

Working Papers

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ANALYSIS OF RUSSIAN FOREIGN POLICY

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ICEUR-WORKING PAPERS:

ANALYSIS OF RUSSIAN FOREIGN POLICY

ICEUR was founded by a Vienna-based group of concerned citizens from the academic, international and political communities, who are aware of the stalemate in the EU-Russian relationship and pledge creative new approaches in research and policy consulting.

Following an interdisciplinary and multidimensional approach, the ICEUR explores the complex relations between the EU and Russia/NIS in close cooperation with renowned Russian experts. Scope for improvement is identified and profound analyses are provided to relevant experts and to the interested general public.

In June 2009, ICEUR presented the first Working Paper: “Background, Shaping Factors and Orientations of Russian Foreign Policy - Inside Views”. The Working Papers are meant to provide a forum for experts from Europe, Russia and the Newly Independent States to comment on current topics.

The main part of the first Working Paper is an analysis of the Russian foreign policy, written by Andrey Ryabov, scholar-in-residence at the Carnegie Endowment Center for International Peace in Moscow. Ryabov discusses the relationship between the domestic interests of the Russian elites and foreign policy, a relationship that is arguably not always comprehensible for the West. Ryabov also touches upon the origins of today's elites in Russia, by exploring the situation in the nineties that brought about a complex amongst the elites of feeling offended and limited at the same time, and a fixation on the status of the “lonely state” which walks along its own path. Ryabov argues that conflicts of interest amongst various Russian elite groups make Euro-Russian relations ambiguous, oscillating between collision course and consensus-oriented approaches.

Shorter articles written by the members of the ICEUR team complement Ryabov's analysis and discuss other aspects of the Russian foreign policy, such as EU-Russia relations, NATO-Russia relations, implications of the war in Georgia and Russian policy on the Balkans. Two experts from Moldavia analyse the role of Russia in the Transnistrian conflict. The foreword was provided by Johannes Hahn, the Austrian Federal Minister of Science and Research. Mr. Hahn stresses the importance of international scientific cooperation, which is a field to which the ICEUR can make a substantial contribution.

INTRODUCTION TO THE TOPIC: RUSSIA – EU: WHAT CAN WE EXPECT FROM EACH OTHER?

Ludmilla LOBOVA

The Iron Curtain fell more than twenty years ago. The Soviet Union suffered defeat in the Cold War not only ideologically, but also in geo-economic terms. Russia, as the legal successor of the Soviet Union, has not become part of the European security system. During the nineties, Russia neither succeeded in building up a more or less durable coalition with the USA or NATO, nor did it enter into a stable partnership with the EU. Eventually, Europe started building up its security system based on two pillars, namely the EU and NATO. Russia was doomed to assume the role of an unaffiliated player, both opposing the West and cooperating with it.

However, meanwhile it has become obvious that hushing up the problems between Russia and the West will not work out in the future. Moscow is openly revising the rules of the game regarding its relations to the West, established in the nineties, a period of proceeding disintegration. Russia also resolutely determines its spheres of influence, which was strikingly demonstrated during the five-day war in Georgia in August 2008.

The main lesson learned from the development of Russian-Georgian relations, is that the limits of NATO-enlargement comprising the CIS countries (Ukraine and Georgia) could not be reached.

The second lesson learned from the war refers to the fact that international relations have not changed in their core since the Cold War. Not only has the classic “strong hand” in politics remained, but, on the contrary, it has seen an impressive comeback.

Russia is again fighting for its influence over the CIS-countries, and in its attempts to do so, it benefits from the economic crisis in the region. This crisis will also obtain a geopolitical dimension. It is exactly the crisis that gives Russia justification to intensify its influence in the post-Soviet area and build a strong economic basis for its own centre of power.

Yet again the West is confronted with the question of how to deal with Russia. Up until now, there have been no reasons to hope that the EU and Russia could come up with an innovative model for long-term cooperation any time soon. The countries of classic capitalism pursuing their values of political democracy and free market economy have not yet found suitable schemes for cooperating with the countries of the new “authoritarian capitalism”, such as China, Russia, Kazakhstan and South-East-Asian countries, which are rising dynamically. Russia perceives itself as the global leader regarding its control over energy resources and in charge of reallocating and shifting the global economic performance from the West to Asia. All this is taking place while the traditional West still dominates the global media space. It is a very complex task to come up with new strategies for relations between Russia and the EU. Russia's comeback came as a surprise for everybody, whereas, e.g., it took China three decades to boost its economy.

Today, Russia plays both the role of an antagonist and a partner for the West. Therefore, European politicians will both stick to the politics of Russia's containment and still offer Russia the perspective of fruitful and constructive relations.

However, it is important to bear in mind that Russian foreign policy will continue to mirror domestic problems, Russian domestic policy being primarily determined by factors such as democratic deficit, corruption, lack of modernization and the heterogeneous multinational population which has not yet succeeded in forming a unified Russian nation.

Andrey RYABOV

From Modesty to Global Leadership: The Evolving Mindset of the Russian Elites

The leading elites in post-Soviet Russia were socialized into their international environment during the 90s of the past century. At the same time, a new foreign policy community came into being. An important element of this process was the formation and the articulation of relevant interests, which took place both on the national level – where they served as common reference for the settlement of disputes – as well as on the group level. Nevertheless, conflicts between various groups and corporate interests could frequently not be solved by compromises on the national level. In a number of cases, this resulted in contradictions in the foreign policy line and illogical and inconsequential actions of the government and other foreign policy agencies.

To talk about foreign policy interests of society at large and of public opinion hardly makes sense. This phenomenon winds down to a hard core interest, namely the wish to keep the country out of expensive and long conflicts which go with losses in human life, a reduction of living standards and other negative consequences. As the Chechen wars have demonstrated, society would risk such a conflict exclusively if the only credible alternative to war were the threat of a wholesale destruction of the familiar life, world and public order by terrorism, regardless of whether the citizens arrive at this conclusion themselves or whether it results from a conscious policy of (dis-)information engineered by the government.

This mindset reflects one of the most important characteristics of Russian post-Communist society. Society is immobile, even petrified, and it is not ready to jeopardise the consumption level attained or accept cutbacks, not even for the sake of the most noble national ideals. Considering this factor, one can say that if public opinion has any influence at all on foreign policy, its impact is never direct. Voters and society in general represent a milieu with a certain order of values which is, in theory, taken into account by the government in its foreign policy. Beginning at the turn of the millennium, these values have been based on the idea of Russia as a civilization in its own right, which takes an independent path; of a country which has almost no genuine friends in the modern world and is surrounded by enviers who covet its riches and are afraid of Russia's growing influence in the world. However, the attitude towards other countries is shaped primarily by national television. This fact is corroborated by all sociological investigations. Television, which is under total governmental control, is capable of generating a hostile attitude towards a specific country overnight, even if it had been regarded as a friendly country before (the change of attitudes towards Ukraine as a consequence of the policies of the Russian government is a striking example).

In this context, public opinion with its fixed ideas about Russia's environment and its gullibility plays the role of a tool to provide legitimacy for the elites in power. By highlighting the harmony of government policies with these basic attitudes in their official propaganda and information campaigns, the elites demonstrate their dedication to the popular cause and their resolve to act in the national interest as perceived by the populace. In other words, public opinion performs two functions in foreign politics: societal attitudes play the role of a passive sounding board; they determine general directions and they are manipulated in order to generate mass loyalties and support for the power elites, if political mobilization becomes necessary. Such campaigns, however, have a short-term character and do not affect the everyday interests of the citizens. Mass consciousness is neither capable of influencing foreign policy decision-making, if it is at variance with the latter, nor can it prod the leaders to take certain actions in the international arena, which are rational and make sense in the eyes of the citizens, but contradict the perception and the interests of the elites.

One must therefore look at the positions of the leading elites if one asks for the interests which drive Russian foreign politics. Two distinct sets of interests of the new leading elites can be identified in Russia's post-Soviet foreign politics: one that continues the geopolitical superpower tradition, which was important for domestic development and consisted of economic and military presence in order to influence the situation in certain world regions. The other materialized already during the post-Communist period. It is to realize the economic interests of the new elites. It goes without saying that both sets are linked to specific interests of one or the other lobby. Nevertheless, both sets appear as the common denominator of all partial elite interests on the national level. On top of that, they are not voiced individually, but frequently are galvanized into larger units. Their relationship depends on a multitude of factors, such as the economic situation and the support for foreign politics with monetary and manpower resources.

The overarching interests of the post-Soviet elites have undergone considerable change during the last two decades. Despite deep political and ideological cleavages, the Russian elites by and large took a consolidated and uniform position during the 90s. The aspiration was dominant “To actively use any chance to break with the Soviet past irrevocably and for good”¹. For the post-Soviet elites, privatization and the creation of a new class of owners as well as their political and economic integration ranked high on the agenda.

The Western orientation of Russian politics was dictated by the apprehensions that market reform could trigger the opposition of broad layers of the population, who were used to Soviet paternalistic patterns. On top of that, the dire situation of the economy and the country's dependence on international financial support played a role. The leading elites regarded the Western countries as the main guarantors for a successful break with the Soviet past, since they were facing domestic instability and the deficient legitimacy of the new post-Communist government, which was further weakened by the economic reforms of 1992.

The economic interests of the new leading elites emerged during the 1990s. They had to force the export of various raw materials such as oil, gas, metals and wood to the West, in order to obtain the necessary financial means for the upcoming privatization. The only competitive manufacturing industries were those of chemistry and defense, whose volume was contracting rapidly. All this led to the genesis of a strongly export-oriented economy, which shouldered the role of a raw material provider for the leading industrial countries. The interest of the new leading elites to export resources to the world market became fundamental, long-term and general in the context of the fact that the income from the export of natural resources formed the basis of the budget. Incidentally, the share of income derived from the export of carbon hydrates continued to rise during the first decade of the new millennium. The control of these resources by the new post-Soviet elites was seen as a vehicle for rapid integration with the global ones. At the same time, they expected that this process would be contingent on their special Russian conditions set by themselves.

The marginality of geopolitical interests during the 90s had several causes. For one thing, Russia was not in a position to pursue proactive foreign policies due to its scarce resources. It was therefore forced to abandon its presence in many regions of the world. This was true of Africa, South and East Asia, the Near East and Latin America. Secondly, the drive to break with the Soviet past through a rapprochement towards the West also implied renouncing the geopolitical ambitions of the Soviet Union, whose legal successor Russia had become. The country was focused on survival and had not yet developed new geopolitical priorities. This happened only in the second half of the 90s, after society had turned away from the disappointing reforms and the leading elites had abandoned their hopes for a rapid Western integration. By and large, the discourse over geopolitical interests during the 90s was monopolized by the opposition and the counter-elites, who came out against market and democratic reforms.

What were the changes in the new millennium? In the first line, the elites obtained full control over the assets of the Russian economy. The presidential elections of 1996 finished off speculation about a return of Communist rule. At the beginning of the new millennium, it had become abundantly clear that there was no danger of a Communist restoration. This helped the new post-Soviet elites to establish and strengthen their monopoly of political power. They emerged as masters of the country in the full sense of the word. The increase of gas and oil prices permitted them to advance their positions toward the West more energetically. Russia's role in this dialogue changed; Russia no longer was the petitioner, but insisted more and more on the role of an equal partner as the demand for carbon hydrates continued to rise.

At the same time, the model of post-Soviet capitalism which emerged in the 90s showed that the ruling elites were not interested in rooting the Western liberal market order in Russia. The Russian model is based on the merger of political power and ownership in the hands of small elite circles and on its neo-feudal character which is a type of patrimonialism. The disappointed Russian elites distanced themselves from the West, since they had the feeling of having been excluded from the club they had tried to join².

Consequently, the necessity of Western support for the reforms and the model function of the West was no longer given. The shortcomings of the reform stoked the anti-Western and anti-liberal mood of the masses and this was used by the elites as an additional collateral to enhance their domestic power. The idea of the “Russian Way”, which was immune from the impact of globalization, served as a vehicle to increase legitimacy. In this context, the Russian elites posed as the only protectors and spokesmen of the country in the international arena.

¹Solov'ev, E.G., *National Interests and Political Forces in Contemporary Russia*, Moscow: Nauka, 2004, 130.

²Apparently the last attempt at Western integration was undertaken in 2001-2003, when Moscow stood fully behind the anti-terror operation of the US and its allies in Afghanistan and closed its bases in Vietnam and Cuba. Nevertheless, the US considered these steps as the fulfillment of an obligation and was not ready to honor it with a *quid pro quo*.

During the economic boom in the new millennium, the Russian elites realized that they held a dazzling quantity of energy resources in their hands. They could not help to see that the well-being of Europe depended to a high degree on their policies and particularly on that regarding gas export policy. In this context, the emergence of an official motto implying the transformation of Russia into an “energy superpower” indicates a fundamental turnaround in the ideas of the leading elite on the practical possibilities of the country in international politics (although the envisaged goal is patently unrealistic). Russia began to claim the role of an independent centre of power in the world system. The US invasion of Iraq marked the final transition to this position. The new goals reflected also the idea of the genesis of a multipolar world, which became the linchpin of Russian foreign politics at the time. In turn, this change stimulated the demand for a traditional geopolitical foundation for Russian foreign politics. Such interest groups as the military, defense industries and intelligence services became active again after a period of marginalization during the 90s. After all, their interests had always coincided with this line. Precisely at this point, the economic and geopolitical interests of various leading elites blended on the level of general national policy. Putin's formula “Russia will be a superpower or it will not be altogether” is an expression of this fusion.

What remained unchanged

Several important factors which determine the character and the configuration of these interests have not changed, despite all the changes over the last 2 decenniums. This is a result of the specific features of post-Soviet capitalism as it evolved during this period as well as the context in which the new elites emerged. It is important to note that despite the far-reaching changes during the past 20 years, the main goals of the post-Soviet elites remained constant: their integration into the global elites under self-defined conditions; i.e. the exemption from international rules and obligations.

The first factor which shapes the essence of the elite interests is the distrust towards and the rejection of competition as a basic organizational principle of modern social systems. The possible objection to the effect that the Russian elites had played by competitive rules during the 90s cannot disprove this thesis. During the 90s the elites were forced to live with competition, since they had no other choice. As soon as the situation had changed and a different conduct had become possible, they traded competition for government regulation, which became the fundamental principle of organization of the Russian social system.

The business elites owe their career to their proximity to the distributive mechanisms within the power system, to the civil servants and politicians who control the levers of these mechanisms. During the 90s the privileged access to state property for business people close to the rulers lead to the genesis of the so called “oligarchy”. Since then and until the new century the weak bureaucratic apparatus was financially and politically dependent on the “oligarchy”. Big business profited from this situation by using the state as their tool to crack down on competitors. This related to “horizontal” competition from transnational as well as to “vertical” competitors, namely Russian SMEs

The new millennium brought changes to the economic situation. The state, which had concentrated significant (and during the oil and gas boom 2004-2008 rapidly increasing) resources in its hands, appeared as the most important entrepreneur. This was complemented by a visible increase of trust toward the political leadership since Putin's takeover in 2000. Big business lost its influence on politics and became gradually more dependent on the state bureaucracy. Several factors favored the bureaucratization of entrepreneurial activities, such as the growing incidence of companies with a governmental majority share, the creation of the new institution of state holdings in 2006/2007, the lack of a clear-cut legal separation of private and state ownership, the deficiencies in ownership protection in general, as well as the underdevelopment of justice and its dependence on the executive. The civil servants acted not only as recipients of returns from companies, but also as managers. All these shifts within the elites, which opened new career channels, did not, however, result in fundamental change. The elites developed in a competition-free environment. The state bureaucracy that now occupied a leading role in management was even more hostile toward competition than the oligarchs. For example, decisions to give Western multinationals (such as BP and Siemens) access to key branches and key Russian companies were made individually and on the highest level.

When it comes to the bureaucratic elite, the old nomenklatura groups came under the pressure of competition from other social groups only during the first Yeltsin years. These groups had climbed the social ladder and made their careers riding the wave of the anti-Communist revolution of 1991. In the following years, individuals belonging to the nomenklatura milieu were absorbed by the traditional bureaucracy and their attitudes and style of governance were accepted more and more. Those who were unable to adapt had to leave public service. Under Putin, the principle of competition and public tenders for administrative positions fell into complete desuetude.

Candidates were recruited on the basis of personal relationships, friendship, common work experience or regional origin. A significant part of higher administrative positions was taken by officers of the intelligence services³.

Like in democratic systems, the political elite of post-Communist Russia was originally formed through elections and participation in the activities of political parties. Nevertheless, against the background of the strengthening authoritarian tendencies, the bureaucrats began to play a more visible role towards the mid-90s. This political recruitment channel became dominant during the first decade of the new millennium. The political parties had lost their capability to act independently of the state and election outcomes became increasingly predictable. This is why the negative attitude toward competition hardened in this segment as well.

Together with the idea of Russian exceptionalism, the practical and ideological rejection of a competition-based order became a defining factor for the elitist myth about the country's international role as a lonely and intractable power. According to this idea, Russia is surrounded by numerous enemies, who either covet its riches or want to graft their own order onto the country. The logical consequence of such an understanding of Russia's place in world politics is the firm conviction that any intervention into domestic politics is anathema. The idea has it that Russia is entitled to demand special conditions when joining international organizations or concluding international treaties; i.e. it has the option not to execute some norms, if they are at variance with the country's special traditions. On top of that, the international community is to honor Russia's "privileged" interests in specific world regions. The term "sovereign democracy" is the logical expression of such a mindset.

In tandem with Russian exceptionalism, the troubled relationship with competition enabled the elites to occupy the role of steadfast and consistent spokesmen as well as defenders of national interest and the country's traditions. The rejectionist attitude toward competition (for example, of that of Western companies) helped the elites to strengthen their position, since they could pose as the only fighters for Russia's natural riches against "exploitation by foreign capital". Against this backdrop, large Russian companies, who sported liberal and democratic values on the international stage, were able to harness administrative resources against their foreign partners, as soon as the cooperation with these partners was perceived to be disadvantageous or if the authorities insisted on a change in the relationship. The most notorious cases during the last years were the conflicts between the shareholders of the ALFA GROUP and BP, such around the TNK-BP company as well as those resulting from the redistribution of the international shares in the "Sakhalin-2" project, in which, according to Russian Law "...agreements on redistribution of production tasks..." some foreign companies including some transnationals were represented.

Due to the disappointment of the population with the market reforms and the West as an embodiment of the hope for progress, which had refused to extend the necessary support to Russia, the appeal to the idea of protecting the national interests of domestic producers turned out to be an efficient vehicle of legitimacy and political mobilization for the leading circles. Under these circumstances, hawkish foreign policy statements always find demand on the domestic market. This is why they are voiced for domestic consumption in the first line.

In this manner, a conservative, semi-isolationist and tradition-based component of the foreign policy interests of the Russian elites was determined by key factors: for one thing, by the negative attitude towards competition as a pattern of conduct for political and economic actors. Secondly, by the recognition of the specific features of the country's historical development; its "loneliness" on the international stage. These factors influence the foreign policy vision of all Russian elites decisively, regardless of professional competence, ideological orientation or affiliation with one or the other interest group. Any government, any president must maneuver within the framework of these principles which determine a sustainable trend in Russian foreign politics. This trend can briefly be characterized as follows: Russia has to strive to remain an independent power center in international politics and to preserve its influence. Within this strategic framework, it may not participate in the activities of international organizations which encroach upon its sovereignty even partly. Conversely, membership in such units is desirable if Russia is able to define the systemic rules. The acceptance of international obligations, the execution of norms and legal rules is possible only to the effect that the Russian political order or the monopoly of the leading elite to exploit domestic resources is not violated.

The post-Communist period also saw the genesis of another, internationalist component of the elites' foreign policy interests. This, due to the insight that Russia's economy, one of the largest energy suppliers in the world markets, has been integrated in the global economy for a long time and is therefore dependent of the energy demand of the developed states. According to statements in Russian media, this dependence has increased during the global social and economic crisis and now amounts to 100%. The Russian elites have realized the linkage

³Olga Kryshтанowskaia, *An Anatomy of the Russian Elite*, Moscow, Zakharov, 2005, p. 264-274 (Russian).

between their own well-being and the stability and volume of gas and oil exports. This fundamental elite interest, which has materialized during the post-Soviet period, implies that Russia must avoid a dangerous intensity level in conflicts with the West, which would render a preservation of the contemporary foreign economic relations impossible. Nevertheless, the maintenance of living standards is directly dependent on whether Russia will succeed in preserving its monopoly as an energy transit corridor or not. Precisely for this reason, the attempts of the EU and other suppliers and transit countries at reaching agreements on new pipelines bypassing Russian territory are viewed with a jaundiced eye.

One of the results of this linkage between the living standards of the Russian elites and Western energy exports is the intensive tangle with developed industrial countries. High consumption standards, studies at top educational institutions for their offspring, investments in attractive and posh real estate, Western bank accounts, shares of big US and European companies – all this has become part and parcel of the life of Russian elites who exhibit no proclivity towards an ascetic lifestyle or self-limitation for the sake of national goals. The satisfaction of these interests demands the preservation of a certain stability in relations with the West, since otherwise these interests would be jeopardized. This being said, the Russian happy few regardless of their attempts did not succeed in integrating themselves into the global and particularly the Western elites. They developed a complex of feeling offended and limited at the same time.

This led to an even more pronounced fixation on the status of the “lonely state” which walks along its own path. The contradictory character of foreign politics is thus caused by the ambiguous attitude and position of the Russian elites in the political system. This attitude rests on the attempt at preserving the monopoly over the country's resources while positioning themselves as protagonists of national interests on the one hand and on the economic dependency on Western trade on the other. Foreign policy therefore oscillates between a hawkish and ostensible profile frequently bordering on confrontation and periodic cooperative thrusts. To consolidate these contradictions, the Russian elites have sought “constructive cooperation” with the West since the beginning of the new century.

This strategy pursued the realization of a constructive business relationship with the West and addresses, in the first line, the big EU members. The basis for this new model relationship was the formula “reliable energy supply is traded for the abstention from intervening into Russian domestic politics”. Incidentally, this new foreign policy thrust coincided with the final consolidation of domestic authoritarianism between 2003-2004.

At this time, the leading circles in Moscow perceived a Western drive to impose another type of relationship on Russia which assigned the role of a junior partner to the country. Therefore, everybody tried to convince US and European leaders to find a different formula for their official relationship with Russia. The most notorious attempt of this kind was Putin's speech at the international security conference in Munich in February 2007. Accept us as we are and do not try to correct our system and we will be dependable partners, in the first line, energy suppliers.

From the perspective of the Russian elites, such a cooperation should be cast in iron and corroborated by the “diffusion” of economic interests. This explains the drive to penetrate into the infrastructure industries – in the first line, the gas distribution network – of the European economies without any quid pro quo in exchange. This in its turn is dictated by the insecurity of the Russian elites concerning the strength of their position as international economic actors. What happens if the West abandons the present model of cooperation or finds other suppliers? What if the present elites lose their monopoly of disposing of the natural resources and their uncontested domination in politics? A strong backup against such risks is needed. The ownership of assets in the European infrastructure can, in this perspective, help to create a hard-wired tangle of interests and keep the Europeans from taking unilateral steps which could harm the interests of the Russian elites.

There is yet another oxymoron of Russian foreign policy resulting from the ambiguous position of the leading elites. The drive to control exclusively the natural resources of the country and the corresponding anxieties regarding the indivisibility of national sovereignty generates a proclivity of the holders of power to engage in unilateral action on the international stage in the field of energy export or security in the post-Soviet space. Simultaneously, the awareness of the unequal power relationship between Russia and the West and the phobia about US military and political prowess as well as the enlargement of US and EU presence on the territory of the defunct Soviet Union prompt a need for multilateral action. This is no diplomatic trickery, as is sometimes assumed, but it reflects the long-term interests of Russian elites. It is therefore not accidental that the central idea in President Medvedev's proposals on the conclusion of a new agreement on European security was the declaration of Russia's readiness to take a multilateral approach in global politics⁴.

⁴ <http://www.newsru.com/finance/26mar2009/zavisimost.html>

Corporate and Group Interests

Not only interests which have condensed to a consensus on the national level influence foreign politics. Already during the 90s the strengthening of corporate interest in Russia's international politics could be observed. The direct impact of these interests on the decisions and their implementation by state agencies remained an important factor also during the following decennium.

Corporate interests encompass economic industries, regions and different groupings within the government administration. Only a small number of industry lobbies musters the necessary resources to influence foreign politics. This concerns the gas and oil industry, as well as the metal and defense industries. In 21st-century Russia, the gas and oil lobby is named as the most influential. The gas lobby can be called a corporate lobby without reservation. It blends with the political leadership's interests to such a degree that the corporate interests of this lobby are positioned as the national interest in official foreign policy. It is by no means accidental that all international business contracts of the Russian gas monopolist GAZPROM are under the strict and permanent control of Premier Putin. At the same time, Gazprom's corporate interests are multifunctional. They go beyond the purely economic and financial dimensions. The support and the promotion of Gazprom by the government permits the leading elites to wield significant influence on those countries which consume Russian gas or transport it through their territories. This said, there are also cases where political and geo-political interests of the country's leadership have been detrimental to the economic interests of the gas lobby. Many observers have noted that the change of the Ukrainian partners in January 2009 was certainly not dictated by economic considerations. The previous partner (RUSUKRENERGO) had done its duty, it had delivered gas punctually to the consumers and paid its bills to Gazprom. This is in contrast to the state company selected as the new partner (NEFTEGAZ UKRAINY), which is subordinated to the Ukrainian council of ministers and does not enjoy a reputation of dependability and strict contract fulfillment. Yet, when the new agreements on Russian gas deliveries to Ukraine were signed in January 2009, the Russian leadership had decided to put its stakes on Premier Yuliia Timoshenko, in order to increase its influence within Ukraine. For this reason, the selection of a new partner for Gazprom was conducted despite its lesser financial and economic reliability.

The corporate interests of the oil lobby in foreign politics are not enmeshed as closely with government interests. This may be explained by the fact that Russia's oil industry comprises only a few large private companies. The economic interests of a few of them can indeed wield decisive influence on individual foreign policy fields. For example, Russia's present bid to develop the relations with Iraq is powered, in the first line, by the interest of the second largest oil company LUKOIL to gain access to the oil field Western Kurna. Simultaneously, the interlocking interests of corporate oil interests and political interests of the power elite become more prominent as the position of ROSNEFT - a company with predominant state shareholding - is strengthening.

By contrast, the influence of the metal lobby on Russian foreign politics is less pungent. In African and Latin American countries where it has its main interests, the lobby has to act on its own without proactive government support. Nevertheless, it enjoys official support where lobby interests open opportunities for the government to increase its influence in specific regions and sub-regions. For example, this was the case in the botched attempt of the SEVERSTAL company to gain control over the leading European steel mill ACELOR.

The influence of the defense industrial lobby on Russian foreign policy is insignificant in comparison with that of its role in the USSR and with other corporate interests. By and large, this becomes visible in the policies toward the users of Russian military hardware. Nevertheless, it is also true that as the influence of elitist geopolitical interest in Russian foreign politics increases, so does the role of this lobby. The state company ROSTEKHNOLOGII is its most important representative. The diversity of corporate interests frequently determines the competition between various regional orientations of foreign policies. For a long time, the military-industrial complex was the main lobbyist for an intensification of relations with China. Recently, the leading role has belonged to the oil company ROSNEFT as well as to the part of bureaucracy within the Russian government, which supports its interests of. In contrast to this, it is mainly gas interests, which determine the relations between Russia and Europe. When it comes to the economy, this element prevails over all other factors. The significance of the Chinese orientation for a long time was given by geopolitical interests. Nevertheless, the economic component increases its importance also in this foreign policy division.

The interests of Russian companies do not exist in a chemically pure form, but are affiliated with the interests of one or the other group within the ruling bureaucracy. This is why the infighting among the companies to superimpose their interests on foreign policies is often caused by the attempts of groups within the ruling bureaucracy at controlling different resources. The conflict of interests of various bureaucratic groups in the policies toward Ukraine is a striking example. The unfolding financial and economic crisis will probably introduce new elements to the structure of the interests of Russian elite groups in the field of foreign politics.

These new elements could be generated by the upcoming ideological realignment in the ruling camp on the issue of coming to grips with the crisis. Some high-ranking officials such as First Vice Premier Igor Shuvalov, Vice Premier and Minister of Finances Alexey Kudrin come out for slashing expenditures and for using the crisis as a structural shore-up for the Russian economy by phasing out outdated industries and eliminating the heavy dependence on gas and oil. They do not exclude a return to the practice of contracting foreign loans. This socio-economic modernization drive would have dramatic consequences for foreign politics and promote closer cooperation with the industrial Western states. The alternative policy which is advocated by the main agent for the Russian energy sector and manufacturing, Deputy Premier Igor Sechin, proposes to base the anti-crisis strategy on the oil and gas sector. This possibly will entail a growing share of the state in the basic economic assets of the country. When it comes to foreign politics, this will probably support the traditional inertia which has characterized the last few years.

Conclusions

Driven by fundamental contradictions, which determine the interests of the ruling Russian elites in foreign politics, political practice oscillates between a tentative dialogue with the West from hawkish positions and the attempt to avoid high-intensity conflict. At the same time, the interlocking of geo-political and business interests has generated sustainable priorities of Russian foreign politics during the last years, which are resilient in the face of the oscillations of global business cycles. Nevertheless, at times it seems that these policies suffer from faulty internal logics and from a tendency toward improvization. This cannot be denied, but it is due to particular hiccups in the decision-making process and not to the interests themselves. One cannot, however, exclude the possibility of a fundamental change in the interest constellation of the Russian elites under the impact of the global crisis. This would have immediate consequences on Russian foreign politics.

NATO-RUSSIA RELATIONS: RELOADED OR OVERCHARGED?

Alexander DUBOWY

As spring like temperatures were about to gradually melt down the frosty relationship between NATO and Russia both sides suddenly locked horns again. The climax of tension was reached when two Canadian diplomats who had been working with the Russian Center of Information in Moscow were expelled. Dmitri Rogozin, the Russian ambassador to NATO, pointed out that the Kremlin decided to withdraw the accreditation of the two NATO-staff members because “it was, understandably, forced to respond to the banishment of two Russian diplomats from Brussels”. These men had been forbidden to enter the NATO building in Brussels some time ago. What is more, notwithstanding Russian protests NATO carried out a military maneuver in Georgia, only nine months after the war in the Southern Caucasus. This latest showdown in NATO-Russian relations on 7th May happened just right after Russia's foreign minister Sergey Lavrov had discussed the relations with his US counterpart Hillary Clinton. As the motor of the NATO, the US priorities are to pacify and stabilize Afghanistan and Pakistan. The US expects the European NATO states and many other countries of the region, such as Russia, India, China and even Iran to support them. Thus, shoring up NATO-Russian relations is a purely pragmatic act within the framework of president Obama's new strategy. In order to operate in Afghanistan, NATO needs a safe corridor to transport weapons and other devices, and the transport routes in Pakistan have become too dangerous in the meantime. Generally, any satisfactory solution of the Afghanistan problem can be found only in agreement with Russia.

However, the latest assurance of partnership does not mean that the relations between NATO and Russia are still very tense. Regarding foreign policy, both sides have been in a state of transition ever since the Cold War ended. Russia is going through a profound crisis of identity, the end of which is not to be expected any time soon. The same is true for NATO, which means that the relations will not improve substantially as long as the conflicts and problems of identity have not been resolved. Also, both sides have to overcome ideological clichés, double standards and quasi-anthropological attributions; Russia seem to regard NATO as the “bandog of an aggressive and moralizing West which seeks to impose its ideas of human rights and democracy on the rest of the world”; on the other hand, Russia is often portrayed as an “aggressor, exerting power over its weak little neighbors, oppressing and exploiting them.” It is, however, impossible to come up with a reasonable, constructive and mutually satisfying realpolitik, if it is based on the ideological categories of the Cold War. Both sides should stick to the principles of sincerity and sustainability and respect each other's legitimate security interests, instead of putting each other under general suspicion. This is the only way to reach mutual understanding and trust and to improve the relations. It is time to think about the future of the relations between NATO and Russia. No matter whether and when the two tentatively scheduled meetings take place, more importance should be attached to the concrete goals and areas within the framework of mutual cooperation. A whole range of trust-building measures should be taken; peace-making and peace-keeping operations should be carried out together. It would be helpful to reassert the mutual respect for the security, military, political and other interests of the other side. If there is a solid ground, all sorts of aspects of the partnership can be discussed, intensified or reduced. However, if there is no solid trust basis, the crises will inevitably erupt again.

GEORGIA ON OUR MINDS

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In purely military terms, the armed confrontation between Russia and Georgia in August, 2008, was a local war in a remote mountainous region. Nevertheless, everything that happens in this key region has strong geopolitical implications. For the US, Georgia is still a dependable ally, which unconditionally welcomes US military presence in the region in contrast to the recalcitrant NATO partner Turkey. US presence is dictated by the need to have a foothold in this volatile region, in order to project power to Iran and Pakistan as well as to control a vital energy transport corridor. Unsurprisingly, these objectives clash with the Russian claim to dominate the Caucasus as a zone of special interest. This clash of interests persists irrespective of who rules in Washington or in the Kremlin. Georgia has thus become the main scene of US-Russian confrontation, although neither side is interested in such an outcome and both try to keep the conflict to a low-intensity level. Through its incursion in August, 2008, Russia has demonstrated its resolve to send a clear stop signal to what it sees as an illicit Western intervention in its own strategic backyard. For Russia, the NATO bombing campaign against Serbia in 1999 was a defining moment, which was perceived as a substitution of the UN by NATO.

Frozen or brewing local conflicts in the Caucasus (such as the Ossetian-Ingushetian blow-up or the unrest in Samkhret-Javakhetia) could be engulfed into the new “Big Game” where the stake is hegemony in the Caucasus. Despite US attempts to re-assert its presence in Georgia, the August War has created new geopolitical realities: On balance, the War was a success for Russia. East-West relations had already been clouded prior to Moscow's incursion into Georgia and the mutual bickering proved to be short-lived. Moscow calls the shots in the Caucasus again, through recognition of the Georgian breakaway provinces, it can deploy sizeable regular forces in the area, and demonstrate its instability and volatility, which has stopped the Georgian and Ukrainian NATO membership drive and threatens plans to build new pipelines circumventing Russian territory. On the Western balance sheet, there is only one dubious “victory”, namely the refusal of Belarus to recognize Abkhazia's and South Ossetia's independence. For the EU, the War was an opportunity to display unity as well as to demonstrate its capacities for conflict settlement and policing.

As a paradoxical benefit, the war has given new thrust to negotiations over frozen conflicts in Nagorno Karabakh and Moldova, since Russia is interested in showing its political will for peaceful conflict resolution.

The Georgian strategy to bring its maverick provinces back to the fold has failed. Nevertheless, Georgia and the West would be ill-advised if they did not uphold the case for territorial integrity. But they must also be aware of the fact that Russia cannot recall its recognition. Since Georgia no longer has the option of re-unification by military force, such is only possible if the two provinces formally ask to be re-admitted. This would boil down to a deal with the Russians and go with a hefty price.

THE BALKANS: POWDER KEG OR GOLD MINE?

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The nineties of the last century saw bloodshed in former Yugoslavia, which in a harrowing way confirmed the stereotype of the Balkans as an area riddled with ethnic strife and conflict. The unexpected ferocity which erupted during the Yugoslav civil war (1991-1995) took the international community by surprise, because the conflict took place in a multi-ethnic state with an underlying socialist constitutional doctrine, which had laid down the reduction of ethnic and national tensions through the creation of a superordinate federal level as a major priority.

Global attention was again riveted to the situation in the Balkans in February 2008, when the latest step in the disintegration of Yugoslavia took place. Kosovo's unilateral declaration of independence from the Republic of Serbia on 17 February, 2008 was not perceived as a local problem, because the Kosovo case touched upon the foundation of international law, namely the principle of territorial integrity versus the right of self-determination. The Russian Federation was one of the few countries which did not accept the unilateral declaration of independence and which called for an amicable conflict solution, also for fear of separatist movements on its own territory.

Six months later the repercussions of this political earthquake reached Georgia, where the debate on international law took place again. However, this time it was Russia that argued against Georgia's territorial integrity.

The 1974 constitution of the Socialist Federative Republic of Yugoslavia did not succeed in openly addressing the contradiction between self-determination and territorial integrity, let alone in solving the problem. Complex ethno-political configurations and complicated decision-making mechanisms were formulated imprecisely, which resulted in a broad space for interpretation. The constitution distinguished between people (narod) and nation (narodnost); however, in the case of multi-national Bosnia the constitution did not specify whether the ethnic or the territorial dimension was decisive. Also, it did not exactly define the relation between the province of Kosovo and the Republic of Serbia, so that due to generous veto rights Kosovo was de facto able to act as an independent unit within the framework of Yugoslavia. Also, labelling one ethnic group living in Bosnia as muslims (muslimani) was misleading, because there were also people(s) of Islamic denomination outside Bosnia. Besides, the Bosnian Muslims should not have been reduced to the religious dimension only, as in Yugoslavia religion primarily functioned as an expression for national interests and as a key factor for ethnic identification, which was always present in society, despite the official state ideology which was based on "bratstvo i jedinstvo" ("brotherhood and unity"). Against the backdrop of escalating conflicts at the beginning of the nineties, the constitution provided no answer to the crucial question, whether the right of self-determination was granted to an ethnic group or to a territorial-administrative unity.

At present, Russia's involvement with the Balkans is focused on economy rather than on politics. On 18 January, 2008, Russia's president Vladimir Putin signed an agreement in Sofia between Russia, Greece and Bulgaria regarding the South Stream gas pipeline. Russia might get an edge over the EU in gas and energy markets, if the South Stream project comes into being. Also, Serbia and the Serbian Republic (Republika Srpska) are supposed to participate in the project, thus adding a concrete economic dimension to the traditional Russian-Serbian friendship, which commonly lacks substance, but is ubiquitous in political rhetoric. On the other hand, the EU is trying to exert influence on the Balkans by offering membership perspectives to Balkan states. Whether Russia and the EU will succeed will, among other things, depend on the global financial crisis. In any case, the traditional rivalry between "East" and "West" will continue on the geopolitically and strategically important territory of the Balkans in the form of economic competition.

THE CONFLICT IN TRANSNISTRIA. FUTURE PERSPECTIVES OF THE MOLDAVIAN STATE

Galina SANDUCA | Vlada LYSENKO

Against the backdrop of political and territorial changes in Europe, the end of the 20th century witnessed the problem of non-recognised states in all its severity. Some of these changes took place in a peaceful manner (Czechoslovakia), others involved violence. The 21st century inherited unresolved territorial problems primarily in the former Soviet Union. “New” republics emerged, uncontrolled by central authorities, such as the Nagorno-Karabakh Republic, South Ossetia, Abkhazia and Transnistria.

Moldavia was one of the republics that seceded from the Soviet Union in order to build its own national state. The People's Front of Moldavia took radical positions: its members demanded Moldavia to become the second Romanian state, its alphabet to be latinised, the Romanian tricolour to be introduced as the national flag, and according to their plans, Moldavia was to be incorporated into Romania as soon as possible. All these events and efforts were accompanied by russophobia and assaults against civilians.

Transnistria's population, which has a Slavic majority and feels closer to Moscow and Kiev than to Chisinau, responded to these tendencies utterly negatively. Political mobilization influenced the population of Transnistria so severely that it refused to establish a common state with Moldavia.

The conflict has remained explosive to date. The Romanian president Trajan Basescu supports unification under the aegis of the EU; at the same time pro-Romanian nationalists are trying to topple the communist government of Moldavia, which slows down the process of European integration and boosts anti-Romanian resentment in Transnistria.

Not only are there fears in Transnistria of being incorporated to Romania, but there are also social and economic factors contributing to the conflict. In Transnistria, which accounts for 12 per cent of the territory of the Republic of Moldavia, 28 per cent of industrial companies are located. About 90 per cent of the electric energy for the whole republic is generated and all important traffic and transport routes cross the territory of Transnistria.

Apart from that, there is also a military-strategic component to be considered, namely the geographic location as well as the presence of the former Soviet 14th army. Also, arms and ammunition (approximately 50 tons) have been stored in Transnistria since the nineties. The population regards the Russian military presence as a guarantee for safety and peace. Therefore, the majority of the people want to keep the arsenal.

The Eastern enlargement of NATO and the recognition of Kosovo's independence have worsened the situation in Transnistria. The Euro-Atlantic option for Moldavia and for the Ukraine increases the pressure on Transnistria to re-integrate. A scenario involving military operations would not succeed, as Russia would immediately respond in military terms. Tiraspol will not return to the fold of Moldavia voluntarily.

At the moment, the communist government of Moldavia seems to have no idea how to resolve the conflict between the left and the right coast of the Dniestr River. Also, the people in Moldavia take hardly any interest in the Transnistrian problem. According to sociological surveys, the problem is rated as merely minor (ranking 12), and only 2 per cent of all respondents regard it as a major priority. Most people, many of whom are intellectuals, simply want the government to solve the problem.

However, the existence of an unrecognised Transnistrian Republic safeguards that Moldavia continues to be an independent state, which it would cease to be in case of an integration to Romania. Both sides are interested in resolving the conflict: The government in Chisinau wants to secure Moldavia's sovereignty. Tiraspol on the other hand wants to end the international isolation, regardless of its demonstrative resolve to stay the course. Without international recognition, the economic development perspectives are highly limited. Lagging economic development would also weaken the loyalty towards the Transnistrian government.

Those who come out for Transnistrian independence advance the argument of “historical truth.” Chisinau invokes provisions of international law, as only Moldavia within the borders of the former Soviet Republic of Moldavia is internationally recognized. However, international law does not provide any explicit mechanisms to resolve this conflict.