The efforts to pursue federative and regional policy have practically no legal grounds or guarantees. Besides the absence of the relevant Constitution of the Russian Federation, and the amorphous and non-abiding character of the Federative Treaty, there's no distinct division of competence and power, as exemplified by unclear status of the Heads of local Administration and the local Representatives of the President. As a result, they are both usually incorporated into local establishment. Such a lack of regional politics and of legal framework means gradual transfer of authority from the center to the regions.

4.7. In theory, provided the current trends continue, decentralization can proceed until it finally determines all economic subjects that will be able to take possession of the former state property, or, in case of economic collapse, the optimum-sized economic and territorial units that will prove most viable in a crisis environment. Also possible is the contrary process like re-integration of some adjacent Oblasts and Autonomous Republics into major regions with the purpose of more effective struggle with the center (in the same manner national-democratic movements of the Soviet Union were forming alliances to oppose Gorbachev's center in late perestroika years). Regional coalitions of this kind are already being established, like the Association of Oblasts of Central Russia, the "Greater Volga" Association, the Confederation of the Mountaineer Nations of the Caucasus with armed forces of its own, etc.

In the meanwhile, it shall be clearly stated that at the present moment regional, ethnic and territorial movements in Russia are disunited and asynchronical. They are still lacking the "critical mass" to lead to the breakup of Russia and can still be managed by political, economic and financial methods. One can rather speak of *progressing decentralization and regional differentiation, but not of virtual disintegration of Russia*. From the ethnic point of view, too, titular ethnic groups constitute a majority (often a relative majority) of the population only in 1/3 of the

former Autonomous Republics within the Russian Federation, which are mainly situated along the borders of the Federation: in North Caucasus (Daghestan, Chechnya, Inghushetia, North Ossetia, Kabardino-Balkaria, and the adjacent Kalmykia) and in South Siberia (Tuva). In this sense, the Russian "mainland" (except Tatarstan and Bashkortostan) is not threatened by ethnic divisions.

4.8. Most likely, in the years to come the West will be dealing with a single Russia, and the major security risk of a radical breakup of the country will be avoided. However, decentralization brings about other security challenges, of which at least two must be mentioned:

a) Russia will remain a single, but substantially weakened and unstable state, with internal regional contradictions leaving a deep mark on its domestic perspectives, foreign and security policies and on economic performance. Instead of introducing political democracy and economic liberalism, the central authority will be growingly preoccupied with settling regional disputes; the government and the Central Bank will not be in full control of finances, of the state budget and the system of taxation (which will invalidate the much-needed attempts to slow the crisis by strict monetary policy); also, they will not fully dispose of natural resources of Russia, the major source of hard currency for the country. The nation can plunge into the "state-of-war" psychological atmosphere, favorable for authoritarian and chauvinist trends and fascist-like demagogy. The Army will be seen as the major guarantor of integrity of the Federation. In foreign and security policies Russia will be more closed, inclined to isolationism and more suspicious of the outside world. Military buildup will be justified not only by regional separatism, but also by hypothetical "hostile interventions" from the outside into rebellious regions. It is obvious that such a Russia can not contribute to building a cooperative security environment in Europe.

b) The division of Russia into regions is also a destabilizing factor by itself, sort of a dangerous temptation for many countries and ethnic groups outside Russia. Firstly, **the ex-USSR states** appear to be largely challenged by this seeming opportunity, and will possibly try to profit from decentralization of Russia in terms of territorial acquisitions, direct access to natural resources (many have direct oil contracts with Tyumen Oblast), upgrading their political positions, and also in terms of weakening Moscow, seen as the main rival and threat for their national security. Ukraine, for instance, has already attempted to play the regional card, officially establishing "diplomatic relations" with Yaroslavl Oblast in Central Russia.

Secondly, **the countries bordering Russia or the former USSR area**, too, can see disintegration of Russia from the same perspective. To put it simply, Russia is just too big, and many of its regions, especially along the borders can be perceived by a number of states (though almost never openly) as parts of their "spheres of interest". Such countries as Japan, China, Turkey, Romania, Poland and even Finland can be seeking to get "their share" in the course of disintegration of Russia. For example, Turkey has already claimed a stake in developing "special relations" with Turkic republics of the Volga region. All of these countries can be willing to exert larger influence, but in the case of Japan territorial reasons may also be involved.

Thirdly, the temptation to "profit" from disintegration of Russia is valid **for Western Europe and the United States**. It certainly does not concern territorial acquisitions or the aim to weaken the potential strategic rival. This temptation can be rather described in terms of "introducing democracy" and gaining a larger influence

on the post-Soviet political scene through a sort of "direct diplomacy" over the head of Moscow. Such short-sighted policies have proved a complete failure in Yugoslavia, but that did not discourage some members of Western parliaments that have given mixed signals to delegations of Tartars, Chechens and other people of Autonomous Republics within the Russian Federation who are demanding independence. Some people in the West argue that Russia remains a colonial empire and therefore must be broken up.

Citing John Mroz in "*Foreign Affairs*", the West should rather have a strong moral commitment "to assist in the creation of a more decentralized, federal Russian state. It would be a serious mistake for the United States and its allies to meddle with the integrity of the Russian Federation by encouraging or recognizing the independence of any of the peoples living within Russian borders. The experience of Yugoslavia shows that the traditional Western answer to ethnic nationalism - self-determination - cannot be applied continually until it reaches its lowest denominator. If it is, the international community will be incapable of creating and maintaining an order based on justice between peoples."[11]

Fourthly, separatist movements in Russia can prove an inspiring example for **national minorities all over the world** (e.g., in Tibet) and notably in the countries of Eastern Europe, undergoing similar transformation. Any further gain of separatism in Russia and any constitutional concession made by Moscow in favor of such movements will be creating an international environment in which ethnic separatism will be gathering momentum.

5. Ethnic Conflicts in the CIS Area

5.1. The emergence and consolidation of local elites resulted also in escalation of ethnic conflicts all over the territory of the former Soviet Union, which tend to be a major security threat for the West. Some of these conflicts have been addressed in Section 2 of the study. The present section implies a more general approach, dealing with the main conflict-bearing factors, principal types of ethnic conflicts in the ex-USSR area, their role in post-Soviet political environment, and finally, with major consequences and security risks brought by them.

5.2. The underlying reason of ethnic conflicts is the breakup of centralized power structure. Emancipating from authoritarian rule, national and local elites, most of which are lacking any tradition of independence and statehood, start to define their specific interests and put emphasis on construction of an independent state. Such process has been taking place in multinational states of Eastern Europe (Yugoslavia, Rumania, Czecho-Slovakia), and is now under way in the former Soviet area. It is further complicated by the fact that virtually all new states on the territory of the former USSR, including the Russian Federation, have a weak historical legitimacy, especially in their current frontiers and with the current ethnic composition of the population.

The process of national self-determination generally outpaces the restructuring of economic, political and judicial institutions of the society, and is

[11] John MROZ. Russia and Eastern Europe: Will the West Let Them Fail? // *Foreign Affairs*, Spring 1993, P.53

usually accompanied by the surge of national self-consciousness which deems "the right of the nation" superior over rights of the individual. Hence the violent and aggressive manner of self-determination and assertion of national identity in the new states (Ukraine, for instance, consolidates its political identity mostly at the cost of disruption with Russia). Therefore, conflicts are the simplest (and the most risky) way to determine the subjects of real political power, the mechanism for their internal consolidation, and the means to establish the new balance of forces on the post-Soviet scene.

Other conflict-bearing factors include:

- intricate ethnic and demographic situation. There are over 150 nations on the territory of the former Soviet Union, most of which have specific territories of compact residence, over 70 million people (including some 28 million Russians) live outside their native regions, and there are about 13 million "mixed" inter-ethnic families (nearly 50 million people);

- decomposition of the Soviet army, with large units, like 14th Army in Pridnestrovye, finding themselves at the heart of conflict regions. In certain cases (in Abkhazia, Pridnestrovye), the Russian troops are compelled to intervene in the conflict militarily, largely as an attempt to protect their lives, their families and weapons arsenals. In other conflict areas, like Tajikistan, the army proclaims neutrality, but the personnel, largely consisting of the local conscripts (over 60 percent of privates in Russian troops in Tajikistan are Tajiks), is tempted to desert and to join one of conflicting parties. In the meanwhile, current reforms and reductions in larger armies, like Russian, Ukrainian and Byelorussian, leave many military professionals unemployed, and thousands of them become mercenaries in conflict zones (*See Section 7*);

- proliferation of arms all over the former Soviet territory. Firstly, Moscow has agreed to high weapon ceilings for the ex-USSR countries entering the CFE process. Secondly, it has no strategy of control and protection of its weapon arsenals, located in all conflict areas, handing over military equipment to belligerent sides (e.g., in the Karabakh conflict). Thirdly, corrupt officers at military bases keep selling weapons. And finally, weapons are illegally supplied to the CIS area from abroad (Afghanistan, Middle East, Rumania);

- disruption of economic ties, leaving many areas without supplies of vital products and making them seek economic security by military means (this is particularly true for some regions of overpopulated Central Asia);

- the new tactic of the local communist and nomenklatura forces aimed at forming an alliance with nationalist movements or preserving the regime by proclaiming sovereignty;

- involvement of "third parties" (*mojahed* units from Pakistan and Afghanistan in Tajikistan, mercenaries from the Middle East in Karabakh, alleged involvement of Turkish military advisers on the side of Azerbaijan and Rumanian advisers in Moldova, etc.);

- lack of conflict strategies and mere incompetence of most actors on the post-Soviet political scene.

5.3. Ethnic conflicts on the territory of the former Soviet Union, the dramatic escalation of which started about 1989 (it had been only Nagorny Karabakh before, where the major armed conflict was taking place), can be divided into several main types:

a. **Riots and pogroms**. Such were the pogroms of Meskheti Turks in Ferghana (Uzbekistan) in 1989, of Uzbeks in Osh (Kyrgyzstan) and of Armenians in Dushanbe (Tajikistan) in 1990, and a number of other conflicts. Underlying each of them is a specific political interest that turns the outrage of the mob against a non-native ethnic group which becomes a scapegoat. For instance, standing behind the pogroms of Meskheti Turks in Ferghana were the interests of the Kokand political elite that was willing to show the new authorities of Tashkent the limits of their influence in the Ferghana region.

Conflicts of such type can be triggered by demographic and economic problems, especially by unemployment. It is not mere chance that all of the forenamed conflicts were taking place in regions with a high percentage of non-working population. Most risky is the situation in large cities with multinational population, particularly in lumpen districts. Repeated disturbances in the cities of Central Russia aimed at visitors from the Caucasus testify to the rise of social and racial strife. The capitals are no exception. The racial conflict in Moscow in August 1992 involving students from the Third World was an exotic, but still a telling example.

Such type of ethnic conflicts contains relatively high security risks for the West. The major problem is that in case of sharp aggravation of the social and economic crisis riots and pogroms can be taking place virtually anywhere, including major cities, though most explosive will be the places with a high concentration of refugees. There's actually little possibility to predict or prevent such conflicts, unless a general state of emergency is introduced in certain areas. Riots and pogroms produce a large number of refugees and migrants, which means additional pressure on weak social mechanisms of the CIS states and possibly on the West. It is important to note that once an ethnic group is forced out of certain area, there's no guarantee it will be peacefully settled in another place and accepted by the local population (even if these are Russian migrants seeking refuge in Russia, or Uzbeks in Uzbekistan, etc.).

However, these conflicts are not likely to lead to major military confrontation and inter-state wars. They can be effectively regulated by moving in a military force (though, as a rule, such action comes too late). They are dangerous for the West rather in the sense that they will contribute to general instability in the CIS area.

b. **A conflict between native ethnic group and non-native population on territories that have obtained autonomy or independence**. In such conflicts mainly the rights of non-native (mostly Russian-speaking) population are concerned. The new independent states and sovereign Autonomous republics (the Baltic states, Moldova, some Autonomous republics of Russia) are living through a period of violent assertion of their national statehood that often takes place at the cost of civil rights of non-native population, and is accompanied by discriminatory ethnic-biased legislation. This tendency has also appeared in Central Asia and Kazakhstan, and is dormant in Ukraine.

Given that Moscow does not have any strategy of protecting the Russian-speaking population in neighboring states, which results in contradictory actions raging from military involvement to mere neglect of compatriots, conflicts of this kind can be spreading quickly. In this case, security risks will run high. As was noted earlier, some 70 million people, living outside their ethno-historical regions, can potentially become subject to discrimination or even Bosnian-type

"ethnic cleansing". This concerns in particular 28 million Russians, who are often treated as "occupants". The status of Russians in the new independent states has already become an issue of big-time Russian politics, with passivity of the government challenged by chauvinism and imperialist campaigns of the nationalist opposition. It must also be noted that a large part of "Russians abroad" have a specific political profile, conservative and nationalistic (e.g., the outspoken pro-communist "Internationalist Front" of Russians in Estonia, or the "Socialist republic" of Russians in Pridnestrovye), and they find common language with pro-communist Russian opposition much easier than with official authorities in Moscow.

The major risk is that yielding to public pressure, Moscow will become growingly imperialistic, using "diplomacy of force" to protect compatriots. In the "Baltic case" (where a sad precedent has been set by massacre in Vilnius in January 1991, justified by "protection of the Russian-speaking population") the means of pressure is mostly suspension of Russian troop withdrawal from the territory of Baltic states. For instance, Russia postponed talks with Latvia over the pullout of troops in April 1993, accusing the Baltic republic of planning to deport thousands of Russian citizens.

In other cases, Russia's actions can be ranging from economic sanctions (e.g., against Ukraine or Tatarstan) to military intervention (e.g. in Tuva). The challenge for the West is considerable, as this is exactly the issue where it can effectively step in, offering its good offices, human rights mechanisms and mediation. Conflicts of this type are generally predictable and subject to prevention by legal diplomatic means. If the West fails to do so, Russia, even with a liberal, market-oriented and democratically-elected leadership, will be turning more aggressive, chauvinistic and suspicious of the outside world. In the years to come it can well become a country haunted by "*Weimar syndrome*", like Germany after World War I.

Finally, there's another challenging dilemma for the West: can it endorse the "right" of Russia to protect its compatriots in neighboring states like it actually endorsed the "right" of the United States to protect Americans in Grenada? Finding an answer is not going to be easy.

c. **A conflict as a delayed consequence of Stalinist deportation of nations in 1937-1941**. Such conflicts appear in places where these nations were forced to settle (as in the mentioned case of the Meskheti pogroms in Ferghana), or on their return to the land of origin. The latter is exemplified by the conflict between the Crimean Tartars coming back to the Crimea, and the Slavic population of the peninsula.

Such conflicts run relatively low security risks, as they concern minor ethnic groups. However, this is very complicated issue, a "zero-sum game", that is likely to produce losers. Deported ethnic groups return to areas where other nation has been settled for 50 years, and in most cases these are overpopulated territories with a lack of fertile land (especially in the Caucasus, where Meskheti Turks are returning). One has to admit that Stalinist deportations were very "sophisticated" actions, as they have almost no precedents in international law and resist to legal regulation. (In this sense ex-Soviet states will be haunted by specters of Stalinism for decades). These conflicts will largely contribute to general instability on the Southern periphery of the former USSR area.

d. **An open armed conflict between local political elites within one republic**. Such conflicts have become characteristic of the growing number of former Soviet republics: Armenia, Georgia, Azerbaijan, Tajikistan, etc. A typical case is Georgia where a four-year conflict continues between West Georgian, particularly Menghrelian, political elite personified by ex-president Zviad Gamsakhurdia, and Tbilisi political establishment currently represented by Edouard Shevardnadze, Tengiz Kitovani and Djaba Ioseliani. The dramatic conflict of this kind is currently taking place in Tajikistan.

Security challenges involved are extremely high. So far, these conflicts have already proved to be the major destabilizing factor in post-Soviet world. They devastate entire regions (Tajikistan, West Georgia), involve outside forces (*mojahed* units in Tajikistan) and concern the status of Russian troops in specific areas. As struggle for power intensifies all over the former Soviet area, political regimes are on one side becoming growingly unstable, and on the other side resort to authoritarian rule and military power. In the years to come, the West will have do deal with a number of regimes (especially in the Caucasus and Central Asia, and also possibly in Moldova) locked in between dictatorship and internal instability, and Russia will probably have to secure its military presence on the Southern border, which requires a general military buildup.

The West will also be challenged to make hard choices between opposing forces in republics, when none of them seem to be reliable (e.g., between communists and Islamic fundamentalists in Tajikistan, communists and Islamic nationalists in Azerbaijan; no easier is the choice in Georgia, where two former human rights champions, Gamsakhurdia and Shevardnadze, turned out to be authoritarian rulers).

e. **A conflict concerning the status of ethnic territory** (this usually involves upgrading the status of the territory from cultural to administrative autonomy, and up to self-determination and separation as an independent state). Conflicts of this kind are widely spread across the territory of the former USSR: South Ossetia and Abkhazia in Georgia; Pridnestrovye and Gagauzia in Moldova; Chechnya and Tatarstan in Russia, etc. They are closely connected with emerging imperial trends of the new republican regimes, including the ambitions of some (Georgia) to become regional gendarmes.

As already shown by ex-Yugoslavia, such conflicts are most common and tend to evolve into major military confrontation. What further complicates the situation, is that seeking autonomy from republican authorities, ethnic territories apply to "third parties" (usually to neighboring larger states): in attempt to break with Kishinev, Pridnestrovye appealed to Moscow and Kiev; Abkhazia would never have started its independence drive if it hadn't been considering support of Russia; currently the Russian-populated South-Eastern part of Estonia is seeking autonomy and calling on Russia (or at least the neighboring Pskov Oblast of Russia) to get involved.

The neighboring states may themselves be tempted to profit from such conflicts, and in this contingency the conflict acquires a different quality, and becomes highly risky for the international environment. It may not necessarily be the strategy of the central authority: Moscow tried to avoid direct military involvement in Pridnestrovye, but unwarranted actions of the Russian 14th Army and participation of illegal units of Cossacks and Russian nationalists could not be prevented. The same is partly true in Abkhazia, where Russian troops, Cossacks and

mercenaries act largely on their own. However, in both cases it was Moscow that was blamed and discredited, and this resulted in sharp aggravation of relations between Russia and Moldova, Russia and Georgia.

The possibility of involvement of "third parties" into such conflicts remains high in Pridnestrovye, with Rumania and Ukraine still undecided, all over the Caucasus (as noted earlier, separatism in the Georgian republic of Adzharia with predominantly Muslim population could be tempting for the neighboring Turkey), and in Central Asia. As for Russia, regional separatism in its rich "black earth belt", bordering Ukraine, could be lucrative for Kiev, and separatist movements in the Far East could as well provoke appetites of China and Japan (*see Section 4.5*).

Therefore, conflicts of this type often imply internationalization, and this is the major security risk for the West. Another danger is that the drive of ethnic minorities in the CIS area towards autonomy and sovereignty (and in certain cases, their success in doing so) can provoke a "domino effect" of separatism in other regions, most notably in Eastern Europe.

Dealing with this type of ethnic conflicts, the West has more ability for action, compared to other cases - in the sense that there are more or less recognized international legal procedures for self-determination of nations and ensuring minority rights. However, the problem of possible involvement will still be a major challenge, and at the bottom line, two questions will stay: how to define the lowest denominator of autonomy without ruining stability? - and can the international community (notably the UN and CSCE) endorse Russia as a sort of a "regional police force", as already proposed by President Yeltsin?

f. **A conflict concerning disputed territories, that each of the conflicting parties considers a part of its historical homeland.** A typical example is the dispute between Inghushis and Ossetians over Prigorodny District of Vladikavkaz, fuelled by controversial promises from Moscow to both contesting parties, that finally resulted in a bitter armed conflict in October 1992. According to inofficial estimations, several thousand of Ingushis, mostly civilians, were murdered during the conflict, and the rest were compelled to leave their home area.

The problem is, internal frontiers in the USSR were rather arbitrary, and now they do not correspond to actual settlement of ethnic groups. Some calculations hold that there are about 70 potentially disputed territories in the former Soviet area, most part of which are in the Caucasus and in the Central Asia. Current frontiers of Russia, too, are not completely legitimate, and one can envisage a number of claims both to Russia and of Russia. Take for instance the Russian-Ukrainian conflict concerning the status of Crimea, a mostly Russian-populated peninsula on the territory of Ukraine. Theoretically, Russia can also have pretensions on Russian-populated Northern Kazakhstan (this issue was already raised in outspoken Solzhenytsin's plan of "rearranging Russia" in Summer 1990). Particularly troublesome for the West is the fact that there's a number of potentially disputed territories in the Western part of ex-USSR area: Kaliningrad Oblast (formerly East Prussia), Vilnius region, parts of Western Belarus and Western Ukraine, South Bessarabia, North Bukovina, etc.; possible contenders include East European states: Poland, Hungary and Rumania.

As far as these conflicts are concerned, one can point out three major security risks:

- these conflicts tend to evolve into military confrontation, as clearly shown by the Karabakh case, which originated exactly as a territorial dispute;

- escalation of such conflicts will most probably lead to involvement of other states: during the Ingushi-Ossetian conflict the militant Chechnya was just a little short of intervention, with troops concentrated along Chechen-Ingushi border;

- these conflicts are likely to start chain reaction of territorial claims in other regions, including Europe.

g. *An interstate conflict*. Currently there's a single interstate military conflict going on between Armenia and Azerbaijan. This is actually a war at three fronts: in Nagorny Karabakh itself (this is an enclave with Armenian majority on the Azeri territory); along the Armenian-Azeri border; and on the border between Armenia and Nakhichevan, Azeri territory separated from mainland.

In the meanwhile, taking "interstate conflict" in broader sense, which implies economic and diplomatic tension, one has to admit that the entire post-Soviet political environment is penetrated by such conflicts, actual or latent. The most dangerous is the one between Russia and Ukraine, permanently sharpening over such issues as the status of Crimea, the division of the Black Sea fleet, nuclear weapons on Ukrainian territory, different pace of economic reforms in both countries, introduction of Ukraine's own currency (coupons), supplies of Russian oil and gas to Ukraine, Ukraine's obstruction of the CIS, etc. There's a number of other possible conflicts: between Russia and Kazakhstan, Kazakhstan and Uzbekistan, Belarus and Lithuania, Moldova and Ukraine, etc.

Interstate conflict can originate as a conflict of type (b) (as in the Russian-Estonian relations, overwhelmed by the problem of Russian minority in Estonia), or (e) (take the current hostility between Russia and Georgia, fuelled by Russian involvement in Abkhazia's separatist drive), or (f) (Azeri-Armenian war started as a territorial dispute over Nagorny Karabakh), but later it acquires a different quality, other issues get involved, and the conflict becomes institutional, sort of a long-term strategy of both parties. Once the conflict is taken to official inter-state level, it is more difficult to regulate it, and it runs a much higher security risk, as far as regular troops get involved (in the Russian-Ukrainian case also the Navy and nuclear missiles are at stake).

Further escalation of interstate conflicts will inevitably lead to strong tension in ex-USSR area, can result in the total breakup of the CIS and other fragile mechanisms of integration, strong militarization of post-Soviet politics (which is not yet the case), and in interstate wars, leaving thousands of casualties and millions of refugees. Given the scope of warfare, territories and masses of people involved, any Western engagement, even a major military intervention will most probably prove ineffective. The West would rather have to isolate the conflict area. (*See Part III, Strategies of Isolation*).

This is still an unlikely scenario, as current inter-state conflicts appear to be in some way controlled by the conflicting parties themselves (*see below*); but the trend of various ethnic conflicts escalating to major inter-state ones is already present.

5.4. Paradox as it may sound, ethnic conflicts are in a certain sense *a necessary political instrument in post-Soviet environment*. With centralized power structure broken and the old rules of political game no longer valid, ethnic conflict becomes a new temporary rule of politics, the only means to establish subjects of political power and to set a new balance of forces on the post-Soviet scene. It has to

be well understood by the West in dealing with security challenges in the former USSR: unless new legitimate norms of political behavior are set, unless stable and legitimate regimes are established in the ex-USSR countries, and unless an appropriate international structure on the entire territory of the former Soviet Union takes shape (the CIS, or whatever may replace it: a federation, confederation, a new Commonwealth, or a recognized system of nation states), the very political environment will be producing conflicts as a transitory (and highly dangerous) form of post-Soviet political life.

In order to show how important (and in this sense unavoidable) the conflicts are, one can point out at least three of their political and strategic functions:

a. *Conflict as a means in the struggle for power*, often used by the opposition. This is shown by the regulated interstate conflict between Armenia and Azerbaijan, that has actually brought to power leaders of both Transcaucasian states. The Azeri president Abulfaz Elchibei replaced his predecessor Ayaz Mutalibov at the peak of public discontent with defeats in Karabakh. As to the Armenian president Levon Ter-Petrosyan, he came to office with the "Karabakh Committee", and represents a specific "Karabakh dimension" in the Yerevan political establishment.

b. Conflict as a means to hold power. This is clearly exemplified by the political continuity of the Tbilisi regime from Zviad Gamsakhurdia to Edouard Shevardnadze. Both leaders were vitally interested in the "war of attrition" in South Ossetia as the means of consolidating the nation and strengthening the regime. Since that conflict was scaling down, Shevardnadze shifted the cross hairs of confrontation on Sukhumi. The war in Abkhazia enabled Shevardnadze to legitimize his power and to strike a figure of "defender of the nation" on the eve of parliamentary elections in Autumn 1992 that he won by a landslide.

In Moldova President Mircia Sneghur has repeatedly encouraged confrontation in Pridnestrovye in order to appear more nationalist-minded than the opposition. For instance, the opposition was planning a nation-wide meeting on March 29, 1992, (that is the anniversary of the unification of Bessarabia), where is was going to demand resignation of the President. Sneghur cast a preventive blow, and on March 28, precisely on the eve of the meeting, declared a state of emergency in Pridnestrovye, which has actually led to war.

Gen. Djohar Dudayev in the Chechen Republic acts very much the same, pursuing the politics of regulated conflict with Moscow with the purpose of consolidating the nation, the ruling elite, and above all his hold on power.

The most obvious example is the course of Ukrainian leadership, for which the policies of controlled tension with Moscow is one of the main instruments of state building.

c. *Conflict as means of geopolitical pressure*. It is primarily Russia that can be using regional conflicts with this purpose, but also Ukraine, and some countries adjacent to the CIS, like Poland, Rumania, Turkey, Iran, Afghanistan, China, and Japan. Until present, the politics of the Kremlin has not given strong evidence to such an approach. The potential for such politics, however, exists, as exemplified by imperial impulses in the Moscow political establishment. A number of regional conflicts (the state of emergency in Chechnya, wars in Pridnestrovye and Abkhazia, etc.) were used for consolidating pro-imperial elements within Russia.

5.5. This leads to the conclusion that while attempting to prevent ethnic conflicts in the CIS area and to eradicate their inner reasons by diplomatic, economic

and security means, the West will also have to get used to living with conflicts, that seem unavoidable in the nearest future. *The art of conflict prevention shall be complemented by a more sophisticated art of living with conflict*, preventing its escalation from low to high intensity and minimizing its effects, which include:

- **political consequences**: decay of legislative, executive and judicial powers, distortion of legal consciousness among the population, devaluation of law and traditional morals, strengthening of authoritarian trends in politics, suppression of democracy, and possible emergence of fascist leaders;
- **economic consequences**: plain destruction, stoppage of production, interruption of production cycle in cooperating enterprises, general fall of business activity, breakup of economic ties, devastation of the already weak economies by one-sided militarization;
- **environmental consequences**: the general weakening of environmental security, the possibility of nuclear and chemical contamination, planned actions, aimed at destruction of ecosystems (demolition of dams, setting on fire oil reservoirs and forests, contamination of rivers and subsoil waters, etc.);
- **demographic and social consequences**: the danger of extermination of entire ethnic groups, disturbance of natural reproduction, forced migration of population, the refugee problem, aggravation of food and housing problems, unemployment;
- **psychological consequences**: the spread of armed violence as a common lifestyle.

Most of these developments are likely to affect Western security. For instance, masses of refugees from conflict zones will be bringing permanent pressure on Europe even under the most strict immigration regime. The risk of nuclear terrorism is feasible, as well as "conventional" mass terrorism spreading beyond the borders of the former USSR and Eastern Europe. A desperate social and psychological atmosphere in the areas of ethnic conflicts may give birth to fanaticism akin to that of Irish, Palestinian, or Tamil militants.

The major threat is that separate low-intensity conflicts, currently under way, will be fusing first into large high-intensity conflict areas (in the South of Central Asia, in North Caucasus, in Transcaucasian region, etc.) and finally - into one enormous conflict zone. The entire territory of the former USSR can become a hotbed of permanent instability, sort of a geopolitical "black hole", sucking in neighboring regions, including the Far East, Afghanistan and Pakistan, Middle East, the Balkans and Eastern Europe. Preventing this development becomes a top priority on the Western security agenda in the 90s.

6. Economic and Social Risks

6.1. Deep economic crisis, inherent in outdated and unbalanced economic system of the USSR, has sharply aggravated in 1992. It adds to political and social instability in the CIS area, obscures prospects for democratic reforms and brings about serious security risks. The profile of this study does not imply going deep into reasons and parameters of the economic crisis; instead, this section concentrates on major problems, "bottlenecks" of post-Soviet (mainly Russian) economy, which are likely to produce highest security challenges. In this sense, the current economic situation is characterized by five principal failures that shape the dimensions of crisis:

- failure of industrial production;
- failure of the financial system;
- failure of foreign trade;
- failure of the first round of economic reforms;
- failure of the first Western aid package.

These five points are treated below in consecutive order. The section is concluded by a brief description of social risks brought by the economic crisis.

6.2. **The failure of industrial production**. The global practice shows that the critical point in decline of industrial production is 30-32 percent, compared to the previous year, beyond which point the total collapse of industry begins. According to different estimations, Russia in 1992 was dangerously close to the red mark, with decline at 25-28 percent. Consequently, Russian GDP shrank to 65 percent of its 1989 level.

The original reformist effort, undertaken in the first half of 1992, which combined price liberalization with strict limitation of monetary mass, resulted in sharp reduction of demand. By Spring 1992 demand was cut by half, and industrial production reduced only by 16 percent: the enterprises were still staying afloat, wasting the accumulated financial and material resources, and later stopping payments to each other. In July 1992 the "time bomb" of reduced demand exploded, and the fall in industrial output bottomed out in August, when production hit 72 percent of its December 1991 level, the month before economic liberalization. The government tried to moderate the effect by large credit emission in September (which actually put an end to its strict monetary policy, hailed by the West), but the trend of "deindustrilization" of the economy became irreversible.

The aim of Prime Minister Yegor Gaidar was to force inefficient and outdated industries (mostly processing) out of business, but reduction of demand cast the heaviest blow on more promising and technologically advanced sectors, that could be Russia's "bridges" to world economy. In construction materials these were construction non-ferrous metals and high-quality rolled metal; in chemical industry - organic products; in engineering industry - high-tech and digital equipment; in food industry - protein-containing products (meat, milk), etc.

Drastic decline of investment (50 percent in industry, and even 60 percent in agriculture) resulted in growing degradation of basic funds of industry: by the end of 1992 wear and tear of equipment was over 50 percent, with most critical situation in consumer sector and mechanical engineering, where any further decline of capacities can lead to the point of no return, when it will not be possible to resume production.

The vital oil sector was no exempt. Decline of production, investment and critical wear of capacities brought extreme pressures to this industry. This was further complicated by the fact that most damaged by crisis were not power-consuming industries, as supposed by reformers, but high-tech sectors, and this resulted in average growth of power consumption in the Russian economy. The competition of internal and external consumers of oil has increased: though this is a common challenge for all modern economies, Russia was not prepared to it. In general, the Russian economy has become much more dependent on the oil sector, than before.

Other CIS countries also faced a dramatic reduction of industrial production, averaging between 15 and 30 percent. In Ukraine, net material product reduced by 16 percent, compared to previous year, while forecast for 1993 is 25 percent. Decline was particularly high in zones of military conflicts.

Taken in general, this trend will have serious long-term social, political and security implications. The Soviet Union had a heavily industrialized economy, with tens of millions of people vitally dependent on the situation in industrial sector. There's a number of vast and populated areas (the Urals in Russia, Left-bank Ukraine, etc.) where obsolete heavy industries are concentrated, and people will not be able to find any alternative employment. Social risks at stake are high. There have been first signs of social unrest in declining miners' areas in Russia and Ukraine (Kuznetsk, Vorkuta, Donetsk coal basins). It has to remembered that miners proved to be a sound political force in late Gorbachev years, that could easily shake the political situation in the country. Currently the Russian government tries to keep them in check, heavily subsidizing mines, all of which are unprofitable, and increasing miners' wages almost every month. However, budgetary and political costs of such policies are too high.

Another major risk is **mass unemployment**. Some 500,000 Russian workers, out of a work force of 70 million, were registered as unemployed in December 1992. But government officials publicly concede that the real number of unemployed workers exceeds 2 million and is likely to climb over 5 million in 1993. Independent observers in Moscow say the number could reach 10 million to 20 million. Even though unemployment in Russia is different from that in the West (there's a large number of chronically underemployed, a good deal of unregistered private sector jobs, etc.), it is likely to become a political and security issue in the years to come.

Thirdly, decline in industrial production promotes **regional separatism** and the trend towards economic insulation and autarky of most Autonomous republics and regions. Facing the crisis and the necessity to pay and to employ workers, often short of cash (wage payments could be delayed for months in 1992), factory managers cease paying taxes to the center and supplying production to contractors, reconvert production lines to local needs (or set their own agricultural facilities), introduce their own "factory money", or even pay the workers with produced goods (for instance, with brick, or vodka, or radios, etc). In 1992 such primitive economic forms began to spread widely. That means that large enterprises, sometimes employing tens of thousands of workers, become regional vital centers, and their directors play the role of local barons. Such "natural economy" in the localities and the rupture of economic ties contribute to political instability and greatly accelerate disintegration in Russia and other CIS states.

Fourthly, economic austerity brings **greater dependence on oil**. Oil has always been an issue of big-time politics, and in conflict-ridden post-Soviet environment this is even more true. Main oil-producing regions (Chechnya, Tatarstan, Tyumen) showed greater proclivity to separatism. Control of oil pipelines becomes a strategic advantage (Tatarstan has repeatedly threatened to block the pipeline going from Siberia to Central Russia and further to Western Europe). The price of oil becomes major indicator of economic and political stability. Given enormous losses in the oil sector, the price of oil, still partly regulated by the government, will sooner rather than later have to be liberalized, and this is likely to provoke a major political upheaval in Russia.

In interstate relations on former Soviet territory, too, oil has been a major issue. The transfer from artificially low Soviet to market prices has been painful. In early 1992 a bitter conflict was taking place between Ukraine and Turkmenistan over deliveries of Turkmen gas. Oil shortages in Georgia, Armenia and in the Baltic states have reached unacceptable proportions, with transport hardly functioning. Oil deficit

compels certain states to look for new partners outside the CIS: for instance, Ukraine is seeking contacts with Iran, which is an ambiguous political development.

Finally, the current decline in industrial production leads to **dangerous structural changes in Russia's economic and social profile**. "Getting rid" of processing industries, as originally proposed by reformers, the country will sink to a principally different economic level, where it will face competition with Third World countries. Russia is certain to lose, as its competitors have large resources of cheap labor force and masses of population, used to living in poverty, which is not the case in Russia. Besides unacceptable social costs, a lower profile of Russia in the world economy (especially its retreat in high-tech sectors), turning it into mostly recourse-producing area, will run high security risks. Due to its unique strategic situation at the heart of Eurasia, its historic identity, military and nuclear potential and social standards, *Russia can become a "Third World economy" only at the cost of posing immense security threat to the Euro-Atlantic system*. This is certainly not an objective of the West, but current economic trends, and industrial decline in particular, push Russia exactly in this direction.

6.3. **The failure of the financial system**. This trend is most vividly exemplified by the collapse of exchange rate of the rouble. In January 1992, when liberalization started, it was 182 roubles to dollar, and reformers supposed to get a stable 80 per dollar in four months, when it could finally become convertible. The collapse started in Summer 1992: by the end of the year the rouble slided down swiftly to 450 per dollar, and the exchange rate in May 1993 was 915 roubles for dollar. In 1992 inflation sky-rocketed to 1300 percent a year. Since September 1992 until February 1993 inflation rate averaged 25-27 percent a month; it went down to 21 percent in March 1993, but increased again to 25 -30 percent in April and May.

Consumer prices increased 25 times in 1992, whereas income increased merely 7.4 times. Tens of millions saw their savings shrink during this year; as a matter of fact, there are no longer such thing in Russia as savings and commercial banking for the population.

This is also characteristic of other CIS states. In Ukraine in 1992 retail prices increased by 2,000 percent compared to 1990, and forecast for 1993 is 3,000 percent. Since August 1992, when Ukraine left the rouble zone, the value of its currency (coupons) went down from 200 per dollar to 3,200 per dollar in May 1993.

"Chicago School-styled" monetary reform, that the Gaidar government was trying to procrastinate, actually went bust in Summer 1992, when the government was compelled to start large credit emission, in order to compensate for enormous losses of enterprises and to pay people long-delayed wages before the vacation season. Since that time, printing-machines were hard at work. During 1992 Russia's central bank printed money equal to 40 percent of GDP. Around 6 percent of GDP was used to finance the government's budget deficit; [12] 24 percent went to state-owned enterprises; and 10 percent went to other republics of the former Soviet Union.

Current trends in Russia give virtually no hope to get the budget right. Though the government is pledged to reduce inflation from 25 percent a month in

[12] That's a respectable percentage, but the problem with this figure is what it leaves out. Foreign debt servicing is not included in spending, though foreign loans received are included in revenue. In reality the federal budget deficit was probably equal to just under a quarter of GDP in 1992, and the new budget passed in March 1993 could push it further.

the beginning of 1993 to 5 percent by Christmas 1993, this goal can hardly be attained, and the country is on the brink of hyperinflation.

The problem is, the economic debate in Russia is too much politically-charged, and there are at least three political forces that push for further budget spending. The first is conservative-dominated Russian parliament, which has amended the proposed 1993 budget 117 times so far this year. If all these amendments are implemented, the budget deficit could end up at 10 trillion roubles in 1993. (In 1992, the country's entire GNP war around 15 trillion roubles). The second force is the parliament's creature, the central bank of Russia, headed by Gosplanner Viktor Gerashchenko, who is in permanent "state of war" with the government and favors issuing new credits. The third force lies within the government itself, which in practice can not resist to answer to urgent needs of decaying economy: for instance, in March 1993 the cabinet asked the central bank to issue 1.3 trillion roubles in subsidized credits, mostly to help the farmers prepare their fields and the Far North to recover from winter.

The flood of credit will also be increased in 1993 by all the promissory notes President Yeltsin dished out on the April referendum campaign trail. There may be also elections upcoming in Autumn, and in this case the legislative and executive branches, including Boris Yeltsin himself, will be competing in making new promises of credit and financial support, which will lay an unbearable burden on the budget.

The same is taking place in Ukraine, where national central bank acts much on its own. In April 1993 the government discovered (no one had told them) that the central bank had signed orders to issue of 1,230 billion coupons in credits in March. The news halved the value of the Ukrainian currency overnight: it fell from 2,000 to 3,000 to the dollar.

Actual collapse of the financial system runs serious political and social risks. As inflation raged, the overwhelming majority of people in the former USSR saw **a drastic decline in their living standards**, and no social program can compensate them for this. Social programs themselves suffered major setbacks, including health care, housing and pensions. Used to living with modest but firm social guarantees, people now see no support from the state and become largely disillusioned. As shown by the April 1993 referendum, this disillusionment hasn't yet reached a proportion that could cause a major political upheaval, but the trend is present. Utter impoverishment of the population in Russia and other CIS states, leading to political and social instability and emigration in growing numbers is a certain security challenge.

Another result of collapse of the rouble is **the shrinking of the rouble zone**. There were two developments in this field. Firstly, in 1992 the newly established national (central) banks in the CIS countries started their own rouble credit emissions without any coordination with Moscow, which became an important source of inflation in Russia. A more recent trend is the introduction of national currencies by Ukraine, Belarus, Moldova Azerbaijan and Kyrgyzstan (most of other CIS countries have stated their intention to do so). It has a rather negative effect on national economies, as new currencies devaluate much more quickly than the rouble; and Russia suffers from a new inflow of rouble cash from the CIS states, that adds to inflation. The political effect is further disintegration and growing inter-state tensions within the CIS.

There are also long-lasting effects of the failure to balance Russia's finance. Any Russian government with a weak rouble will be facing the same dilemma: either it has to further curb down social programs and living standards of the population in order to balance the budget and draw financial resources for investment and restructuring - or it has to bark on inflationary stimulation of economy. Both choices mean Latin American type of transition (Chilean or Argentinean ways), which is either accompanied by authoritarianism, or by high political and social instability, caused by hyperinflation. Both choices are also unacceptable for the West, as they bring high security costs.

However, this dangerous dilemma can be avoided, if Western financial aid is channeled in right direction: first, to finance restructuring and new lines of production, and second, to cover the social cost of closures and lay-offs, to make sort of a "hard currency security net" for the most painful years of transition. So far, aid packages of 1992 and 1993 have given no indication of this. *(See Section 6.6).*

6.4. **The failure of the foreign trade**. The collapse of the rouble also brought about the situation, when Russia can no longer afford to import what it needs. 1992 imports fell down to 40 percent of 1990's. Since domestic industry and agriculture are growingly incapable of producing enough basic goods, living standards suffer.

Humanitarian aid provided by the West is only a temporary solution. While offering some relief, it does nothing to improve the structure of Russia's trade with the West and actually conservates this structure in its present imbalanced form (to say nothing of the fact that a large part of this aid is plundered and sold at private stores at prices, unacceptable for most of the population, further rising social tension).

The collapse of Russian imports from Eastern Europe poses another challenge for the West. USSR has traditionally been the biggest market for Eastern European goods, especially agricultural products. With the breakup of trade ties with the former Soviet Union, certain sectors in Eastern European economies (e.g., Polish and Hungarian agriculture) started overproducing. This puts additional economic and social pressure on Eastern Europe, as well as on the EC market, which has to protect itself from the influx of cheap agricultural products from the East. As a result, trade disputes have raised between Eastern and Western Europe in recent months.

Russia's performance in exports is no better. Its net exports declined nearly 50 percent in 1992. The major reason was the severing of economic ties between Russia and other CIS states,[13] the transfer to world prices in trade within the CIS and with Eastern Europe, and the fact that most affected by decline of production were Russia's export industries, including the oil sector. Exports to the West also did not see any improvement, running into protectionist barriers everywhere. The West's old anti-communist trading laws place tight restrictions on trade in high-tech and strategic materials with Russia - the very goods that Russia is now starting to export. America's Jackson-Vanik amendment denies Russia most-favored-nation trading status as long as it runs a discriminatory emigration policy, which is apparently no longer the case.

[13] The inter-republican exchange in 1990 made up more than 20 percent of USSR national product; it exceeded by more than two times Soviet exports to the outside world. A major part of inter-republican exchanges were "tied up" on Russia.

Apart from evident economic and social costs, further decline in Russia's foreign trade is fraught with political and strategic consequences. It will create a more conservative political environment in Russia, its foreign and security policy will become more aggressive and/or isolationist. In this contingency Russia might reverse its current foreign policy orientation and seek to strike a strategic deal with alternative partners, like China or India. At the same time, striving for new markets, it can start pursuing an expansionist policy within the CIS, regarding it as a "natural" sphere of its economic interests.

The West shall also be concerned about the fact, that lacking access to Western markets and facing protectionist barriers, Russia will expand its sales of military-related high-tech and strategic materials to the Third World countries. This issue is already on the agenda, as shown by a heated US-Russian dispute over the Russian sale of liquid-fuel rocket engines to India in 1992. *(See Section 7.10)*.

Notwithstanding deep economic crisis, Russia is still an enormous market and a major producer of goods: from timber to MiG-31 fighters. The failure to involve it in Western trade circuit can contribute to the emergence of a hostile and imperialistic Russia, or a Russian alliance with traditional rivals of the West.

6.5. **The failure of the first round of economic reforms**. To be correct, there hasn't been any deep economic reform in Russia in 1992, except for the short period between January and March 1992, when price liberalization was started and the government tried to control the monetary mass. The economic policies of the Gaidar government in 1992 and of the successive Chernomyrdin cabinet in 1993 were mostly reactive, responding to dramatic industrial decline, crisis of mutual payments between enterprises, and deficit of cash.

Actually none of the goals put forward by reformers have been achieved. Liberalization of prices did not lead to price stabilization. Firstly, the price environment is now defined by the rise of price on primary resources, and not by the amount of monetary mass, as hoped by reformers. Secondly, stabilization of the rouble now has weaker perspectives, than before the start of the reforms. Thirdly, strict monetary policy in the beginning of 1992 proved to be a major failure, as it reduced incomes of the population and therefore the demand, which resulted in the drastic decline of the industrial output. So the Gaidar government had to abandon the monetary course, which was essentially the core of reforms. Then the question is: what is left of reform?

Not too much, to be true. The only thing left is the ambitious privatization program, which in Spring 1993 seemed to be gaining momentum. In December 1992, when voucher (privatization cheque issued by the Russian government with a nominal face value of 10,000 roubles) auctions for medium and large-scale companies began, only 18 companies were sold. In April 1993, though, 558 enterprises in 54 regions were up for tender, making the reformers' target of 5,000 sales by the end of 1993 more realistic. Added to this are 33,400 small-scale enterprises that were privatized in 1992.

However, this is only the start of the "capitalist game", and it might be a long way before privatization will yield first results, especially if the situation of economic austerity persists and there is no credit available for restructuring. Critics of the program doubt that privatization will produce either new investment or essential restructuring, particularly if worker-shareholders prevent managers from laying off surplus workers.

Another gain, much praised by reformers is the growing role of money in the economy (money have become the most desired commodity, 90 percent of trade is carried out in the free-price environment) and the adaptation of population, which "gets smart" in terms of trade and finding means of survival. These arguments, though, have nothing to do with production, and people are "smart" not in creating the national product, but in selling and redistributing the national wealth.

The evident failure of the first attempt to reform the Russian economy has serious psychological, political, and strategic consequences. The population becomes growingly disillusioned in the market. It could be ready to sustain the hardships of transition, but without palpable results at hand or in the nearest future this is far from certain. One need not be misled by results of the April 1993 referendum in Russia (53 percent of those who went to the polls have backed Yeltsin's reform policies): vote for the reform was rather a political gesture, a vote of confidence in the personality of Yeltsin, than an accurate economic indicator.

Disillusionment of Russia in the market (this is not a fact yet, but is likely to happen), as well as continuous political struggle and possible elections in Autumn 1993 may convince President Yeltsin not to press with reform at least until the end of 1993. Current composition of the cabinet and recent appointments to the presidential administration already show this trend. This can result in greater tension in relations with the West and slow the deliverance of new Western aid package agreed upon in April 1993 in Tokyo.

The "postponement" (and actually the rejection) of reform in Russia will be a major security risk for the West. Russia (as well as other CIS states, highly dependent on the pace of the Russian reform) stuck in the midway between socialism and the market is definitely the worst choice.[14] It gets worst of both worlds: factory managers don't care much about efficiency and profits, as in the preserved system of state regulation government and banking will bail them out; in the meanwhile the population suffers from inflation, unemployment and social insecurity, inherent in the crippled market. This situation results in social and political instability, destroys the nascent and fragile system of cooperation of Russia and the West.

For Russia, there's no dilemma between socialism and capitalism. To put it bluntly, it's either full-fledged market, or chaos. Given current indecisiveness of the leadership and its essential immobility, it unconsciously opts for the latter choice.

6.6. **The failure of the first Western aid package**. As a matter of fact, headline-seizing $ 24 billion, that the West had promised to Russia in 1992, had little effect on the Russian economy. The greatest portion simply constituted normal trade credits and debt relief, which did not provide new cash or investment capital. Less than $ 2 billion of actual assistance has been disbursed. The only field where Western assistance did have some effect were military-related projects ($ 400 million for destruction of nuclear warheads, support for nuclear scientists, etc.).

The glamorized 1992 Western assistance package was at best futile; but one can also argue that it has had a negative impact, as it has resulted in disillusionment even among Western-minded Russian elites. The West is viewed by a growing number of people in Moscow as having failed to respond to Russia's economic straits. On the contrary, this issue has been picked up by the hard-line nationalist opposition

[14] Most analysts agree that market mechanisms should fall somewhere in the 40 to 50 percent range; in Russia they currently stand somewhere near ten percent.

in Russia, which stresses the futility of any cooperation with the West. Further on, it promotes the idea that the West intends to use the economic assistance "to enslave" Russia and to destroy the Russian state.[15]

The breath-taking $ 43 billion second Western aid package, agreed upon in Tokyo in April 1993 seems to be of exactly the same nature. As noted in "*The Economist*", "the package is so complicated that it could, in fact, be described as being worth almost anything between zero and $ 43 billion, depending on definitions".[16] It includes aid already promised; debt relief that will deliver no new cash; bilaterally-negotiated grants and credits, many of them tied to trade with particular "donors" (one man's export subsidy is another's development assistance); and a variety of loan facilities that may be not drawn and which are, in fact, conditional on further reform. In the meanwhile, the core of Russia's economic problems, that is the decay in industrial sector and the severe need for new investment, is not addressed. Under present plans, the industrial sector as a whole will get no money beyond what is needed to protect its working capital. The only (and not a major) exclusion are some loans for restructuring in the oil sector.

The underlying problem is *that both aid packages have to do more with politics than with actual economic problems*. Aid to Russia has become a prime-time issue in internal political debate both in Russia and in the West. In Russia it is used by the President and the government to show that they have outstanding foreign policy skills, and that they are the only leaders to draw massive support of the West (probably the hasty declaration of new Western aid package on April 14, 1993, hailed by the Russian press, won President Yeltsin another couple of million of votes in the April 25 referendum). The Western leaders, on their side, capitalize on aid to Russia to prove their vision, self-sacrifice and ability to respond to global needs. The leaders on both sides have a shared interest in claiming the biggest figure for aid: hence the outspoken $ 24 and 43 billion.

Unless economics prevails over politics,[17] aid to Russia will be going down the drain, while public suspicion will be growing in Russia. Even with good intentions of G-7, economic misunderstanding will be mounting, and this is not going to create a favorable environment for security understanding, to say nothing of strategic partnership of Russia and the West. Supposed to be a lubricant, Western aid might well become an irritant, and security risks at stake are high.

6.7. Economic crisis in the post-Soviet area brings about heavy **social risks**. Traditional social institutions and links, as well as the entire Soviet "solidarist" and

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[15] There is widespread belief among the opposition that the West helped to engineer the destruction of the Soviet Union as a strategic rival, using President Gorbachev and Foreign Minister Shevardnadze as "agents of influence".

[16] *Economist*, May 1, 1993, P.14

[17] The guidelines of an economic-oriented Western aid could include:

- Governmental support for non-bank capital (in the form of portfolio and direct private investment). While heavy reliance on banks can result in debt crisis, like the Latin American in the 1980s, private capital markets can supply resources for restructuring and further growth.
- Lowering protectionist trade barriers in the West, especially in high-tech.
- Instead of short-term loans, barking on long-term finance for restructuring, introducing new lines of production, and coverage of social costs of closures and lay-offs, as proposed by London economist and an adviser to the Russian government Richard Layard.
- Money to cover the budgetary costs of restructuring, as housing and health care, formerly paid for by enterprises, will have to be moved on the Russian budget.

paternalist social structure, based on vital dependence of individual on the state (and even his self-identification with the state) have crumbled. In the meanwhile, the establishment of new social institutions lags far behind the accelerating process of social degradation. Societies in all post-Soviet nations find themselves in a dangerous vacuum, when previous model of social roles is gone, and the new one hasn't yet taken shape. As a result, the entire society becomes growingly marginalized relative to its previous model.

On the other hand, economic chaos results in the dramatic growth of **social inequality**. According to M.Sullivan-Z.Brzezinsky survey in the beginning of the 1980s, the property gap between social groups at the top and those at the bottom of the Soviet social pyramid was 20 points (i.e. the group at the top had 20 times the lowest income). Recent surveys (S.Kosarenko) estimate that by the end of 1992 this indicator went up in Russia to 48-52 points. The newly wealthy ("the new Russians", as they call themselves) are often corrupt and connected with organized crime. The public reaction to social inequality is becoming growingly negative and even aggressive.

Processes of **marginalization** are gaining momentum, surfacing in various forms of anti-social behavior: the dramatic growth of criminality, particularly organized crime, suicides, prostitution, unprecedented corruption on all levels - from local clerks and policemen to high echelons of power. The expected growth of **unemployment**, mentioned above, will accelerate this process, creating millions of physical marginals.

Finally, **social atomization**, with extreme individualism, hostility and fear, and social apathy are prevailing among the majority of the Russian population, obscuring the prospects for the emergence of the civil society.

Such a social environment is extremely favorable for the development of populist, radical, chauvinist and even fascist trends (this is now taking place in Eastern *lander* of Germany). It is not mere chance that using fascist-like nationalist rhetoric, the leader of the tiny "Liberal Democratic party" Vladimir Zhirinivsky easily won the third place in the 1990 presidential elections in Russia, outpacing far more respectable contenders. His rallies continue to draw people around Russia. Another outspoken example is chauvinistic and anti-Semitic "Pamyat" movement.

7. Military and strategic risks

7.1. As far as the Soviet army, with its nuclear and conventional potential and the enormous military-industrial complex, was for over 40 years the main security threat for Europe, many people suppose that its actual breakup, along with radical reduction of nuclear and conventional arms, will remove the threat and enhance European security.

However, there's little ground for such optimism. The uncontrolled split of the world's largest military structure can create a security environment even more dangerous than in the days of the cold war. After all, the former Soviet military threat was largely predictable and controlled, it could be measured in warheads and manpower and counterbalanced by opposing military potential. On the contrary, the current breakup of the Soviet military structure will result in a number of unpredictable developments that can endanger European (and global) security in

various ways. *Post-Soviet military threat is no less substantial than the Soviet military threat*, as the "debris" of the crumbled military structure include:

- a number of **national armies** (including the Russian one), decaying and far less controlled than the Soviet army, lacking strategies and security identities, uncertain about their future and their inter-relationship;

- **groups of forces, armed formations, bases, military installations of the Red Army located outside the Russian territory** in a different and often hostile environment; military contingents in Europe scheduled to be withdrawn to Russia are uncertain about their future, while many contingents in the CIS area are located in zones of ethnic conflicts and often have to fight for their survival; virtually all of them feel deserted by the Russian government;

- **disillusioned officers' corps**, divided along national and political lines, with a dramatically declined social status and yet uncertain political profile (many officers are national-minded and/or nostalgic of the Soviet days);

- a growing number of **paramilitary units and groups of mercenaries**, taking part in most military conflicts in the post- Soviet area, as well as in the Balkans;

- **the nuclear potential**, the future of which is far from certain and the control of which has become an issue of heated intra-CIS debate, with Ukraine apparently willing to remain a nuclear power; in the meanwhile the operational control and maintenance of nuclear weapons are weakening;

- **stocks of conventional arms**, that were "generously" divided among belligerent nations and that now are spreading all over the ex-Soviet territory and sold to the Third World; the security of arsenals has also declined, and some terrorist, criminal and paramilitary groups seize sophisticated modern weapons;

- **the Soviet Navy**, notably the Black Sea fleet, the division of which caused a major conflict between Russia and Ukraine;

- **the decaying military-industrial complex**, employing millions of people, forming the industrial and scientific base of the economy in the CIS states, representing one of the major political forces on post-Soviet scene that favors the restoration of the USSR;

- **the developed system of arms trade**, searching for its place in the new security and economic environment, and much less controlled than in the Soviet days.

All these elements, treated below, have obtained a dangerous degree of autonomy, and each of them presents a certain security challenge for the West.

7.2. The breakup of the USSR was followed by **the establishment of national armies** (or national guards) in all post-Soviet states. These armies greatly differ in nature and composition. On one side, there are larger armies, like the Russian (in 1992 the strength of the Russian-controlled forces totalled 2.8 million servicemen, 2.2 million of which were located on the Russian territory. By 1995 the Army is to be reduced to 2.1 million troops, and to 1.5 million by the year 2000[18] and Ukrainian (its present numerical strength is 650 thousand servicemen, which by 1995 is supposed to go down to 200-230 thousand). On the other side, there are small para-military formations and national guards in the Central Asia.

[18] Statement by the General Staff representative General V. Barinkin to the Parliament on May 12, 1992.

The formal establishment of national armies is only the start of a long transitory period, in which armies will be seeking security identity, their place in national political life, and shaping the new military setup on the post-Soviet territory by finding the actual balance of forces. Most likely, this period will be marked by conflicts, ranging from disputes over the division of former Soviet army property and the status of "foreign" servicemen in national armies to open military confrontation.

All new-born armies are currently overridden by the same problems, of which the lack of security identity and military and strategic doctrines is the most troubling one. In Russia, a year has passed since the military reform was announced, but the discussions on military doctrine are still under way. Besides several official statements, no rationale has been yet provided for the national security policy. Moreover, as noted by Italian observer Mostvarona, "one of the pillars of the former Soviet conception, that is, that no war would ever be fought on the national soil, has never been put into question".[19] This approach necessitates a war potential able to ensure the success of an offensive war, probably close to the well-known proportion of 3 to 1.

In Ukraine, too, the national military doctrine has not yet been adopted. During 1992 it has been twice presented in the parliament, but each time rejected, to be further improved. Such influential nationalist forces as Ukrainian Republican party and Ukrainian National Assembly strive to change the nuclear status of the country and alter the plans for troop dislocation, making them overtly anti-Russian.

Finally, the CIS itself failed to define its security identity, although the Treaty on Collective Security has been signed by Russia, Armenia, Kazakhstan, Uzbekistan, Tajikistan and Kyrgyzstan in Tashkent in May 1992. Top CIS military officials are not inclined to see this accord as establishing a formal security pact. [20] In the last year and a half the CIS failed to respond to most of security needs of its members. It proved unable to prevent confrontation between Russia and Ukraine over the division of authority over the strategic forces on the Ukrainian territory and the Black Sea fleet. It is indicative, that the latter issue was finally removed from the CIS agenda and transformed into a purely bilateral one. The Commonwealth has also failed to quell or mediate in conflicts between its members Azerbaijan and Armenia, as well as inside Moldova and Tajikistan. (The only clear-cut positive example was putting down the Ossetian conflict).

In order to survive, any alliance or association should enjoy unanimity or close proximity of views and attitudes, which is not the case with the CIS now. Differing political wills, which dominate the Commonwealth, are getting in the way of taking security decisions. On the other side, any military machinery can not properly function without a legal "charter", and as the CIS is not a formal political/military alliance, it can't have in a full-fledged military doctrine. Most likely, in the years to come, the CIS security structure will stay in its semi-defined and semi-operating mode.

Lack of security identities of post-Soviet states, including the nuclear ones, and the absence of a comprehensive structure that could somehow reconcile their national security interests leave a dangerous vacuum in which the West can not be sure of future security settlement. Unless the painful process of formulating strategies

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[19] MOSTVARONA. The Revision of Russian Military Policy and the Military Industrial Complex / / *International Spectator*. - Rome,1993. - P.108

[20] As Gen.Samsonov, CIS Joint Armed Forces Chief of Staff, remarked, the Treaty only "forms the basis for a defensive alliance". (*Krasnaya Zvevda*, July 3, 1992)

and military doctrines in Russia, Ukraine and other CIS states is completed, a final security arrangement is unlikely to take place in the Euro-Atlantic system.

7.3. **Obscure prospects of military reform in Russia and the bitter state of the Russian army** add to strategic uncertainty in the CIS area and in the European security system.

So far, the following basic principles of reform have been put forward:

- drastic reductions in the size of the active armed forces (see numbers above);
- gradual evolution in the present mixed system of manning the Army (conscripts and professional officers). It is assumed that the share of professionals will grow, but it is not yet clear whether conscription will eventually survive;
- eventual withdrawal of the bulk of Russian forces from abroad *(See Section 7.5)*;
- abandonment of the concept of strongly echeloned and continuous layer of defence along the borders. Instead Russia is to rely on mobile defence with effective mobile forces capable of being quickly moved to the endangered areas at its heart;
- a smaller and more effective and flexible system of command and control is to be established;[21]
- speedy development of "the high-tech Services", i.e. the Air Force, the Navy, the SRNF (Strategic Rocket Nuclear Forces), space systems Commands and the Air Defence, while the tank-heavy Land Forces (tailored to fight a major war in Europe) will be substantially reduced and reorganized with top priority given to mobile units best suited for most probable local conflicts. Mobile forces will be made of air-borne troops, marine infantry and light army formations, helicopter and army aviation squadrons, military transport planes, etc.;
- the current structure composed of armies and divisions will be abandoned in favor of a more mobile structure of corps and brigades, with a growing number of rapid deployment units instead of incomplete and poorly equipped garrisons;
- general administrative division of the Army into Strategic Deterrence Forces (SDF) and General Purpose Forces (GPF) is envisioned;
- within Operational Commands, the GPF will be grouped into covering constant readiness forces (along borders), tasked to deter/repel local aggression on a limited scale; mobile (rapid reaction) forces, located further inland and capable to be speedily moved to a threatened area to augment the covering forces, in order to beat off a medium-sized aggression; and reserve forces, mobilized and deployed in a short of war period or during the war to stand up to a larger attack;
- overall switch to producing lesser amount of weapons, with advanced technology weapons to be accorded top priority.

However, these are basically guidelines and intentions, not an elaborate plan (which will still have to be ratified by the parliament), and views expressed in different military quarters sometimes do not match with each other. Prospects for military reform are unclear, overshadowed by economic and social crises and the continuing power struggle in the Russian political establishment.

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[21] The size of the Russian MOD and General Staff may not exceed 4-7 thousand people, which is a 3-4 times drop compared to the corresponding Soviet structures. By the year 2000 the Services Commands may be transformed into much smaller departments within the MOD. (*Krasnaya Zvezda*, July 21, 1992)

In reforming the army (or rather creating it anew) any Russian leadership will have to get to grips with **the huge deficit of financial and material resources**. Defence expenditures have declined in real terms by 2.5 times in 1992 compared to 1990.[22] The 1991 budget cuts in weapons acquisition and research and development (-5 percent and -20 percent respectively) were followed up by even more drastic reductions in 1992, leaving much military equipment without spare parts and proper maintenance. For instance, while 23,9 billion roubles (at constant prices) were spent in 1991 for the acquisition of new weaponry, no orders for new weapons and weapons systems were placed by the MOD during the first quarter of 1992.[23] In 1992 military procurement in Russia has declined by 68 percent.[24]

Yet another is **the personnel problem**. At present the Army suffers from low morale, depletion of the officer corps, internal ethnic tensions, and growing shortage and declining quality of conscripts. The first, second and to some extent third "ailments" can be cured provided there is an upturn in the economy. But the fourth one is of profound and long standing nature, as demographic situation in Russia is worsening. In 1992, the conscription was only 22 percent of the desired level.[25] The crippled new law on the military service was signed by President Yeltsin only in February 1993.

Added to this is **the decaying social profile of the Army**. Cuts in defense spending, unbearable housing conditions for most officers' families, lack of facilities for the troops returning to Russia, and of retraining programs for the Russian military, that could integrate them into civil economy, create a social situation in which a large part of the Army (notably the officers' corps) becomes growingly marginalized. Abrupt and anarchical manner in which 2 armies, 8 divisions and 2 high military schools were dismissed in 1992[26] also added to tension and dissent within the military. If this trend is not reversed, such marginal groups may easily get out of control with unpredictable consequences: probably, there won't be a force to cope with the well-organized and armed groups of disillusioned military.

In general, the readiness and combat effectiveness of Russia's armed forces should be described as low. First, it is mostly composed of odd parts of what once was a single Army, which often do not form homogeneous military structures. Second, Russian-controlled forces are beset by formidable shortcomings in financial, logistical supply, low morale, by demographic, psychological and social problems. Relatively effective today are strategic nuclear, anti-ballistic missile and air-defence systems. The general purpose forces are in a much poorer shape. As Vice-President Rutskoi put it, the existing "armed formations can hardly be called the Army. Command and control systems as well as weapons do not live up to modern standards".[27]

From the point of view of the European security, such armed forces pose a lesser threat in terms of major organized warfare. However, a major war involving large groups of forces is not likely to be fought in Europe in the foreseeable future. On the contrary, as ethnic tensions and low-intensity conflicts are mounting, such Army, lacking command, control, communications and discipline can be regarded as

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[22] *Voyennaya Mysl*, Special edition, July 1992, p.47)
[23] Mostvarona, p.114
[24] Interview with Deputy Minister of Defence Andrei Kokoshin, *Izvestiya*, January 19, 1993
[25] *Izvestiya*, January 6, 1993
[26] The statement of Gen. Pavel Grachev in *Rossiyskie Vesti*, January 4, 1993.
[27] *Voyennaya Mysl*, Special edition, July 1992, p.44

a threat. The risks of unwarranted participation of separate units or regiments in local conflicts (in Moldova, Baltic states, Kaliningrad area or even in the Balkans), proliferation of arms, or nuclear blackmail are considerable. In this sense, with the Red Army weakened, the military threat is still present.

Furthermore, the decaying Army poses social and political threat. One has to consider the fact that the armed forces are not only supposed to protect Russia from the outside aggression and interference, but also serve as a vital instrument to prevent it from following the path of the Soviet Union. In the gloomy atmosphere of overall crisis and separatism in the provinces, the Army could sometimes be the only reliable political and moral link between various parts of the country. If it fails to do so, Russia will plunge into deeper disintegration and chaos.

On the other side, the Army itself is likely to become a major destabilizing element, spreading social tensions, producing scores of unemployed and marginals, diffusing weapons, endangering the environment. The major risk, though, is that the armed forces will acquire a political role (or split along political lines) and interfere into politics.

7.4. **The political stand of the Army** still remains a major question mark. Multiple statements have been made by both President Yeltsin and Minister of Defense Gen.Pavel Grachev that army "stays out of politics". Moreover, in his address on March 21, 1993 Boris Yeltsin stressed that "as a Commander-in-Chief of the armed forces, I ordered the MOD to ensure that the Army is not used for political purposes".

However, as the political struggle between the President and the Russian parliament steps up, it is getting more and more difficult for the armed forces to stay out. Both at 7th (December 1992) and 8th (April 1993) Congresses of Peoples' Deputies, that were critical points of political confrontation, the Minister of Defence, as well as Heads of Ministry of Security (former KGB), the Ministry of the Interior and the Attorney General were summoned by the Congress to declare their political allegiance. The "power ministers" claimed their neutrality in vague terms and loyalty to the Russian constitution.

These episodes notwithstanding, it is highly probable that in the case of a major political showdown the leadership of the Army (and certainly Gen.Grachev, who is Yeltsin's protegee) will take the side of the President. This was confirmed on March 3, 1993, when several days before proclaiming special powers, President Yeltsin conferred with the Russian Security council, at which Gen.Grachev and highest-ranking military were present. According to anonymous information source, the generals expressed their full support for the President and insisted that he acts resolutely to stop the political chaos in the country.[28]

No one can guarantee that given the spontaneous character of Mr.Yeltsin, he will not decide to bark on the Army in an attempt to break the political stalemate. If this happens, he may be facing even more serious problems. Political preferences of the leadership of MOD are not those of the entire Army. There's a growing gap between top-ranking generals in Moscow and local commanders, as was clearly shown during the failed August 1991 coup, when orders from Moscow were disregarded and commanders of armies and military districts were striking separate

[28] Nina BACHKATOV. Une armee deboussolee et divisee // *Le Monde diplomatique*, Avril 1993, P.16

deals with local officials. Among the officers there's also wide-spread mistrust of MOD and Gen.Grachev, who are regarded incompetent and corrupt (though ungrounded, recent allegations of Vice-President Rutskoi that Gen.Grachev is personally involved in large-scale corruption added to this sentiment).

On the contrary, political differentiation begins to prevail in the Army, and political organizations and movements emerge. The "democratic wing" of the Army is less organized, represented mostly by "The Shield" committee, set up in 1989 by major Vladimir Lopatin to promote glasnost in the armed forces and social defence of the officers. Currently it is run by retired lieutenant-colonel Vitaly Ourazhtsev and is supportive of President Yeltsin. The national-patriotic wing is more heavily represented in politics, with a major force behind "The Russian Union of Officers", led by retired colonel Stanislav Terekhov. Hard-line military are also one of the constituent parts of the outspoken "National Salvation Front", the most radical organization of the opposition, uniting communists and Russian chauvinists. What is important, hard-liners in the armed forces have a number of public figures like Gen.Makashov, Gen.Rodionov (known for his massacre of Tbilisi in April 1990), Admiral Kasatonov (he earned his reputation for uncompromising stand on the Black Sea fleet dispute), and finally the Vice-President Gen.Rutskoi (who now claims to run for the President's office), glamorized as an Afghan war veteran and enjoying strong support of the so-called "Afghan lobby" in the armed forces. These personalities are not too popular among the electorate, but have a rather high standing in the armed forces, and strong connections in the political establishment.

On the grass-root level, too, the armed forces are getting politically charged. With the collapse of the Communist Party structure within the armed forces, officers' assemblies emerge that tend to get out of commanders' control. Some military observers fear that this can even lead to the election of commanders, like in the Russian army in 1917.

If dragged into politics, the Russian Army will pose immense security challenges for the West. One can envisage the following threats:

- in the result of a violent military coup or the institutional coup the Army takes power to replace discredited politicians and to prevent the breakup of Russia; however, there are little chances for this, as the Army lacks unity, cohesion, strong leadership and sound political strategy; besides this, in Russia there's no tradition of army corporatism, like in Latin America;

- the Army is used either by the President or by the opposition as a political instrument to impose authoritarian rule in Russia or on the part of the former Soviet territory; chances for such a scenario are higher, but still not considerable for the same reasons, as stated above: like in August 1991, the armed forces will not be able to act as a single whole;

- the Army splits between the "presidential party" and the opposition; such a development is highly probable, and it is likely to result in the civil war;

- the Army units, overwhelmed by political unrest and social problems are "acting locally", completely breaking with Moscow, taking full possession of arms (possibly including strategic weapons) at their disposal and forming alliances with local authorities in separatist regions or Autonomous republics.

Given the current state of the armed forces, regional separatism in Russia and growing impotence of civil and military authorities in Moscow, the latter scenario seems to be the most realistic one. It will result in growing disintegration of Russia, and even a system of "war lords" can emerge on its territory. In security terms, such

a development will be most threatening for neighboring CIS and East European states, as "war lords" can be undertaking unwarranted military action aimed against these countries. Things were moving in this direction in Pridnestrovye, where 14th Russian army, headed by the "hawk" Gen.Lebed (ironically, "*lebed*" in Russian is "a swan"), was engaged in unsanctioned military action against Moldova; currently the status of the Russian troops in Abkhazia is much the same.

7.5. Another fragment left after the split of the Soviet military structure and posing a security threat are **groups of forces, armed formations, bases, military installations and other defence institutions of the Red Army located outside the Russian territory**, not claimed by other former Soviet republics and taken under the Russian control. Currently they include:

- the Western Group of forces in Germany due to be withdrawn to Russia by the end of 1994;
- Northern group of forces in Poland to be fully withdrawn at approximately the same time;
- North-Western group of forces in the Baltic region and the Kaliningrad area, and the Baltic Fleet (Moscow proposes to withdraw its troops from the three Baltic republics by 1995, but the Baltic governments insist on a much earlier date; the future of Russian forces in the Kaliningrad area is still undecided);
- the Transcaucasian military district (it is believed, that the Russian forces in Azerbaijan will be the first to withdraw, while in Armenia and Georgia Russian troops may stay longer on request of the two republics' governments, if they manage to stop the surge of violence directed against these troops; in any case, the greatest part of their weapons and military equipment will be left to the three republics);
- the 14th Army in Moldova due to be withdrawn by yet unspecified date;
- a naval base on the Caspian sea left over to Russia following the division of the Caspian flotilla;
- forces in Central Asia (the Uzbek government has asked the Russian troops to stay indefinitely on);
- military bases outside the borders of the former Soviet Union (e.g., the base in Cam Ran, Vietnam).

All Russian forces classed as "strategic" under the CIS Agreement on the Strategic Forces, signed in Minsk on December 30, 1991, will be kept under operational control of the CIS High Command (SRNF, Air Force, Navy, Air Defence, space forces, air-borne troops and related institutions; nuclear warheads guardians; strategic and operational-level intelligence).

The Black Sea fleet will be jointly possessed and controlled by Russia and Ukraine outside the CIS structure until its final division between the two in 1995.

The first problem concerned is **the unclear future of the troops scheduled to be withdrawn into homeland**. There are no facilities or housing for them, no special programs for accommodating them in Russia, and these units are often sent to far-off deserted areas of the country, where they have to settle themselves. Also, in view of planned drastic reductions of the staff, many officers in these homeless units fear being dismissed and joining the unemployed. All Russian military abroad are well aware of these gloomy prospects, and the spirit of uncertainty and hostility prevails in these units. This can result in unpredictable developments: they might wish to stay at the place of service, joining the local national army, as happened to some Russian units in Ukraine, or can simply become autonomous, or take some

radical steps to attract public attention to their problems. In any case, their status before and after their return to Russia raises serious security concerns.

Another risk implies **the status of Russian troops in the areas of ethnic conflicts** (Central Asia, Transcaucasian region, Moldova). In 1992 and the fist half of 1993 they proved to be not a threat to independence and statehood of the post-Soviet republics (even in Moldova and Abkhazia the Russian troops are not involved into open confrontation with regular national armies), but rather an object of attacks and bandit raids; not on the offensive, but on the defensive. Over 600 illegal actions aimed against Russian military installations, servicemen and their families took place in 1992, of which 500 in Georgia and Azerbaijan, leaving 73 people dead and 160 wounded.[29]

If such a situation prevails, Russian troops can abandon their mostly neutral stand and start involvng into conflicts in a more aggressive manner. This can happen if local governments step up military pressure on the Russian bases, or if a harder line is adopted by Moscow authorities and/or by local Russian commanders on their own, or merely due to the logic of conflicts, according to which a military contingent and a stock of weapons simply can not stay intact in the zone of warfare. In this contingency, Russia could be put on the brink of war with new independent states, which would ruin fragile security setup in the CIS area and provoke Russia's imperial aggression.

The status of **Russian troops in the Baltic states** is different. The Russian troops are not likely to pose a real threat to Baltic independence,[30] though bloody lessons of January 1991, that could be repeated later in August of the same year, certainly have to be remembered. On the other side, despite a number of provocations by the Baltic nationalists (especially in Estonia), Russian servicemen and most part of Russian military property are not endangered in this region. The problem here is that Russia links troop withdrawal with the civil rights situation of the Russian-speaking population in the Baltic states. So far, this question has raised security concerns not only of the Baltic states, but also of Germany, Poland, Sweden and Finland, that have traditional links with the three Baltic republics. Not that there's a fear of direct military threat from Russia, but rather an increased feeling of insecurity in the region that resulted in strong Swedish statements, refusing to accept Russia's linkage of troop withdrawals with citizenship legislation, a Swedish project of a joint surveillance regime in the Baltic sea[31] and the unprecedented Finnish arms purchases of the F-18 fighters from the United States in 1992.

In purely military terms, the Russian troop withdrawal from the Baltics is of minor significance (anyway, the Russian frontier is within 100-200 miles); this is rather an indicator of where Russia's security policy is going. This is also a very sensitive topic for Russia, as many national-minded people will see any early withdrawal as being "forced out" of the region and "humiliated". "The Baltic question" shows that Russian troops abroad, though of little military significance, are

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[29] *Krasnaya Zvezda*, December 30, 1992

[30] Permanent references to the Russian military threat made by the Baltic leaders are mostly supposed to draw attention and support of the West. Beside this, policies of controlled tension with Russia and the specter of the "Russian threat" serve as a vehicle to consolidate and mobilize the nation in the painful period of economic and social change.

[31] "Baltic Sea Security Cooperation Proposed" // *Foreign Broadcast Information Service, Western Europe*, July 29, 1992, p. 37-38

indeed a very delicate security issue, that could spark off discontent in Russia on one side, and security concerns in the West on the other.

7.6. Another security threat is posed by multiple **illegal para-military groups** that infest the territory of certain CIS states. They are made up of former Soviet Army officers and privates (some of them deserters), local population, and sometimes criminal and marginal elements. Cossack formations in the South of Russia is a specific case. Such groups play a major role in ethnic conflicts on their native territory, and engage as mercenaries in other conflict zones on the CIS territory (notably in North Caucasus, Abkhazia, in Azeri-Armenian war, in Tajikistan), or abroad (in Bosnia). No government within the CIS harbors good feelings towards them, but no government has political will and/or military capability to cope with them. It can be easily predicted, that such illegal armed groupings will grow in number, motivated, on the one hand, by mounting political, economic, ethnic and other problems, and by the easy access to weapons stocks on the other. As noted above, this can result in the emergence of the system of "war lords" in certain areas of the former USSR.

7.7. The future of **the Soviet nuclear potential** is still far from certain. The breakup of the USSR and of the Soviet military structure left nuclear weapons in four republics: Russia, Ukraine, Belarus and Kazakhstan. All but Ukraine have ratified the July 1991 START-1 Treaty, which called for one-third cuts in the nuclear warheads on Soviet and US ballistic missiles.

Belarus, which has ratified the Treaty and pledged to adhere to 1970 Nuclear Nonproliferation Treaty, seems to be committed to becoming nuclear-free. It has signed the agreement with Moscow to ship all 81 of its nuclear-tipped SS-25 mobile missiles to Russia by the end of 1994 for dismantling.

Although Kazakhstan has ratified START-1, it again postponed signing the NPT in Spring 1993, which would have formally completed its commitment to remove the nuclear weapons from its territory (Kazakhstan has both nuclear missiles and nuclear-armed bombers).

The situation is much more complicated in Ukraine. The major problem lies in the rift between the moderate line of President Leonid Kravchuk, who has already pledged to the US to ratify both START-1 and NPT, and the vocal hard-line nationalist opposition, with a stronghold in the parliament, which insists that Ukraine remains a nuclear state, in order to "deter Russian expansionism" and "serve an important counterbalance for all of Eastern Europe against Russia". In recent months the Kiev parliament has taken a tougher stand on the nuclear issue. In April 1993 it changed a key clause in a draft on military doctrine which read that Ukraine would in future become a non-nuclear state to read that nuclear weapons would stay on its territory for a "transitional period". Even despite this change, the draft was turned down because of continued dissatisfaction that it was "too mild".[32] Some Ukrainian executives, especially among the military are even more explicit. The Commander of the strategic forces Gen.Volodymyr Tolubko advocates active construction of the Ukrainian nuclear deterrent.[33]

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[32] *Financial Times*, April 22, 1993

[33] *International Herald Tribune*, March 5, 1993

Apart from radical solutions, currently there are two principal options discussed in the Kiev headquarters:

- Ukraine ratifies START-1, but not the NPT, waiting for three or four years, until the domestic situation and strategic course of Russia is more clear, and leaving some space for political maneuver;

- Ukraine ratifies both START-1 and NPT, but not the 1992 Lisbon protocol, which covers the 46 SS-24 ICBMs stationed in Ukraine and not included in START-1. Though these missiles alone are of little military value, they can serve as a symbol of national statehood and probably promote Ukraine's image of a significant regional power.

Both options pose a certain security threat. Unless Ukraine ratifies all three documents (NPT, START-1 and the Lisbon protocol), there's no way Moscow and Washington will ratify a follow-up START-2 treaty, signed by Presidents Yeltsin and Bush in January 1993.[34] *As a matter of fact, given the tough Ukrainian stand on the nuclear issue, the whole network of international disarmament accords, carefully designed for the last 25 years, could unravel.*

Another security risk - i.e. that Ukraine may become "the North Korea on the edge of Europe" is grossly exaggerated. Unlike Russia's, Ukraine's geopolitical situation makes it seek security identity within European framework. At the present moment, the nuclear weapons in Ukraine remain under operational control of the CIS. However, there's a lot of technical know-how in Ukraine, and certain nationalist political groups may begin to delude themselves into thinking they can take over, manage and use these weapons. Once such a group (or the leadership of the country) obtains full control of the nuclear weapons, this does not only run the risk of unsanctioned missile launch, but also inevitably radicalizes its policies. In such a contingency, the post-Soviet political environment will be totally destabilized.

With uncertainty about Ukraine's nuclear status prevailing, Russia's security policy is at stake, too. The "Ukrainian issue" is already used by the Russian nationalist opposition that strives to ban the ratification of START-2 in the parliament and even calls for the revision of the ratified START-1 agreement. The failure of Ukraine to ratify the three arms control agreements (NPT, START-1 and the Lisbon protocol) will provoke certain shifts in the Russian security doctrine, not only on the "Ukrainian front", but on the European direction in general. The military posture can be reorganized, with a heavier concentration of troops in the Western part of Russia.

Ukrainian stand on nuclear arms also affects Kazakhstan's nuclear policy. Some experts assert that Kazakhstan, which has yet to adhere to NPT, is using Ukraine as a shield to hold onto nuclear weapons.[35]

The West is equally challenged by the Russian-Ukrainian nuclear issue. A geopolitical triangle (the West, Russia and Ukraine) has emerged, and the nuclear issue can turn security relationships in this triangle into a zero-sum game. The West thus faces a dilemma: it can either choose to develop a stronger relationship with an independent Ukraine, giving full respect to its security concerns over the Russian threat, and therefore risk the continuation of regional tensions with Russia, - or it can

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[34] START-2 would eliminate heavy, land-based, multiple-warhead missiles and leave the United States and Russia with about 3,500 warheads each, down from a current total of 21,000. The treaty would eliminate any reasonable hope for successful attack by either side.

[35] *International Herald Tribune*, May 17, 1993

rebuff Ukrainian aspirations and leave a nuclear power to seek allies where it can find them.[36]

With the breakup of centralized control over nuclear weapons, multiple technical problems appear. One of them is the lack of proper maintenance of missiles in new nuclear states, as most of qualified personnel and know-how are concentrated in Russia. According to Russian sources, there were radiation leaks from nuclear warheads in Ukraine in Spring 1993, though Ukrainian authorities deny this fact.

Finally, one shall consider the fact that there's a number of civilian plants producing enriched uranium and other nuclear fuels in Russia, Ukraine and Kazakhstan. Western-style export control systems in the new post-Soviet republics, especially in Kazakhstan, are embryonic or nonexistent, and little has been done to tackle the huge challenge of adopting formal nuclear accounting procedures to ensure that military and civilian nuclear materials are fully secure. The lack of basic nuclear and export regulation in the post-Soviet area has encouraged shopping runs by aspiring nuclear states, and smuggling schemes by networks of criminals with access to nuclear materials. A number of smuggling cases was reported in the West, involving low-grade nuclear fuel and "dual-use" metals such as beryllium and zirconium, which can be useful in a nuclear weapons program, but also have industrial applications. Furthermore, there is credible evidence that Iran has been using companies in third countries in an effort to obtain dual-use nuclear-related materials from facilities in Kazakhstan.[37]

7.8. Much in the same way, the loss of centralized control over **the Soviet potential of conventional arms** has turned into a major security problem. The situation has sharply aggravated after the dubious decision of the Russian leadership on sharing out the military assets of the former Soviet Union. Such assets were largely under Russia's control and it was up to Russia to determine what to do with them. Moscow opted for a short-sighted policy, containing two major elements. Firstly, it agreed to specific (and rather high) weapons ceilings for the republics who had entered the CFE process. Secondly, Moscow has voluntarily decided to hand over light and heavy lethal military equipment to the politically opposed and even belligerent sides. This had an immediate effect on the intensity of ethnic conflicts (e.g. in the Azeri-Armenian war). It will be very difficult (if possible at all) for the Russian leadership to stop the inertia of that move and switch over to clear-cut rebuttals of the still coming claims to the Russian-controlled weapons and equipment in the CIS trouble spots. This results in uncontrolled proliferation in unstable regions and states, both on the CIS territory and beyond (e.g. in Afghanistan).

7.9. Economic and political changes under way rendered autonomous another key element of the Soviet military structure: **the military-industrial complex**. During the last 60 years it constituted the larger part of the Soviet economy, an essential element of the state and administrative system, of the state ideology - or even, as some analyst argue, the core and the spine of the Soviet regime. It has been deeply affected by recent developments, especially by the breakup of the USSR, and has turned into independent economic, social and political force, that can influence the course of transformations in Russia and pose considerable security risks for the outside world.

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[36] Chrystia FREELAND. A New World Impasse // *Financial Times*, May 3, 1993

[37] *International Herald Tribune*, May 17, 1993

It is difficult to evaluate the exact size of the complex, as many of its facilities and production lines are distributed among civilian ministries and branches (for example, military uniform is produced by the Ministry of textile industry). The estimate generally accepted is 2500 companies with 7 to 8 million employees.[38] One shall also consider the fact that Soviet authorities often created an urban conglomerate around military plants, and such settlements are wholly served by the industry, which, in time (and to some extent now), took the place of local authorities. Control of such settlements, known as "number-towns" (Krasnoyarsk-19, Arzamas-7, etc.), is, in some cases total, with the employees of the industry holding positions in municipal administration, distribution, trade, health structures and collective farms.[39]

The political profile of the military industrial-complex is also high. Together with the armed forces, it formed the most effective lobby in the Soviet political system. As far as post-Soviet political establishment is composed of essentially the same nomenclatura cadre, the influence of the military-industrial complex stayed largely intact, and it is still the most (if not the only) powerful lobby in the Russian society, with a sort of a political strategy and cadres network. It has taken a place between the center and nationalist opposition, barking on the tactics of "partial" support of the President and the government, with an emphasis on retaining state control over major industries and a slower pace of reforms. The military industrial complex is one of the major forces behind the powerful centrist "Civic Union", which often has a decisive say in the parliament, and permanently promotes new figures to the government and the presidential staff (Shumeiko, Khizha, Lobov, Soskovets and others; Prime Minister Chernomyrdin is also well connected with it).

The major risk concerned is that this enormous economic and political force finds it difficult to adapt to the new situation. As a matter of fact, it is now on the defensive, both economically and politically.

In the economic sphere, the military-industrial complex has considerably suffered from reconversion, that has been imposed on it since late 1980s. From the macroeconomic point of view, reconversion is vitally necessary, as the military-industrial complex constitutes an enormous drain on resources.[40] However, the attempts of reconversion were taken in a chaotic and voluntarily manner, sometimes ruining advanced production lines and high-tech industries, threatening the existence of entire industrial areas and raising discontent among the military, industrial bosses and workers.

The bitter economic situation in the sector has become even worse after the breakup of the USSR and the introduction of market mechanisms in 1992. The military-industrial complex has been the most vulnerable to the rupture of economic ties within the former Soviet Union, as its production has been much more diversified and distributed among the regions of the country than that in the civilian industries.

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[38] Mostvarona, P.116

[39] Mostvarona, P.114-115

[40] In 1991, it absorbed, together with the armed forces, 75 percent of the output of the non-ferrous metal industry, close to a 100 percent of that of the iron and steel industry, 75 percent of that in the energy sector, 60 percent of that of the machine sector, 30 percent of building materials, and 50 percent of the electricity produced (Mostvarona, P.115). As President Yeltsin's scientific advisor put it, "in the last 60 years, from 80 to 90 percent of the country's resources in terms of raw materials, technology, finances and intellectual resources have been destined to the creation of the military-industrial complex." (*Izvestia*, March 26, 1992)

Further on, there's a drastic reduction in military orders, caused by budget constraints and economic austerity: in 1992 military orders in Russia have been reduced by 750 percent, as opposed to the 35 percent predicted. While the drop in production output in the Russian industry in general accounted to 27-28 percent in 1992, in the military-industrial sector this figure was much higher. Only in the first quarter of 1992 it recorded a 50 percent drop in production compared to the same period of 1991.[41] As a matter of fact, the military industry is virtually bankrupt, and stays afloat only due to large budget subsidies, that are not going to last forever.

Economic perspectives for the military industry also look gloomy. The major problem is lack of investment for reconversion and restructuring. According to some estimations, the conversion of 1 mln roubles of military production costs 1.2 mln roubles in investments in technology and facilities.[42] Sometimes the technologies needed are not even available in Russia. Reconversion will require $150 billion in fixed and rotating capital investments over the next eight years.[43] Though some of the money will be coming from barter and the sale of Russian licenses, the overwhelming majority of investments is still lacking. Another long-standing factor, that undermines the premises of reconversion, is the dramatic reduction of demand, especially the demand for durable goods (TVs, refrigerators, cars, etc.), which could be the most natural destination for the reconversion of many military industries and to which most companies have been initially oriented. Therefore, there's a clear lack of financial resources and economic incentives for reconversion, that questions the possibility of integrating the military sector into the nascent market economy.

Another risk to be seriously considered is the technological decay in Russia and the irretrievable loss of much of the former Soviet Union's technological and scientific potential, that was concentrated in the military-industrial sector. Companies cancel a large part of their R&D programs, like the development of new Il-96-300, TU-204, Il-114 and AN-38 civilian aircraft, some ship-building programs, etc. Particularly negative repercussions on the economy and on the technological progress in Russia could derive from the cancellation of the program for modernization of the obsolete communications and telecommunications network. The new projects in the field of new materials have also been suspended.[44] If this devastating process continues (along with the massive "brain drain" of Russian scientists and engineers to other countries, including aggressive military regimes in Asia), Russia will degenerate into a Third World economy, with unpredictable consequences in social, political, military and mainly security spheres. (*See Section 6.2*).

Finally, the current trends in the military-industrial complex raise serious political concerns. Though it found a rather safe place in the political establishment, that allows it to criticize the government, while strongly influencing political decision-making, it is put under growing pressure from at least three sides. Firstly, there's an evident distrust on the side of President Yeltsin and the reformist wing of the executive, that see the military-industrial complex as a major challenge to their political positions and to reforms. The rift between "the presidential party" and military industrialists gets even deeper, as centrist-conservative "mediators" either

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[41] Mostvarona, P. 119, 121

[42] M.Bazhanov, President of the governmental Committee for the Reconversion of Military Industries, Press conference at the Russian MOD, February 6, 1992

[43] Mostvarona, P.120

[44] Ibid., p.121-122

go to the nationalist camp (Rutskoi) or leave the political scene (Khizha). Secondly, there's wide-spread popular sentiment, heated by the press, that the military-industrial complex only wastes taxpayers' money. Finally, the leaders of the complex are put under pressure of local industrial bosses, that seek higher wages for their workers, state subsidies and production orders, and the restoration of economic links in the former Soviet area.

Given these pressures, the political future of the military-industrial complex is far from certain. On one side, it may enter into an alliance with the radical opposition in an attempt to overthrow the present Russian leadership, though such move is not likely, as pragmatic technocrats at the head of the military-industrial complex will hardly identify themselves with ideologically-charged communists and Russian chauvinists. On the other side, the complex might wish to ascend to power: one must remember that it was one of the main driving forces of the failed coup in August 1991, and O.Baklanov and V.Tizyakov, officials in charge of the military-industrial complex, were on the putsch "committee". However, this scenario is also not too likely: the military-industrial leaders are not willing to come to office in the period of crisis and take full responsibility for painful transformations, that will have to take place anyway (this trend of abstaining from full political responsibility is already shown by the cautious line of the "Civic Union").

The most likely scenario is that while not directly coming to power, the military-industrial complex will stay a major force behind Russian politics. It will probably preserve enough political and economic leverage to influence decision-making in Moscow and in the provinces, to "correct", and sometimes even to formulate the political, economic and military course of the government. It will strive to slower the pace of economic reforms, and to leave as much as possible of the state planning. In foreign policy, it can give full hand to its traditional distrust of the West, and favor the restoration of a "strong" Russia (or even a part of the Soviet Union), contributing to the emergence of imperial and militarist trends within the Russian leadership.

7.10. The breakup of centralized military structure and planning resulted also in **the "liberalization" of arms trade on the former Soviet territory**, which has already appeared to be another considerable security risk. In the old days, Soviet weapons exports were motivated by ideological reasons and destined to a certain number of countries: allies in Comecon and Warsaw Treaty and ideologically kindred regimes in the Third World. In this sense, they were more or less predictable and could be traced by the West. The current Russian leadership has abandoned the political approach to arms sales in favor of strictly commercial motivations. The weapons trade with Eastern Europe is not likely to resume, and supplies of arms to Libya, Syria and Iraq have been suspended until outstanding debts for previous purchases are paid.[45] Due to this, and also to the crisis in the military-industrial sector, Russia's share in the global arms market shrunk to 20 percent, compared to USSR's traditional 40 percent.[46]

In the meanwhile, the new model of arms trade emerges, that is much less "discriminating" in terms of clients and means of trade. On the state level, the support

[45] Ibid., P.122

[46] M.Maley, State Councillor of the Russian Federation in charge of reconversion, *Izvestia*, March 31, 1992

and expansion of weapons exports have been declared top priorities. As President Yeltsin put it, "the weapons trade is essential to us to obtain the foreign currency which we urgently need, and to keep the defence industry afloat".[47] As a matter of fact, the drive towards exports seems the only practical way to prevent the total collapse of the military-industrial complex, providing for relative stabilization in Russia, but possibly destabilizing other conflict regions in the world.

Encouraging arms trade, the Russian authorities claim to enhance regulations on the export of arms, technology, licenses and sensitive materials. In the atmosphere of crisis, uncertainty and overwhelming corruption, though, any control is largely nominal. The state trade monopoly erodes, and agencies specializing in the arms trade proliferate all over the territory of the former USSR. Due to the growing independence of the military which de facto controls most of these trade agencies, as well as some of the regulating bodies, the control over final destinations of arms exports becomes dangerously loose. The MOD has been authorized to set up its own trade agency for the sale of Red Army surplus, including weapons - a stock estimated at $10 billion. A decree by President Yeltsin has also authorized the Air Force to sell its surplus directly. The Black Sea fleet has eliminated 47 ships by means of operations that are half way between scrapping and masked sale.[48]

Alongside with this, the dubious decision of the Russian leadership on sharing the military assets of the former Soviet Union between the CIS states, mentioned above, further added to proliferation risks. For example, taking over its share of equipment and weaponry, Uzbekistan eliminated the military district of Turkestan and sold 40 MI-98 helicopters and 70 T-62 and 20 T-55 tanks as scrap (a definition increasingly used) for $1,000 per ton on the commodities market in Tashkent. Possible destinations seem to be Iran or Afghanistan.[49] Ukraine does much the same with its share of Black Sea fleet.

Although the Russian government has reiterated its commitment on weapons exports taken at the UN conference in London in October 1991, the "liberalization" of weapons trade is gaining momentum, posing objective threats to peace in the CIS area and beyond its frontiers.

II. ALTERNATIVE SCENARIOS

1. The Russian Scenarios

1.1. **Continuation of present trends**. In this contingency the political stalemate in high echelons of power will endure, parties will maintain their low profile, and there will not be a political force or a positive ideology that could consolidate the society and win the upper hand in the power struggle. President Yeltsin will most probably stay in office until June 1996, which is the end of his presidential term, and even further, if no strong alternative leader appears.[50] Even if he gets his Constitution adopted, "trench warfare" with the opposition will continue,

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[47] Interview, *Izvestia*, February 22, 1992

[48] Mostvarona, p.125

[49] *Literaturnaya Gazeta*, N 11, 1992

[50] It must be noted, though, that Mr.Yeltsin has repeatedly pledged not to run for the second term.

with temporary gains and losses, and periods of political confrontation at least twice a year.

Mechanisms of power will be performing poorly, and there will be growing inefficiency of political interaction on the territory of Russia. The process of regional separatism will be gaining momentum, especially if President Yeltsin trades off his new Constitution for greater regional autonomy. This will probably lead not to full political and economic isolation of Autonomous republics and provinces, but rather to the situation of "dual power", when nominal rights will be vested in Moscow (in the executive, and in the Council of the Federation, the upper chamber of the parliament, elected from the republics and regions), and real authority will be concentrated in the provinces. The Russian Federation will be existing on paper, but as a matter of fact it will become a loose association with several levels of affiliation.

The economic reform will be proceeding in uneven manner, strongly complicated by regional separatism. There will be some gains in the process of privatization, but monetary mechanisms will hardly start working. Credit emissions will continue, as well as subsidies to enterprises and regions, though they will be more selective. Russia will be balancing on the brink of hyperinflation. Social differentiation will grow, accompanied by growing marginalization and social tensions. However, mass unemployment can probably be avoided or compensated by greater social dynamism. Local social tensions will probably not amount to a major upheaval.

The foreign policy of Russia will acquire a lower profile, compared to late 1980s - early 1990s. Cooperation with the West will be severely restricted by domestic problems. As a matter of fact, the West can be gradually "getting bored" of Russia's unsurmountable problems and losing interest to Russia. Only most urgent issues will stay on the agenda: aid to the Army, nuclear facilities, limited diplomatic cooperation in conflict areas, etc. Eastern politics of Russia will stay "frozen", with unresolved Kuril problem, and Russia's concern over the growing potential and ambitions of China. In conflicts in the post-Soviet area, mainly concerning the status of the Russian-speaking population, Russia will be using its political leverage and economic sanctions, but will hardly resort to military force.

All this means that the current unstable balance will preserve in almost all spheres: political, administrative, economic, social, military, and that immobility will prevail. Given current extreme tensions and instability in Russia, this statement may come as a surprise. However, *over the last two years Russia (as well as some other post-Soviet states) showed unprecedented degree of adaptability to crisis*. It carries on in the situation when any other state would have collapsed. As it happened many times before in the Russian history (the Tartar yoke, interregnum of early 17th century, reforms of Peter the Great, the Civil War of 1918-1922, World War II), *the economic and social shock is being absorbed by the populace without any visible political change*. A rather shapeless social structure (according to some estimations, 30 to 40 percent of Russia's population can be counted as marginals) and the century-old tradition of tolerance make Russia highly adaptable to crisis.

This leads to a very ambiguous conclusion: Russia will not collapse, but there also won't be any positive solution in the foreseeable future. Slow decay and painful transformations will go hand in hand. This process can be called *a crisis development of the state* (which, more or less, was taking place in many Latin American countries, with their unstable regimes, populist tendencies, and hyperinflation), and it may take

at least a decade, if not more, until Russia emerges as a democratic country with market economy and as a reliable security partner.

From the point of view of Euro-Atlantic security, this scenario is definitely not the worst one, but it does not promise stability and predictability. In the years to come Russia will stay a suspended, yet constant security threat on the edge of Europe: a nuclear power and still a major military force with unclear intentions, complicated domestic policies, with multiple interest groups influencing foreign and security policy, producing scores of refugees and migrants, raising justified security concerns of the CIS states and Eastern Europe, and finally, unable to cooperate with the West on security issues.

As noted in Section 1.5, the Western security policy will have to adapt itself to living with permanently unstable Russia, and the security environment in the Euro-Atlantic system will be characterized by increased tension and awareness. This will require renewed military and institutional guarantees, protecting Europe from post-communist instability, like they protected it from the communist military and ideological threat during the Cold War.

Assessment of probability on the 10-point scale: 8 points.

1.2. **Market-oriented authoritarian regime.** The starting point of this scenario is that President Yeltsin, with the support of regional leaders, succeeds in bypassing the existent federal parliament and gets his draft of the new Russian constitution adopted in Summer or Autumn 1993. The new constitution will endorse the French-type presidential republic, vesting even more far-reaching powers in the head of state.

If accepted, the new constitution will abolish the present legislature and the post of Vice-President. The President will be both head of state and chief executive, with the power to nominate the prime minister, the chairman of the Central Bank and three most senior judges. The new legislature would only confirm these appointments. The parliament itself would be changed from the present Soviet two-tier structure of Congress and Supreme Soviet to a bicameral body, with an upper Council of the Federation elected from the republics and regions, and a lower State *Duma* of Deputies (the name taken from pre-revolutionary Russian assembly), elected on an equal territorial basis across Russia. The President could dissolve the parliament and call a new election if it refused to confirm his nominee for prime minister, or if there were a "crisis of state". Only the three senior judges could initiate impeachment proceedings against the President.

It is highly probable, that succeeding in breaking the political stalemate on his terms, Mr.Yeltsin will also have a stronger grip on the armed forces and security ministries, that will become instruments of the presidential regime.

In this contingency the President will most likely proclaim special powers to speed up economic reform by bolstering privatization, simultaneously introducing more severe monetary policy. This will result in a large number of bankruptcies and lay-offs, producing mass unemployment and social tensions. This will also hurt relations of Russia with a number of CIS states, vitally dependent on the supplies of rouble cash. These effects could be neutralized either by introducing social security mechanisms, or, which is more likely, by reliance on force and authoritarian rule (a ban on strikes, a state of emergency in certain areas, severing of relations with neighboring states, etc.). Possibly the President will partly exempt from harsh

economic measures the military-industrial complex as the most destabilizing social and political force.

Given the traditions of Russian history, the fragility of democratic mechanisms in the country, and the presence of elements of authoritarianism in the current situation, this scenario might mean the beginning of a fundamental breach of the existing balance of powers, total decay of the legislative branch, and, finally, the gradual move towards a harsh authoritarian regime. If such a regime is established, it could even sacrifice reforms in order to stay in power and to protect what it has introduced.

The main problem here is that Russia can not have a "mild" authoritarian regime (which could be the most welcome solution for both Russia and the West, as it could introduce market mechanisms and institutional reforms without scarifying too much of democratic gains, and most importantly, ensure long-awaited stability and certainty); given the historical tradition and current political trends, the concentration of power in one center (or with one personality) will most inevitably lead to "hard" authoritarian, or even totalitarian rule. Unfortunately, the conditions in Russia are different from those in some East European countries (Poland, Hungary, Czechia, Slovenia), where governments of liberal democrats and anti-communists introduced more democracy, and democratic legitimacy enabled them to pursue unpopular reforms. In Russia the threat of authoritarianism is much more apparent.

Furthermore, authoritarian trends can not be "partial", merely domestic: *they will be inevitably projected into foreign policy and security sphere*. This will hardly result in open aggressiveness of Russia, but rather in a state of mind, characterized by isolationism, and a more suspicious attitude to the outside world. Institutional links with the West will probably be cut on both sides. Russian politics in the ex-Soviet area will be tending towards greater confrontation, though they will hardly go beyond the point of military conflict, and the restoration of Russian or Soviet empire is not possible anyway.

One shall be aware of the fact that the security profile of authoritarian Russia will be not like that of Pinochet's Chile or Franco's Spain, that were medium-sized states on the edge of South American and European landmass, but rather like that of China: a nuclear power at the heart of Eurasia, with regional and global ambitions.

Finally, dealing with authoritarian Russia, the West will be facing a hard security and moral dilemma: democracy in Russia, or stability in Europe. If it chooses to oppose authoritarian trends in Moscow, it will get a hostile power on the Eastern borders of Europe, and security costs will be high. If the West chooses stability over democracy, and will still support Moscow, it will be paying a high moral price. One can also envisage the third choice for the West: no open opposition, no overt support, but rather an abstention from judgement and large-scale involvement, sort a neutral stand. (These alternative strategies are discussed in Part III of the case study).

Assessing the chances for this scenario, it must be noted that authoritarian evolution of the political regime will be restricted by a number of factors:

- inherent weakness of mechanisms of power, that can make an imposition of authoritarian rule on certain strata, political forces and regions practically impossible;

- disintegration and decay in the Army and security forces;

- separatism in the provinces; as noted earlier, Mr.Yeltsin will be seeking support from the regional leaders, offering in exchange a higher degree of autonomy: therefore, the new presidential regime could be established in a totally different country, where not only authoritarian rule, but even centralized politics will hardly be possible.

Therefore, this scenario is less likely than the previous one ("Continuation of present trends").

Assessment of probability on the 10-point scale: 5 points

1.3. **The centrist-conservative alternative**. This scenario can become a reality if President Yeltsin fails to get the new constitution adopted and to establish a presidential republic, or if the centrist forces effectively adjust to the new political situation after the April 1993 referendum (e.g. if they win a majority in the new parliamentary elections).

The driving force of this alternative is the bloc of centrist parties, which formed the well-known "Civic Union" *(See Section 1.4*). Despite serious political defeats in Spring 1993, this bloc still has strong leverage in the Russian politics, and remains to be widely represented in the cabinet and the presidential administration. This is still the most cohesive political force in the Russian society, with comparatively elaborated concepts on further economic reforms, the future of Russia, its place and role in the world community. The constituency of the "Civic Union" comprises pragmatically oriented politicians, directors of enterprises, businessmen, many representatives of the military-industrial complex, and a certain part of engineers, technicians and people from the academic milieu. "The Civic Union" calls for continuing economic reforms, but at a slower pace; for persistent implementation of the principle of the division of powers; for strengthening federal authorities in the political system of Russia; and for broader integration within the CIS. As far as foreign policy is concerned, the Western orientation is maintained, but with more pragmatic and critical overtones. Larger emphasis is laid on relations with some Asian countries, first of all with China, South Korea, and Turkey.

The "Civic Union" can preserve its positions and leverage in the upcoming political reshuffle by extensive maneuvering, or by tactical cooperation with the President to help him reform the political system. One also shall not exclude the possibility that Mr.Yeltsin will fail to establish a strong presidential regime, and division of powers will be introduced, with a strong German-type figure of centrist Prime Minister.

The new centrist-conservative government will almost certainly suspend current economic reforms, including the privatization program, and unleash the mechanisms of credit and subsidies to support the decaying industries. This could lead to temporary economic and social stabilization; however, the long-term effects of such policies will be grave, as they will only postpone inevitable structural changes, and provoke hyperinflation.

Another feature of the centrist-conservative regime will be the higher profile of the armed forces and the military-industrial complex, that are one of main forces behind the "Civic Union". The conservative government will favor military industries, and bolster arms production and exports. In general, this will mean a drift towards a militarized society, with its inherent authoritarian trends. It implies possible transformation of the centrist-conservative scenario into some kind of conservative-nationalistic authoritarianism.

The partial conservative stabilization will not solve the basic social and economic problems of Russia. Most probably it will have to be followed by a new wave of liberal reforms, but in a more controlled environment, which could be created by semi-authoritarian technocrats of the "Civic Union". However, if the new conservative leadership proves to be unable to strengthen the government, to stop the process of disintegration of Russia, and to curtail corruption and inflation, it could be swept away by social unrest, which could be saddled by the "red and brown" opposition.

The centrist-conservative scenario could be acceptable for the West only in the short run, as it will offer temporary stabilization. However, its transitional character and long-term implications pose a considerable security threat. It can either degenerate into authoritarianism, or pave the way for the other, probably more nationalistic regime. Both options are largely unacceptable in security terms.

Assessment of probability on the 10-point scale: 4 points

1.4. **The "red and brown" alternative and/or a military coup.** This unlikely scenario implies the violent (or even institutional) coming to power of the "united opposition", represented by the National Salvation Front, in conditions of rising popular discontent with the governmental policies. It also implies strong support, or even the dominant role of the armed forces.

"The united opposition" rejects any idea about correcting the present course of economic and institutional reforms. According to their views, reforms have completely failed, and the only way to stop further deepening of the economic crisis is the development of a special program of "anti-crisis measures". The opposition actively pursues its other key ideas: the greatness of Russia (often it implies the former Soviet Union), unlawfulness of the dissolution of the USSR and of the creation of the CIS, the restoration of the USSR, pan-Slavic ideas (including strong support to Serbia), patriotism in epic Russian spirit, the stopping of "humiliation" of the Russian people in Russia and in other countries, and finally, the total opposition to the Boris Yeltsin's government.

"National-patriots" view global developments as a continuation of confrontation of Russia with a hostile international environment, where Russia is currently being defeated, and consider any weakening of military strength as a national betrayal. They favor the retention of a strong nuclear potential (this implies the cancellation of START-1 and START-2), the rupture of all links with the West (which, according to them, are used to destroy the Russian statehood, enslave Russia, and turn it into a Western colony, producing raw materials), and the military opposition to "Western imperialism".

These ideas are also popular among the part of the military, especially given the dramatic deterioration of their living standards, and the unclear prospects of the armed forces. If not taking a lead in the possible coup, they might become the main instrument of the putsch, and take part in the "government of national salvation". The driving force of the coup could become the lumpen part of the working class, a part of peasantry, and the old nomenklatura, supported by many representatives of the military-industrial complex, and of the security structures.

The analysis of the possible scenarios of development of the situation in Russia, undertaken by Russian scholars in Summer 1992 (9-point scale was used), showed that the probability of coming to power of the opposition was equal to 6 points. Other research, though, gave proof that only 5 to 10 percent of the population

in Russia supported the ideas of right-wing politicians. Furthermore, the opposition is split, composed of completely different elements, and guided by unpopular ideology, rather than by pragmatic goals. The Army is split, too, and will hardly be capable of coordinated action on the national level.

In spite of a certain dramatization of "the red and brown threat", it would be a serious risk to underestimate it. *This threat could become a reality not in the coming months or a year, but later*, provided the government proves incapable to slow down the decline in living standards (especially in food consumption) in major industrial centers and in the two Russian capitals, and to compensate for unemployment and shortages by massive privatization and support of small businesses.

Instead of "saving" Russia, the coming to power of the opposition will result in a new catastrophic international isolation of the country, in sharpening of internal conflicts, and even in civil wars and military conflicts with neighboring states. However, this regime will have to concentrate on suppressing the internal opposition, rather than on external expansion and most probably will have a short life-term.

From the security point of view, this is the worst possible scenario, returning the Euro-Atlantic system to the times of the Cold War. This time the front line of military-political confrontation will lie not in Central Europe, but on the Western frontiers of Russia, which will require a much more hostile military posture in Russia (including the return of troops, that were withdrawn beyond the Urals in early 1980s, to the European part of Russia), and deployment of Western forces in East Europe, along with security guarantees to the states of the region. Another possible risk is the strategic alliance of neo-communist Russia with China, much praised by the "patriots". As a matter of fact, this will mean the dramatic reversal of global trends, reviving a hostile international environment, in which the US-European security cooperation will again be of key importance.

Assessment of probability on the 10-point scale: 2 points

1.5. **Economic collapse, social chaos, complete disintegration of Russia**. The short-time probability of this scenario is low; but this does not mean that it can not emerge in the longer run. As a matter of fact, most of the forenamed scenarios can develop into this one. The continuation of present trends (Scenario 1.1) can go beyond the point, when the Russian society will no longer be able to absorb multiple crises, and regional disintegration will take a chaotic and uncontrolled manner. The centrist-conservative regime (Scenario 1.3) can prove unable to stop the economic crisis, and will be swept away by massive social upheaval, caused by hyperinflation and unemployment. The military-nationalist coup (Scenario 1.4) can provoke the split of the country and of the armed forces, that can lead to a civil war.

This contingency can probably be avoided in a market-oriented presidential regime (Scenario 1.2), but its inclination towards authoritarianism will also be a high security cost.

If the events in Russia will take such a chaotic turn, they will inevitably provoke similar developments in other ex-USSR states, including Ukraine and even the Baltic republics. The entire post-Soviet area will turn into a geopolitical "black hole", and instability will be spreading in all neighboring regions, including Europe.

In this contingency the security risks for the West will be as high, as in the previous scenario, if not higher. The neo-communist regime can be deterred by military means, but it is much more difficult to prevent the spread of instability. A massive military and institutional rearrangement of the Euro-Atlantic system,

probably including the erection of a new "Iron Curtain" between Europe and the CIS area will be the most realistic option. Strategies of containment and roll-back will be taken from the archives, though this time it will be containment and roll-back of instability. *(See Part III: Strategies of Isolation).*

Assessment of probability on the 10-point scale: 2 points

1.6. **Breakup of Russia into separate regions**. This scenario is totally different from the other ones, as it implies the radical change of rules in the post-Soviet political game: that is why it is treated the last.

The consequences of regional separatism in Russia may be of two kinds. On one side, the decay of the imperial body of Russia may result in the dramatic increase of ethnic, inter-regional or even inter-oblast contradictions, in "Balkanization" or "Lebanonizaton" of Russia and the entire territory of the former Soviet Union. (*See Scenario 1.5*)

On the other hand, the "regionalization" could as well contribute to the development of a totally new political system in Russia. The regions can become that long-awaited "third force" that will be able to fill the power vacuum and slow the conflict-bearing trends. Thus the "regionalization" of Russia will not inevitably lead to "Balkanization", and may take a rather peaceful and moderate course. One can envisage the following alternatives:

- **a "soft" federation** in which the regions form the central authority with the role of inter-regional economic committee, and cede a small part of their rights to it; most foreign and defense policies are conducted from Moscow, while foreign economic policies are pursued by the regions within one general framework;
- **a "two-speed" variant**, in which the center manages nation-wide affairs (security, foreign policy, etc.), and the regions are in charge of the economy;
- **a flexible association** with several levels of affiliation, in which part of the regions enter into federation with the center (Oblasts of the Central, North-Eastern Russia, the Urals, etc.), some choose confederation (Yakut-Sakha, Komi, Bashkortostan), and some, like Tatarstan, become associate members.

Given that self-determination of regions will proceed in a non-conflicting manner, in a number of years a new political structure can take shape in Russia, based on the principle of division of three major state functions: providing for security, providing for social stability (including the interests of ethnic, religious, regional, political, etc. groups), and providing for economic development. This will be sort of a single structure, operating on three levels:

- **the security level** (a strong monocentric vertical structure, unitarian integration);
- **the economic level** (a horizontal network structure with a limited number of administrative centers, federative integration);
- **the level of social, political, regional, administrative, ethnic and cultural relations** (a polycentric structure, confederative integration).

There are powerful attractions in such a model as it provides sort of a reliable security framework (acceptable for the West, too). However, it might take a number of years before such structure appears, which will be a turbulent and risky period of adjusting conflicting interests of provinces and the center. Therefore, immediate security risks in the "regional scenario" are rather high. They were treated in detail in Section 4.8 of the case study, and include the following:

- Russia will remain a single, but substantially weakened and unstable state; instead of introducing political democracy and economic liberalism, the central authority will be growingly preoccupied with settling regional disputes;

- the Army will be seen as the major guarantor of integrity of the Federation; in foreign and security policies Russia will be more closed, inclined to isolationism and more suspicious of the outside world;

- the division of Russia into regions will be sort of a dangerous temptation for many countries and ethnic groups outside Russia, including the ex-USSR states, the countries bordering Russia or the former USSR area, that can perceive some regions of Russia as parts of their "spheres of interest". Finally, the temptation to "profit" from disintegration of Russia is valid for the West, that can be tempted to "introduce democracy" and gain a larger influence on the post-Soviet political scene through a sort of "direct diplomacy" over the head of Moscow.

- the separatist movements in Russia can prove an inspiring example for national minorities all over the world, particularly in the countries of Eastern Europe, undergoing similar transformation.

Assessment of probability on the 10-point scale: 3 points

2. The Commonwealth Scenarios

2.1. **Dissolution of the CIS under conditions of relative stability.** This scenario may become a reality in case a substantial number of countries (Ukraine, Armenia, Azerbaijan, Moldova, Turkmenistan), due to changes of the regimes, or to general disappointment in the effectiveness of the CIS, will start to gradually reduce their level of participation in the Commonwealth, and to re-orient their foreign policies on relations with other countries. But most probably, the dissolution the CIS could not take place unless Russia causes it. This could happen in case of the highly unlikely coming to power of radical isolationist-minded nationalists (the so-called Russian party), or, which is even more unlikely, of the ultra-radical democrats. Both groups call for the separation of Russia from other republics. The first puts forward xenophobic motives. The second justifies separation by alleged political backwardness of most republics of the former USSR.

Security implications of this scenario are relatively low. So far, the CIS failed to provide a security framework for the post-Soviet states, and the Collective Security Agreement of May 1992 actually hasn't started working. (*See Section 7.2*). Therefore, the dissolution of this loose structure wouldn't change much in security terms.

The only risk in this contingency is the "multipolarization" of post-Soviet foreign and security policies. As their membership in the CSCE is largely nominal, a number of countries, like the Central Asian republics and Azerbaijan, will be seeking their security identities outside of Euro-Atlantic security framework, and the West will be losing leverage in these regions. In this case, the only possible link with these unstable countries can be Turkey, which is a member of NATO. However, Turkey itself can be tempted by such an opportunity: the nationalist opposition is already promoting pan-Turkic ideology and the idea of "Great Turkey". Such a development could endanger the unity of NATO, and weaken the Euro-Atlantic security system on the Southern rim.

Assessment of probability on the 10-point scale: 3 points

2.2. **Breakup of the CIS due to imperial degeneration of the regime in Russia**. These events could be prompted either by imperial ambitions of the authoritarian regime in Moscow (*See Russian Scenario 1.2*), or, what is more likely, by the establishment of openly imperialistic hard-line neo-communist regime in Russia (*See Russian Scenario 1.4*).

The new regime could attempt to restore the Soviet Union, first of all, by some sort of annexation of territories, the population of which expressed their wish to join Russia (South Ossetia, Abkhazia, etc.). The emergence of the issue of returning to Russia of the Crimean peninsula and of Northern Kazakhstan is also probable. It shall be stressed that the driving force of this scenario can be not only imperial policy, but even imperial ambitions and statements of the Russian leadership, which probably will not have enough force to intervene militarily, and will be concentrated on suppressing the internal opposition. However, even hostile intentions of Moscow will ruin the fragile post-Soviet security balance.

Possible consequences of such a policy, implying changes of the present borders within the CIS, are quite evident: complete disintegration of the Commonwealth, dramatic deterioration of relations of Russia with neighboring countries (including even military conflicts), the failure of economic reforms in Russia and other CIS states, militarization and the establishment of authoritarian regimes in most of post-Soviet countries. As a matter of fact, the CIS could become another Yugoslavia, with Russia playing the role of Serbia.

This scenario runs high security risks for the West. It will face the challenge of opposing and containing the imperial ambitions of Russia, as well as giving security guarantees or even protecting Russia's neighbors. While the West has actually failed to do this in Bosnia, it is highly questionable whether it will have the will, political cohesion and military leverage to intervene in the post-Soviet area. Most certainly, military involvement will be excluded, and the West will have to bark on the policy it pursued after the Soviet invasion in Afghanistan in 1980: deeper isolation of Russia, military buildup (possibly including the nuclear component), economic sanctions. (*See Part III: Strategies of Isolation*).

Assessment of probability on the 10-point scale: 2 points

2.3. **Economic collapse, civil wars and chaos on the territory of the former USSR.** As far as the entire post-Soviet area, including the Baltics, is vitally dependent on the course of events in Russia (this situation will stay for an indefinite period), this scenario is mostly contingent on the Russian scenario 1.5 (Economic collapse and chaos in Russia). To some extent, it could also be provoked by destabilization in "senior" CIS countries (Ukraine, Kazakhstan). Time has shown that economic and social collapse in "minor" republics (which is now the case in Georgia, Armenia and Tajikistan) contributes to regional instability, but does not lead to overall destabilization in the entire post-Soviet area.

As noted earlier, in the result of such developments the entire post-Soviet area will turn into a geopolitical "black hole", a hotbed of instability. In this contingency security risks for the West will be the highest, demanding a massive military and institutional rearrangement of the Euro-Atlantic system, and the development of mechanisms of containing instability. (*See Part III, Strategies of Isolation*).

Assessment of probability on the 10-point scale: 2 points

2.4. **"Freezing" the CIS on a low level of integration and the emergence of alternative mechanisms of cooperation**. This is sort of an "extrapolation" of the Russian Scenario 1.1: continuation of current trends. As a matter of fact, that's exactly what is taking place now, when the Commonwealth exists in a "suspended" form. It is certainly premature to talk of any re-integration trends (though the potential for it exists). The CIS is no more than a means for slowing disintegration. This is not even a form of statehood or inter-state organization on the territory of the former Soviet Union. This a vague and fairly conditional formula, rather a political symbol. Besides this, development of the CIS mechanisms is hampered by the obstructionist position of Kiev on most of the issues on the agenda.

However, while most of the post-Soviet political elites, consolidated by nationalism, are not too enthusiastic about the CIS (with the exception of many Russian and a number of Kazakhstan leaders), they certainly don't want to give it up, as it symbolizes and emphasizes an actual community of interests of tens of millions of people on the territory of the former USSR, and also gives an opportunity to search for a new and still unclear future framework of cooperation and possible re-integration. That is why the majority of political leaders prefer to keep the CIS in a suspended form, but not to abolish it.

In the meanwhile, much of real political cooperation takes place on a bilateral basis. Almost all CIS states have signed and ratified Treaties on friendship and mutual assistance with each other. Therefore, the axes are being formed that support the complex and shaky structure of the CIS. The most important of those are Russia-Kazakhstan and Russia-Belarus.[51] Several successful bilateral summits of 1992, like the Russian-Ukrainian in the Crimea and the Russian-Moldavian in Moscow are also not to be disregarded.

In the security sphere, alongside with unbinding and non-working Collective Security Agreement of May 1992, a series of bilateral security/military and friendship/cooperation agreements have been concluded (between Russia and Armenia, Russia and Belarus, Russia and Turkmenistan, etc). This trend will continue, as it is much easier to reconcile two sets of interests than many ones. In the future bilateral agreements could involve non-members of the CIS, especially those, whose territory accommodates joint CIS Strategic and/or Russian military bases and installations.[52] The Russian-Ukrainian settlement of the Black Sea fleet issue outside the CIS framework also indicates to this trend.

Finally, a great deal of economic and political links in the post-Soviet area are restored on the "grass-root" local level (treaties between separate Oblasts, districts and enterprises). Though this trend testifies to the growing regional separatism, it also contributes to creating a network (and a psychological atmosphere) of cooperation, and to developing alternative mechanisms of integration in the ex-USSR area.

In one word, *the most likely tendency will be the preservation of the "low-profile" CIS as a symbol and possibly the instrument for slowing disintegration,*

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[51] Talks in July 1992 between the Byelorussian President Stanislav Shushkevitch and the Russian Prime Minister Yegor Gaidar on economic, political and military, including nuclear issues, and the signing of a broad bilateral Treaty even sparked off rumors about the possible confederation of the two states. This talk was premature, though.

[52] For instance, Marshal Shaposhnikov spoke of the need to conclude an agreement with Latvia covering a space/air defence related installation on its territory. (*ITAR-TASS Script*, July 8, 1992, p.2.)

while alternative bilateral and "grass-root" mechanisms of cooperation (or even re-integration) will be emerging. This scenario is fairly acceptable for the West, although it does not provide a reliable political and security framework in the post-Soviet area. There will not be an institution to keep the Russian military potential and possible imperial ambitions in check. Furthermore, regional conflicts will have to be regulated not by joint efforts of the CIS states, but rather by "senior" CIS members, notably by Russia. The West will have to consider endorsing such Russian role, while there will be no firm guarantees that Russia will keep to the limits of peacemaking, and will not acquire an imperial role, using the international mandate.

Assessment of probability on the 10-point scale: 8 points

2.5. **Preservation and eventual strengthening of the CIS, but in a modified form**, when one group of countries moves towards higher level of integration, and another group continues to participate in those spheres and in such ways, which it finds acceptable from the point of view of their national interests.

It was clear that the configuration of the CIS will be asymmetrical even before it emerged. Two groups of states have taken shape inside the CIS: seven of them (Russia, Belarus, Kazakhstan, Armenia, Kyrgyzstan, Tajikistan and recently Uzbekistan) are inclined to closer cooperation on a multilateral basis,[53] and the other four (Ukraine, Moldova, Azerbaijan and Turkmenistan) take a somewhat more separate stand. In the meanwhile, Ukraine and Turkmenistan begin to join multilateral cooperation in certain fields, and Moldova and Azerbaijan that have not yet ratified the Agreement of the formation of the CIS are seeking to more actively participate in joint programs.

Therefore, in this scenario *sort of a "Commonwealth of different paces" can emerge*, with closer integration on both levels. Recent events gave proof to this. On May 14, 1993 nine CIS states, including Ukraine, signed in Moscow a declaration of their intent to form an economic union. The signatories started working on 25 documents making the union concrete, hoping to sign them at the next CIS summit meeting on July 16, 1993. The documents include the currency union (which some states that have already dropped the Russian rouble, like Ukraine and Kyrgyzstan, are unlikely to join; a customs union that would eliminate duties among members; coordinated macro-economic policies; and an interstate bank, which was agreed on in January 1993.[54]

In the meanwhile, the "outsider" members of the CIS were more skeptical. Leonid Kravchuk of Ukraine was careful to emphasize that he didn't even care for the word "union", and that "it is too early to say to what extent different countries will be integrated into the union".[55] Turkmenistan did not sign the declaration at all.

Even if this attempt of creating an economic union fails, the trend towards the "two-gear" Commonwealth is evident. It is also probable that the "hard core" of the CIS, including Russia, will strive to forge a closer security relationship.

Such a scenario has powerful attractions for the West, creating an atmosphere of certainty and relative stability, and saving much of Western security efforts. Furthermore, it will set up a framework to anchor the Russian military potential and

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[53] Of these seven, Armenia, and especially Tajikistan, devastated by wars, will hardly be able to cooperate on any other issue than receiving economic and humanitarian assistance.

[54] *International Herald Tribune*, May 15-16, 1993

[55] Ibid.

possible imperial ambitions, much like those of Germany within the EC, WEU and NATO. The new Euro-Atlantic security system will therefore be emerging in a much more cooperative environment.

However, chances for this scenario are rather moderate. Given political and psychological attitudes of many present leaders of the CIS countries (notably in Ukraine), the fact that national statehood is not yet entrenched in all post-Soviet states, and fears of the resumption of the imperial syndrome in Russia, it would be a wishful thinking to expect any comprehensive form of integration on the ex-USSR territory any time soon.

Assessment of probability on the 10-point scale: 4 points

3. Forecast

Actual developments in the post-Soviet world will be much more complicated, than described in the scenarios above. However, one can try to envisage the most likely combination of scenarios for the next few years.

For Russia, this will be a combination of Scenario 1.1 (continuation of present trends) and Scenario 1.2 (market-oriented authoritarian regime). A strong presidency will most likely be established, with vast, probably authoritarian powers granted to Mr.Yeltsin; but this regime will be challenged by inefficiency of power mechanisms and by the growing independence of Russia's provinces. There will be certain authoritarian trends, but no instruments to implement them, and Russia will continue along the same lines of slow decay, painful transformations, and what was earlier called "the crisis development of the state". It will take at least a decade to complete these transformations.

As for the CIS, Scenario 2.4 ("freezing" the CIS on a low level of integration and the emergence of alternative mechanisms of cooperation) is the most likely one. Exactly as in Russia, painful transformations will continue, with no real institutional progress, and no political force to break the inter-state stalemate. Occasional economic, political and low-intensity military crises (mostly ethnic conflicts) will be taking place, setting a new balance of forces on the post-Soviet scene. Simultaneously, bilateral and local level cooperation will continue, "weaving" a delicate network of new economic and political links. The post-Soviet area will be emerging as a complex and highly dynamic system of old animosities, new fragile links, and temporary bargains.

In 5 to 10 years a new decentralized system of independent states will appear on the territory which was once the Soviet Union, with a sort of a strategic balance. Before this time, the security environment in the CIS area, in Europe, and in the wider Euro-Atlantic system will be governed by uncertainty und unpredictability, which seems to be the main security challenge for the West.