# Russia in Europe

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# 1 Introduction

Russia is a European country, though a very peculiar one. Russia is also in deep crisis. But the situation in Russia is never as bad or as good as it seems. Those who now believe that Russia is in terminal decline are no more likely to be right than those who were predicting two years ago that Russia was on the verge of an economic boom. One should not draw straight lines on graphs.

The last Soviet leader, Mikhail Gorbachev, hoped to preserve the Soviet Union while transforming his country into a "normal" political and economic democracy, He smashed the old system. But he failed to create a new one: it was an impossible task, beyond any one man in one brief moment. At the beginning of 1995 Russia emerged from the wreckage of the Soviet Union burdened by history; shorn of its empire, its political system, and its ruling ideology; and with its economy in ruins. Few other nations have suffered such catastrophic change except in the aftermath of total defeat in war.

Boris Yeltsin took charge, the first leader of the new Russia and in many ways a reversion to an older kind of Russian ruler. His overriding concern was to gain and hold power. He lacked Gorbachev's willingness to grapple intellectually with issues of policy, and to engage in public debate about what needed to be done. He operated not among independent-minded colleagues with political constituencies of their own, but through a circle of more or less anonymous courtiers and cronies. He was prepared, as Gorbachev on the whole was not, to contemplate the shedding of blood on a large scale. He did almost nothing to forward orderly government in a country, which desperately needed it. He was not the natural democrat portrayed so hopefully by the West when he came to power. Yet he stuck, with a kind of dogged and wayward

instinct, to the process of democratic reform/ He backed – uncertainly and intermittently – those who were determined to act, where Gorbachev had only talked, by introducing a kind of orthodox monetarism into an economy which lacked financial, administrative, and legal apparatus needed to make it work. These "young reformers" were driven mad by the sound of economic considerations. But they were also determined to drive a stake through the heart of the Soviet planned economy, and so prevent any return to the past.

Like Gorbachev before them, Yeltsin and his young reformers will be seen as transitional figures. The crisis, which followed the financial collapse of August 17th 1998, is a reminder of how far Russia has to go before it can build a settled market economy, and of the many obstacles it will face on the way. But however turbulent or weak Russia may be now, what happens there will continue to concern the rest of the world. Russia is too large, and even in its present state too potentially powerful, for the rest of us to ignore it. That is true above all for the countries of Europe, with which Russia shares its continent. All the countries of Europe have a vital interest in making secure the lands at the eastern end of the continent, which have for so long been a source of friction. A Russia prosperous and democratic can make a positive contribution to that objective. A Russia divided, humiliated, and poverty-stricken could be a t least a passive, and possible an active obstacle. These are truisms. That does not mean they can be lightly dismissed.

This pamphlet describes the historical background to Russia's present troubles, which explains much of the current crisis. It describes Russia's relationship with other countries of Europe, and with Europe's post-war institutions. It concludes with and indication of the attitudes which European countries and institutions need to adopt, if their relationship with Russia is to stabilise and prosper.

# 2 Historical background

Russia is the largest country in the world, and has more neighbours than any other. That is something everyone knows. But it is still worth remembering how it got so large, and why so many of Russia's problems have their origin in its size and location.

Russia started its history in Kiev, a prosperous state that adopted Christianity earlier than some of its western neighbours. Kiev's political arrangements were not noticeably more primitive than those of other early medieval countries. It had a flourishing culture, and many diplomatic and trade links with the rest of Europe. But it suffered from internal dissension and from continual pressure by nomadic raiders on its vulnerable eastern and southern flanks. To these it succumbed in 1240, when it was over run by the Tartars.

The obscure city of Moscow, in the forests fat to the north, was better able to defend itself. From the fifteenth century its Grand Dukes made it their objective to gather in the ancient Russian lands, and to protect their territory by expanding to its "natural boundaries". As Moscow moved towards the Baltic Sea it collided with the Polish-Lithuanian Empire and Sweden. The fortunes of war varied, but Russia's western frontier was finally stabilised in the eighteenth century by Tsars Peter and Catherine, both Great. The southern and eastern frontiers were more fluid. Under Catherine the Turks and the Persians were finally brought to stalemate. In the sixteenth century Russia began an eastward expansion very similar to the westward march of the French and the Anglo Saxons across North America. Trappers and traders penetrated the Siberian forests. They were followed by the power of the state. As in North America, no attention was paid to the interests of the indigenous

inhabitants. Siberia was mastered and settled by the end of the eighteenth century, Central Asia by the end of the nineteenth.

Russia's imperial progress has many analogies with that of the other European empires. But there were essential differences. Russia's empire was a land empire like that of Turkey or Austro-Hungary. And it lay for the most part in inhospitable territory far to the north and east. Conditions in the European part of the country were difficult enough. In the newly acquired Asian territories they were even harder. But despite its size, Russia – and the Soviet Union which followed it – remained a very poor country with its climate menacing, its land for the most part infertile, its communications abysmal, and its richest resources in places which even the Russians found hard to inhabit. Most preferred to remain in Europe. Four fifths of them live there today. The organisation in the Asian territories of manufacturing and the extractive industries, even of agriculture, was hugely difficult. As a result the state stepped in. Siberia was used as a dumping ground for criminals and political opponents. Entrepreneurs were given special privileges for the development of industry, in which the state often took a direct interest.

Today's Russian nationalists complain bitterly that the West is deliberately turning Russia into a "colonial appendage" – a raw dumping ground for manufactured goods, and a source of energy and raw materials. Yet there is nothing new about the present pattern of Russian trade. Russian industry was always uncompetitive on world markets, despite the best efforts of Russian and Soviet governments. Throughout most of its history, Russia has rarely exported other than basic materials: furs, timber, and flax in the early period; wheat, timber, and oil in the last decade of the Tsars; and timber, oil, gas, diamonds and precious metals in the Soviet period. In the fifteenth century, in the eighteenth century, in the Soviet period, Russia was a net importer of technology, which it bought or stole from the more advanced West. In its last decades the Soviet Union did export engineering goods – weapons, heavy



industrial equipment and vehicles. But these found ready purchasers only amongst those who were prevented for political or financial reasons from buying in the more sophisticated West. Most of these markets collapsed when the Cold War ended, and Russia was left with little more than unpaid debts.

The Tsars and the Communists nevertheless successfully created an impression of imperial might by concentrating on military power at the expense of the civilian economy and of the people. Russians and foreigners thought – and still think – of Russia as a country rich at least in its potential: rich in sources, rich in its intellectual and scientific skills, rich in its industrial base. Many Russians now look back on the 1960s and 1970s as a time of stability and comparative plenty. But the poverty even of Leonid Brezhnev's Moscow was glaringly evident to foreign observers. In the provinces things were of course much worse. The productivity, organisation and technological level of industrial enterprises in the civilian economy lagged far behind that in the West. Soviet agriculture was in continual crisis. Even in the military sector, where all the brains and resources of the state were concentrated without regard for cost or economic rationality, the technological level was patchy and the practice of stealing military technology from the West continued. Russia's high levels of education and its concentration on scientific excellence brought it great prestige.

But these intellectual riches were not effectively harnessed outside the narrow military sphere. Many scientists worked in unproductive and inefficient research centres. Neither they nor the state exploited their innovations in the productive economy.

Even In Nikita Khruschev's day (1954-1964) the more perceptive Soviet economists could see that the Soviet economic system was in very serious trouble, and that its ability to meet the political and military aspirations of its leaders was failing. The Soviet leadership avoided drawing this unpalatable conclusion for more than two decades. In the 1970s the Soviet economy kept afloat on high oil

prices. The high water mark came following the American humiliation in Vietnam in the early 1970s: Brexhnev convinced much of the world that the Soviet system was on the road to triumph as it finally achieved a precarious military parity with the United States. But by the mid-eighties, responsible Soviet officials had begun to admit in private that the Communist experiment had failed and the Soviet Union was ripe for collapse. Many people in Russia blame the catastrophe, which followed on Gorbachev, and on the young reformers, brought in by Yeltsin. In fact its roots lie deeply embedded in the Soviet and earlier phases of Russian history.

Other European countries – even in the twentieth century – have also passed through periods of authoritarian rule, domestic horror, imperial expansion and economic collapse. But Russia's size and the extent of its Asian territories give its history a particularly dramatic and unusual quality. Russians and Westerners still argue, as they have argues for centuries, about whether Russia can really be called a European country at all. This futile debate is rarely based on historical, institutional, cultural, or economic fact. But it does affect the attitudes and therefore the politics of all concerned.

Both the Tatar invasion, and the great schism which divided the eastern and the western churches in the eleventh century, excluded Russia from the Renaissance and its outburst of new thinking about the nature of civil society and the role of the state. But Russian culture remained recognisably European. The brilliant flowering of Russian literature, art, and music in the nineteenth and twentieth centuries, with its strong Christian overtones, could come from no other tradition. Russia's expansion into Asia did not make it into an Asian country any more than Britain became Asian by virtue of its command of India.

Yet Russians like to believe that their country is after all unique, not subject to the historical and economic laws, which work elsewhere. It is an explanation for their historical triumphs and for the unremitting hostility to the outside world, and a convenient excuse



for their many historical failures. Foreigners feed this paranoia when they argue that Russia is precluded by its history from developing the institutions of democracy, and that it judged that the Spaniards, the Italians and the Germans were also incapable of democracy. Such historical determinism is neither intellectually respectable nor politically constructive.

# 3 The crisis continues

The crisis that has now overtaken Russia is as serious as anything that has happened since the collapse of the Soviet Union in 1991. The central objectives of president Yeltsin and the governments of young reformers were wholly justified. Without the decision of the then prime minister Yegor Gaidar to liberalise process and foreign trade in 1992, and his attempt to impose hard budget constraints on the decisions of Russian industry, the process of reform would not have got under way. But these necessary measures were not sufficient. Some of the young reformers appeared to believe that the policies were universally applicable. They ignored the fact that Russia's size, culture, traditions and institutions were all inimical to the creation of a genuine market economy. Culture, traditions and institutions would all be transformed, they believed, by the workings of the untrammelled market. Unemployment and social distress would sort themselves out as the economy expanded. As old-fashioned Soviet industries collapsed in the one-company towns of the far north and Siberia, people would turn to new forms of work – or get on their bikes to seek work elsewhere, Those who argues for a more cautious strategy were stigmatised as ignoramuses or conservative hangovers from the Soviet past.

For a while the reformers' approach seemed to work. The "Russian boom" produced a hectic prosperity in the biggest cities, and that prosperity did indeed trickle down to the provinces. The rouble stabilised and the rate of inflation was brought down from around 2,800 per cent in 1992 to near single figures by the beginning of 1998. Yet the rouble crash in October 1994 was an obvious sign that things were already wrong: it demonstrated that the spanking new Russian banking system needed to be radically overhauled, and that a large number of so-called banks needed to be closed down.

The central bank never took the necessary steps. Soon the government was having to balance its budget by selling off state enterprises at giveaway prices, by omitting to pay pensions and the salaries of its employees, and by borrowing short-term money at interest rates sometimes as high as 180 per cent.

In these circumstances enterprises were unable to raise money for new equipment. Barter rather than money became the medium of exchange between suppliers and producers, and between taxpayers and the government. Greed, not public service, became the motivating force of politics as well as business. The new Russia had acquired a Potemkin economy as fragile, if in a wholly different way, as the Soviet economy, which had preceded it. [1] By the beginning of 1998 the shape of the coming collapse was already visible. In August the bubble burst. The prime minister of the time, Sergei Kirienko, along with the other young reformers, tried but failed to grapple with the crisis. The rouble lost two-thirds of its value, the stock market collapsed and Russia defaulted on its foreign debt. Kirienko was sacked, and Yeltsin tried to impose Viktor Chernomyrdin on the Duma – the man had arbitrarily sacked as prime minister only five months earlier. The Duma rebelled, and insisted their own man, the veteran politician Yevgeny Primakov. That was a measure of how far Yeltsin's authority had declined.

*[1] Grigory Ptemkin (1739-91) – the favourite and chief minister of Catherine the Great – built fake villages along her travel routes to convince her of a non-existent prosperity.*

Though reform appeared to have failed for the time being, the extent of the failure should not be exaggerated. Between 1992 and 1998 the reformers had begun to lay the essential foundations of a market economy, continued the opening of the country to the outside world, and made a return to the past even more improbable. But they and their western advisers underestimated the sheer resilience of the old Soviet economic system. The state drastically reduced its purchases from the defence and engineering industries. Liberal theory had predicted that these industries would shrink, as their customers disappeared and investment was attracted into new competitive



industries. But instead they continued to take valuable resources, while their value fell to nothing.

Above all the reformers had to battle with the mountainous Soviet legacy of corruption, bureaucratic inefficiency, institutional inadequacy and ideological distortion. It did not take western advisers to convince them that they needed to reform the tax system, privatise land and introduce transparent and enforceable commercial law. They knew that well enough. But they could not set aside the burdens of the past in a matter of a few short years. Given the obstacles they faced, perhaps no more could have been expected of them in such a brief period. They might have survived long enough to turn the next corner had the world economy continued to boom. But their cushion was destroyed by falling oil prices and contagion from the financial crisis in Asia.

The West must carry part of the blame. Yeltsin and Gaidar asked the West for financial support for their reforms as soon as they came into power. Though the reforms were exactly what the West had demanded, the G7 dithered. By the end of 1992 Russia was in hyperinflation and Gaidar was out of power. Then he came back, and western advisers applauded the apparent success of the government's policy of macroeconomic stabilisation. But they regularly turned a blind eye as the government failed to get a grip on Russia's fiscal system and its other macroeconomic and institutional problems. They joined in the chorus of denigration of the "Red Directors", the factory managers who were desperately trying to keep their factories working and their people employed. Western bankers – some of them as greedy as their Russian counterparts – got rich as interest rates soared and the stock markets went through the roof.

Primakov and his colleagues in the new government formed in September 1998 are from an older generation. Parts of the western press immediately pilloried them as hard line Communists from the economic stone age. In fact Primakov, his deputy Yuri Masliukov

and Viktor Gerashchenko, the new governor of the central bank, are all moderate men from the late Gorbachev years. Thought they are well steeped in the old ways, they are not stupid, and they have learned some new tricks. After becoming prime minister, Primakov handled the contending forces in Moscow and the provinces with tactful cunning, restoring a semblance of political stability. The new administration began to inspire confidence at home and abroad, and to look as if it might be around for some time. By the end of 1998 the ailing president had in practice relinquished much of his responsibility for day-to-day affairs. People were even beginning to talk of Primakov as a possible successor, a credible alternative to the existing favourite, and the mayor of Moscow, Yuri Luzhkov. Contrary to some expectations, the new men have not attempted to print their way out of the economic crisis, though they did creates some money to pay the wages of teachers, doctors and officers. They know that the Russian people deeply resented the way in which their savings had been confiscated and their pensions devalued by ignorant Soviet attempts to "reform" the currency and by Yeltsin's hyperinflation. The new men know that they too have to restrain inflation, stabilise the currency and remain on good terms with the international financial community. They stand for a moderate programme of the centre-left. The would, they announced, strengthen the social welfare net, increase state regulation of the "irresponsible" market, return to traditional values and give priority to education.

Some commentators sneered, and others suspected that these fine words were a blind for a more primitive "socialism". But these objectives were not in themselves unreasonable or inappropriate. The real problem was rather different. The Russian state machinery is no longer strong enough to raise taxes, enforce the law or regulate the market: all essential if the economy is to be stabilised and nudged forward. Primakov moved with great circumspection to negotiate with the IMF and the country's foreign creditors. By the end of the year he had introduced a budget as austere, as dependent on foreign loans and as unrealistic as the previous budgets of young reformers.



The IMF was still sceptical and he had taken no serious steps to reform the machinery of state. Some criticised him for not rising to the occasion, for evading the need for decisive action. Others praised him for not taking instant decisions, which might instantly misfire. By the turn of the year it was still too soon to pass judgement.

Although everyone has suffered, the crisis has been particularly galling for the new middle class. These people – mostly under forty – were professional, energetic and ambitious. They were too young to share the guilt and the desperate fears and inhibitions of their parents and grandparents. They were potentially the basis of the sophisticates and dedicated middle class which Russia has always lacked and which Russia needs if it is to become a modern state. In the last few years they were able to earn enough to buy a decent apartment and perhaps a place in the country, to send their children to good schools, to own a car and to spend one holiday a year abroad. By the end of 1998 these reasonable ambitions were once again beyond reach and tens, perhaps hundreds of thousands of them had already lost their jobs in Moscow alone. Some will emigrate, to return perhaps when times improve. Most will remain in the country.

There may already be a silver lining, young professionals who have lost their overpaid jobs in Moscow's hectic financial world are now willing to bring their accounting and financial skills to bear where they are really needed, in Russian business and industry in the capital and even in the provinces. Others will start to exploit the drying up of foreign imports to develop new productive businesses. What these people learned in the past six years cannot now be unlearned.

# 4 Achievements and scenarios

Fortunately, the lessons of the post-perestroika age as a whole cannot be unlearned. In the spring of 1998 Gorbachev took the revolutionary step of organising in the Soviet Union the first contested elections to be held in Eastern Europe since the descent of the Iron Curtain. The people took their chance and dismissed the Communist leaders in one city after another. Gorbachev then gave the East Europeans a clear signal that they should make their own choices, and enabled them to carry through their own revolutions without fear of Soviet intervention. Since then the Russians have held two orderly presidential elections, three parliamentary elections and two national referendums. In 1991 Gorbachev left office a free man – unprecedented in a country whose leaders have always finished dead (from natural causes or murdered) or consigned to oblivion. He left behind him a country with open frontiers, an open society, and a free if corrupted press and an economy no longer dominated by the state's drive for military power. Under Yeltsin and his reforming team, Russians began to acquire (and too often to abuse) economic freedom as well. Compared with the bloody confrontation between Yeltsin and the parliament in October 1993, the disagreement between them over the choice of prime ministers in 1998 was conducted calmly and comparatively openly. Large numbers of people demonstrated against the previous government's disgraceful failure to meets its elementary obligations to the voters. But the demonstrations – under the aegis of the Communists and the trades unions – were orderly throughout. The press covered all aspects of the crisis freely and in sometimes excruciating detail. That sort of thing happens in democracies. It never used to happen in Russia.

In judging where Russia is going next, we must keep one thing firmly in the forefront of our minds. The Soviet Union, a closed,

introverted, authoritarian, militarised and imperial state, bore an uncanny resemblance to the Russian empire that preceded it. What happened in Russia ten years ago – the collapse of the Soviet Union and the preceding events – was the first true revolution to occur in Russia's history. The year zero of the Russian Revolution in 1989, not 1917. And we know from history that revolutions take decades, if not centuries, to work themselves through. The fledgling United States of America was founded on a secure civil society, for which there was no equivalent in the new Russia. Even so it took a hundred years before the Americans abolished slavery, and another century before they finally established the universal democracy, which they proclaimed in 1776. History is supposed to have accelerated. But the generations still succeed one another at the same old rate, and people's minds change with the generations, not with the headlines of today's newspaper. We will not understand very much about the present Russian revolution if we fail to understand the factor of time.

What Russia has nevertheless achieved in the last ten years is a solid basis for further progress. But too many political, constitutional, economic and social issues remain unresolved before we can be confident that progress can be sustained smoothly, or perhaps at all. Russia could still go in several different directions. It could revert to its authoritarian and imperial past, menacing its own people and its neighbours. It could disintegrate into separate regions. It could descend into a Latin American swamp of corruption and poverty. Or it could continue its present struggle towards its own form of political and economic democracy, a progress punctuated by setbacks of which the present crisis is merely the latest.

## Restoration of the Soviet Union

Of all these outcomes the least likely is the restoration of some kind of "Soviet Union". Older Russians, who remember the prestige and power their country once enjoyed and who see nothing wrong with the fear that power once inspired, may yearn to recreate the past.



Wild young extremists and the occasional military general may feel the same. But the Soviet system had become unviable, and the Soviet Union collapsed under its own weight. Apart from all the huge practical difficulties that any attempt to revive it would have to overcome, there is no reason to believe that the vast majority of the Russian people would be willing to pay the necessary price. And nowadays what the vast majority of the Russian people thinks and wants counts for far more than it ever used to.

## Disintegration or meltdown

One theory popular in the West and infuriating to Russians is that the country will fall apart, either into small political, economic or ethnic entities; or at least into three large, perhaps independent regions based on European Russia, Siberia, and the Far East. The theory points to the immense and intrinsic difficulty of running such a huge country, the ethnic basis of some of the constituent republics of the Russian Federation, and the apparently increasing desire of political governments to free themselves from the tutelage of central government.

These propositions are not implausible. But they ignore some tangible and some intangible facts. Russians may not much want to live in Siberia or the Far East. But the Russians, who do live there, like those who live in what is geographically defined as European Russia, have a great sense of pride in their country and indeed in its very size, however inconvenient that may be. Though some of the federal republics, such as Bashkortostan and Tartarstan, have a strong ethnic tinge, eighty per cent of the population of Russia is Russian. Provincial governors naturally strive to increase their room for manoeuvre, and some of them are now trying – as they did in the difficult winter of 1991 – to protect the people from the worst of the crisis by introducing a kind of provincial autarky based on food rationing and trade barriers against the rest of the country. But most of the provinces are still net debtors to Moscow, on which they rely for a variety of different subsidies. It is highly unlikely that

any of the governors would push their luck to the point of an open breach with the centre. That centre will never again be able to exercise the kind of iron control of the periphery, which was a major aim of Tsarist and Communist governments. But the informal process of unco-ordinated negotiation between individual regions and Moscow over fiscal and legislative rights and duties, which began before the Soviet Union collapsed, is likely to continue – a kind of creeping Constituent Assembly – until Russia finally becomes a genuine federation.

An alternative scenario is that Russia might be overtaken by chaos following widespread famine and popular unrest. Russian governments have always feared the Russian people, not entirely without cause: from time to time the Russian people have risen violently against their oppressors. Other peoples would already have been rioting in the streets if they had been asked to put up with the same deprivations. But the popular attitude at present seems to be one of resignation, not defiance, and so far there are no signs that the remarkable patience of the Russian people is about to come to an end.

Another potential source of chaos and disruption is the Russian military, which has suffered the greatest degradation of all. Once the heroic victors of the Second World War, they have now been humiliated by defeat in Afghanistan and Chechnya, their equipment outdated, they do not have the fuel or the ammunition to train properly, their pay has been delayed for months at a time and in some cases they are literally starving. In August 1998 Yeltsin announced that the army would be cut to ten divisions by 2005 (the old Soviet Army had 200 divisions, though many of them existed only on paper). Yet attempts to restructure and reform the army have failed not only for lack of will, but above all for lack of funds. Any other army in the world would by now have mutinied. The Russian army is perhaps too demoralised, too disorganised, or (some would claim) too true to a tradition of honourable service to go on the rampage.



Such an army cannot be a serious menace to Russia's neighbours, though small packets of Russian troops can occasionally still sway battles in the internecine wars around Russia's periphery. A more serious menace, and one which in particular concerns the Americans, is what happens to the thousands of nuclear weapons which are still, at least in theory, under the army's control. These weapons are not a direct military threat. Even if Russia did break into its component parts, it is highly improbable that the resulting statelets would be capable of threatening one another, or Russia's neighbours, with nuclear bombardment. The dangers are that the weapons, or their fissile material, will seep out of the country into undesirable hands; or that leaks from military nuclear waste sites, such as those on the borders of Norway or Japan, will pollute the territory of Russia's neighbours.

Disintegration and meltdown are therefore unlikely. But even if they were to occur, it would not be the end of the story. Russia has demonstrated more than once that it has a remarkable capacity to regenerate itself from national catastrophe. That process has usually been extremely painful both for the Russians and for their neighbours. The kind of Russia that emerged would doubtless be even further from stability and prosperity. But in the long run that Russia, too, would have to live in the modern world, and start again on the path of reform so painfully interrupted.

## Latin American swamp

The Soviet Union, like Russia before it, was a poor, over-regulated country caught in the grip of an underpaid and overworked bureaucracy. Corruption and crime were rampant, as it always is in such conditions. In this fertile soil the enterprising and unscrupulous – many of them from the Party's youth wing, the Komsomol – took full advantage of the huge opportunities for personal enrichment engendered by the Soviet Union's collapse. Criminal groupings smuggled all kinds of commodities to hard currency destinations (Estonia's capital, Tallinn, grew rich on the entrepôt trade). Others

preyed on the small and medium-sized businesses, which were beginning to emerge. A nexus of profitable business grew up between government and the new oligarchs who controlled banks, big enterprises and large chunks of the media.

It is not easy to get a quantitative or even a qualitative handle on this phenomenon. Hard facts about the extent of organised Russian crime, both inside of the country and abroad, are naturally elusive. Claims that Russia is run buy the "Mafia" (a sad misuse of a word which used to have a precise meaning) are certainly exaggerated, though they make good newspaper copy. But it is impossible to dismiss entirely the possibility that Russia could become a state on 1970s Latin American lines: incompetent, corrupt, crime-ridden, economically stagnant, with a larger military than the country needs, and no more than an intermittent devotion to democratic principles.

This scenario could lead back to the first, namely meltdown or chaos. But it too would provide no final answer to Russia's problems, any more than it has been an answer to the problems of the countries of Latin America. Sooner or later Russia would have to emerge from the swamp, as Argentina and Chile have done, and struggle towards a more optimistic future.

## Bumpy progress

This prospect – slow, bumpy progress towards a Russian version of liberal economics and democracy – is still on balance the most plausible. Russia is now a part of the world as it has never been before: Russians now know what is going on in the outside world, through the press, television, the telephone, the internet and foreign travel.[2] The vulnerability of the Russian economy to external events, which helped to produce the August 1998 crisis, is ironic confirmation of this. The chances that Russia will once again become a hermetically closed society are very remote indeed. More likely is that the pressure for change and modernisation will eventually produce a Russia markedly different from the autocratic, poverty-stricken, and militarised society of the past.

[2] *In the last years of the Soviet Union it was still difficult to telephone from the provinces to Moscow, let alone to the outside world. Now you can do it on a mobile.*



In the short- to medium-term the question marks are obvious and numerous. How will the politics develop? How will Yeltsin's successor be selected and installed, and how will Yeltsin himself be treated as he leaves the political stage? Will the Communist Party split, and will its social-democratic wing find its way into responsible government? Will a start finally be made on genuine military reform? Will the press remain free? Will the extremist parties of right and left – both equally brutal and racist – continue to lose ground at elections? Will the people remain content with orderly protest?

And what about the economy? Will Russian producers begin to fill the gap, especially in the food sector, left by the importers, which Russia can no longer afford? Will the central bank and the politicians at last be willing to discipline and reform the banking system, and will they close down the numerous banks that were little more than private devices for printing money? Will the government finally get a grip on taxation and the enforcement of law in business and the economy? Will backward industries be closed down at last, to make way for enterprises that produce goods that people actually want? Will the politicians at the centre and in the regions be able to bring themselves to hand over the land to the enterprising, and so end Russia's centuries-old agricultural crisis?

This is a huge agenda, it is not exhaustive, and it certainly cannot be tackled overnight. Each of the items on it can serve as a benchmark for the speed and direction of change. But above all the necessary transformation of attitudes and institutions will take generations, not decades, just as it has done in the other modern democracies. Whatever the outcome of the latest crisis, it will certainly be followed by others as severe.

# 5 Russia and the outside world

Until a mere decade ago, the Russian inhabited a kind of superpower. The Soviet Armed Forces were by nay measure the largest if not the most sophisticated in the world. Even as its political appeal faded in the 1970s, the Soviet Union was still challenging the United States, dominating Eastern Europe and intriguing in Africa and Latin America. All that came to an end when Gorbachev and his foreign secretary, Eduard Shevardnadze, realising that the Soviet Union did not have the economic sinews to sustain a world role, cut their losses in Africa, Latin America and Eastern Europe. Now the military instruments of a superpower are – literally – rusting away. Russia will not be able to afford massive armed forces for the foreseeable future. Its military technology had already fallen far behind that of the Americans. Its economy, once (wrongly) thought to be the second strongest in the world, is now according to some measures no larger than that of Spain.

Russians were brought up to believe that their technology was the best in the world: their early triumphs in space seemed to prove the superiority of the Soviet system and of the Russian genius. These triumphs were genuine, however great the economic and often human sacrifice entailed. But Russian confidence in Russian technology has been subjected to one shock after another, such as the nuclear disaster at Chernobyl and the troubles with the space station MIR.[3] As they travelled abroad more freely, Russian increasingly realised how far their country was lagging behind not only America, but the countries of Western Europe and even

*[3] Russian technology may be crude and commercially uncompetitive. But it is often surprisingly resilient, as German tank commanders discovered when they came up against the T34. Those Westerners who sneered at the Russian space station MIR and its troubles have forgotten the catastrophes which overtook Challenger and nearly overtook Apollo 13.*

Asia. Some, such as the writer Alexander Solzhenitsyn, took refuge in a simple-minded nostalgia for Russia's Orthodox and peasant roots. Others on the extreme nationalistic right of Russian politics – and some on the extreme left – hankered after an unattainable restoration of the old system. All Russians. Of whatever political stripe, grew rapidly tired of being patronised by well-meaning representatives of those who had won the Cold War.

All post-imperial powers have to go through a difficult process of adjustment. For the Russians it is even harder than it was for the British and the French. Few of them can even admit that the Soviet Union, and Russia before it, was an empire. Like the British in their day, they assumed that the benefits of a close relationship with the metropolitan power were self evident to the subject peoples. Even today they are still not entirely sure that small countries have the same rights as large ones. The institutions which they created in Eastern Europe after the Second World War were instruments of imperial control: they find it hard to believe in the reality of co-operative bodies where Luxembourg too had a veto. In the West these now seem curiously anachronistic attitudes, even though it was only after the Second World War that it finally became unfashionable to invade Belgium.

Many Russians still feel that the role model against which they should measure their country is the United States. Indeed the Americans will continue to treat them as a kind of equal so long as they control a massive nuclear force, and lethal technology that could fall only too easily into the hands of rogue nations and organisations. But the ratification if the START II nuclear arms limitation agreement has been blocked in the Duma, despite the attempts of the Communist deputy prime minister Masliukov to persuade the deputies that the agreement is strongly in Russia's interest. The Americans doubt the effectiveness of the Russian government's machinery for controlling the export of sensitive weapons. These and other matters provide the material for a continued and intimate dialogue between the two. But America is



meanwhile expanding its political, military and commercial involvement around Russia's diminished borders, in the former Soviet countries of Central Asia and the Caucasus, as well as in Eastern Europe. Even sensible Russians believe that America is deliberately taking advantage of Russia's weakness to prevent it from recovering even a modicum of its former power. This may not be the policy of the US administration, but there are enough statements in Congress and in the American press to provide fuel for Russian suspicions. America will continue to be of the greatest importance to Russia. But Russia's importance to America may decline, despite the US administration's policy of "engagement" with its former adversary.

Given the constraints it faces, the Russian government had little scope for an active foreign policy. Primakov, as foreign minister from 1995-98, worked hard on the whole effectively to increase Russia's room for manoeuvre abroad. The Russians have done what they could to exploit their permanent membership to the Security Council. They have allied themselves with other countries concerned at the increasing tendency of the United Stated to act as it thinks fit, with little regard for the constraints of the UN Charter. They have worked on their relationship with China, not least because they fear the growing demographic and commercial pressure which China is exerting on the underpopulated and vulnerable provinces of Eastern Siberia and the Russian Far East. They have begun to mend fences with Japan. They have flirted with Iran and Iraq, partly to increase their political role, partly to take commercial advantage – Iraq still has a debt of $8 billion to Russia incurred during the Soviet period. Closer to home, they have done what they could to preserve their influence in the former Soviet republics of the Caucasus and Central Asia, where they have strong economic and strategic interests. They have occasionally used small packages of military as well as political and economic pressure to get their way in the Caucasus and in Tajikistan, as well as in Moldova, and they have exploited the personal, political and business links which they still enjoy in the area.

They have had some success, not least because the new republics occasionally find Russia a convenient counterweight to the growing influence of other outsiders – America, China, the Islamic countries, the European Union and the western oil companies. But it is an illusion of the Russian nationalists – and of foreigners who still fear Russian imperialism – to believe that these links can restore, in the foreseeable future, anything like the influence which the Soviet Union used to exercise. Russia's relationship with China will not ripen into a serious alliance against the interests of the rest of the world. Russia will not push its relationships with Iran and Iraq beyond the limits imposed by UN Security Council resolutions and American patience. Russia will not become, once more, the hegemonic power in the Caucasus or Central Asia. Instead the Russians have adopted a diplomatic style much like the one which de Gaulle used when France too had fallen on hard times. By being difficult they have made preferable – again within strict limits – for others to accommodate them. Changes in the wider world, as on Russia's southern flank, will create some new opportunities for them. They will create difficulties as well. Russia's primary task will be to manage, not to exploit them.

As Russia's role in Asia, Africa, Latin America, and on its own southern border has faded, its links with Europe have strengthened. Europe is by far Russia's largest trading partner. Russia supplies Europe with much of its oil and gas. Russians now travel to Europe – or did before the present crisis – in their millions. There are subtler links too. A century at least before the phrase became popular in Britain, Russians were yearning for a "Third Way", a Russian way that would enable their country to bypass the apparently cold-hearted prescriptions of neo-liberal economics and bourgeois democracy while avoiding Communism. The "Third Way" is an illusion: Russia is subject to the same economic arithmetic as the rest of us. It is highly unlikely that Russia will ever become a liberal political and economic system on the American model. But there are respectable alternatives. Many Russians see the attractions on the social and economic model preferred by some members of the



European Union. They would like "Swedish social democracy" – though as Gaidar once remarked, to have that luxury of choice, you first need an economy that works.

A closer partnership between Russia and the rest of Europe makes sense for historical, economic and geographical reasons. But many historical inhibitions must be overcome before there can be a genuine and lasting rapprochement. The centuries-old succession of bloody wars and ruthless occupations which has characterised the relationship between Russia and its western neighbours has left bitter memories on all sides. Russia has been invaded by Poland, Lithuania, Sweden, France, Britain and of course Germany and its wartime allies in two great wars. Even today most Russians see their numerous incursions into Eastern and Central Europe not as acts of aggression, but as defensive wars which from time to time they have carried into their enemies' territory.[4] They see no difference between the efforts of Peter the Great and Ivan the Terrible to secure an opening on the Baltic Sea, and the efforts of West European powers to secure "strategic" frontiers on the Rhine, the Pyrenees or in the Low Countries. They have abandoned their ambitions to dominate Central Europe. Bit they still believe that what happens there directly affects their most vital interests. They are still apprehensive of a German hegemony in the European heartland, even if they no longer think this is likely to be exercised by military means. Their official military doctrine now discounts the possibility that Russia will once again be invaded from the west. But they do fear, and with some justification, that they will be left impotent and isolated on the eastern marches of the continent, as the rest of Europe becomes ever more united with them.

*[4] The idea that Russia has normally been the victim rather than the initiator of military action is deeply rooted in the minds of most Russians and many foreigners, although – as the Imperial General Staff reported to the Tsar in 1898 – the Russian army fought 38 wars between 1700 and 1870, all but two of them offensive.*

## Russia and its former empire

At the end of 1991, Yeltsin attempted to set up a "Commonwealth

go Independent States" to cover the European as well as the Asian and Caucasian parts of the old Soviet Union. The Balts refused to have anything to do with it, the Georgians sulked for a while by eventually joined, and the Ukrainians and others regularly blocked any measures which pointed towards supranationality or Russian control. The attempt has been a ponderous failure. Many Russians were glad enough to part company with their non-Slav partners who, they believed, had been a constant burden on the Russian purse. But many still yearned to restore – on a voluntary basis, they said – at least the Slav core of the old Russian empire: Russia, Ukraine and Belarus. Ukraine was the largest of the Soviet republics by population, and it is now Russia's most substantial European neighbour – a country similar in size, shape and population to France. Most Russians find it hard to accept that Ukraine is a separate place. They were brought up to believe that Russian history flowed in a direct line from mediaeval Kiev through Muscovy and the Empire of Peter and Catherine, to the Soviet Union and the Russia of today. The Ukrainian language, they thought, was no more that an old-fashioned and inadequate dialect of peasant Russian. They could not understand why such a non-country should be separated for the Russian heartland; and in their heart of hearts hardly any of them believe the separation will last.

Many Ukrainians also lack confidence in the durability of their country, and with some reason. After the Kievan empire was shattered into fragments by the Tatars, Ukraine rarely had more than a few brief and unsatisfactory years as an independent state. The Ukrainian lands were exposed to perpetual invasion for Russians, Turks, Tatars, Cossacks, Poles, Swedes and Germans. The Poles and the Jesuits attempted to subvert the Ukrainian Orthodox church by creating the Greek Catholic (Uniate) church, which preserved the Orthodox liturgy while recognising the authority of the Pope. The Ukrainian lands were reunited from 1569 to 1648, but only under Polish sovereignty. Peter the Great stripped Ukraine of its remaining pretensions to autonomy. Only in western Ukraine, which the Austrians had carved out of Poland at the end of the



eighteenth century, were the Ukrainians able to develop in comparative freedom.

Despite these oppressions, Ukrainians found the strength and organisation to create and independent state after the Tsarist collapse. But in 1921 their country was divided once again. Western Ukraine became an underprivileged and oppressed part of the Polish Republic. The fate of Soviet Ukraine was very much worse. Some six million Ukrainians died in the artificial famine which Stalin induced to enforce collectivisation in 1931 and 1932. Between five and seven million died in the fighting and the massacres of the Second World War. When that was over a guerrilla war continued between Ukrainian nationalists and the Soviet army, and repression resumed. After Stalin's death, Ukraine's fortunes varied. Khrushchev handed the Crimea (then overwhelmingly populated by Russians) to Ukraine to mark the 300th anniversary of its union with Russia, leaving a time bomb behind them. Brezhnev resumed the repression, though in a milder form.

Since the end of the Soviet Union in December 1991, Ukraine has concentrated above all on keeping a safe distance from Russian and on deliberately strengthening its links with its western neighbours. It has greatly improved its traditionally bad relations with Poland. It is a member of NATO's 25-member North Atlantic Co-operation Council (NACC), and of its "Partnership for Peace" (PfP) programme for military co-operation with the former members of the Warsaw Pact. Since Ukraine agreed to rid itself of nuclear weapons after the Soviet collapse, it has become one of the largest recipients of American aid, partly on merit and partly because the Americans believe – perhaps rightly – that as long as Ukraine remains independent, Russian can never again become an empire.

But Ukraine cannot escape its close ties with Russia. Thirteen million people – 20 per cent of the population – regard themselves as Russians. Russia still accounts for 40 per cent of Ukraine's trade in goods. Ukraine imports 90 per cent of its oil and most of its

natural gas from Russia, although there is continual friction between the Russian suppliers, who naturally want to get paid something near the world price for their product, and the Ukrainians, who cannot pay much more than the old and heavily subsidised Soviet price. Despite many negotiations and half-baked agreements, Russia and Ukraine have still not sorted out the status of Crimea, as well as a number if ticklish issues of citizenship, language and border demarcation. All these issues are exploited by extreme nationalists on both sides. At one time in the early 1990s the CIA – the Nostradamus of the modern world – was predicting that the result would be war between the two countries within six months. That has not happened, primarily because the leaders in Kiev and Moscow have more sense, as well as far more pressing things to deal with at home. Ukrainian politicians have blocked serious reform, and some of them still hark back to the Communist if not the Soviet past. The Ukrainian economy is in an even worse state than the Russian economy, with declining production and living standards, and rising corruption and crime. A forcible reintegration into Russia is now no longer on the cards. But as long as the Ukrainians fail to sort out their domestic political and economic problems there is a danger (and for Russian nationalists a hope) that Ukraine could slide back into the Russian embrace through sheet incompetence.

Belarus (formally Belorussi), the other candidate for a Slav union, has already made some apparent progress along that path: in 1996 Aleksyandr Lukashenka, its president, signed a union treaty with Russia. Like Ukraine, Belarus was occupied for many centuries by Poles, Russians, Lithuanians, Swedes and Germans. After the collapse of the Russian Empire, a Belorussian democratic republic enjoyed a brief independence until it was once again divided between Poland and the Soviet Union in 1921. The country suffered very severely from Stalin's repressions and from the war. It became independent when the Soviet Union broke up at the end of 1991. Lukashenka became president in 1994 after a landslide election victory – won on a platform of fighting corruption and



establishing closer links with Russia. His progressive suspension of normal democratic rights led the Council of Europe's parliamentary assembly to withdraw Belarus's observer status in 1997. The following year he provoked a trivial dispute over diplomatic poverty with a number of Western countries, leading to the temporary withdrawal of diplomatic missions by EU states and others.

The "union" is unpopular with both nationalists and beleaguered democrats in Belarus. Russian nationalists like it, and the Russian military hope to exploit Belarus as a forward bastion against NATO expansion. Primakov has actively promoted the union. But the distorted terms on which Belarus conducts its trade with Russia places an additional burden on the Russian economy. There are few compensating political and economic advantages in what is primarily an exercise in nostalgia, and so far the union looks unlikely to take root.

The Balts are not Slavs. Unlike the Ukrainians and the Belarusians, therefore, they have no problems about their identity. But they too were occupied by successive waves of Germans, Swedes and Poles. Lithuania, a major power in Eastern Europe in the Middle Ages, often campaigned successfully against Russia on its own or in union with Poland. Later divided between Russia and Poland, Lithuania regained its independence after the First World War, at the same time as the peoples of Estonia and Latvia achieved it for the first time in their history. In 1939 this brief independence was snuffed out by the Molotov-Ribbentrop Pace and by the ensuing Soviet and German invasions. As a consequence of fighting, deportation and the massive introduction of Russian workers into new factories built up after the war, the demographic makeup of Latvia and Estonia was radically altered. Before the war most of the people of Estonia were Estonian; by 1989 nearly a third of them were Russian. Native Latvians fell from over two thirds of the population to just over half by 1989; most of the remainder were Slavs, whether Russians, Ukrainians or Belarusians. Only Lithuania escaped this trend: four fifths of its

population are Lithuanian, and only one tenth is Russian. The Estonians and the Latvians are particularly worried that Russia could use the large Russian minorities as a pretext for blackmail or worse, as Hitler used the Sudeten Germans. Their citizenship policies towards their Russian minorities have therefore been for from liberal. It is not in the least surprising that the Baltic countries deeply resent the historical injustices which have been done to them by the Russians, or that they fear these could be repeated.

Many Russians find it hard to understand or to sympathise with the Balts. The more extravagant still argue that the Soviet Union had every right to occupy the Baltic States in 1940 as a pre-emptive move against Hitler.[5] The Russian Foreign Ministry had still not accepted that the occupation was illegal. There may be a parallel with the legalistic insistence of the West German government, before reunification, that Germany's 1938 boundaries retain their legal force. But the Poles then, and the Balts now, do not appreciate such niceties. The Russians regard the Latvian and Estonian citizenship laws as a serious injustice and the more extravagant accuse the Balts of mounting a form of "genocide" against their Russian minorities. Not surprisingly all this makes the Balts even more determined to link themselves irreversibly to the West and its institutions. All three Baltic States take part in NATO's Partnership for Peace and in the North Atlantic Co-operation Council. All three have been permitted to apply for EU membership, and Estonia is formally in the first wave of EU eastern enlargement. All three also hope that they will be included in the next round of NATO enlargement, if and when it happens.

*[5] These people fail to notice that Stalin, by his refusal in 1941 to prepare for a German invasion, threw away whatever strategic advantage is occupation of the Baltic States may have gained.*

## Russia and Central Europe

Like Ukraine and Belarus, Poland is a Slav country. But the relationship between Russians and Poles has never been brotherly. Until the end of the seventeenth century Poland was more



sophisticated, more closely linked to the west, and militarily at least as powerful as Russia. Russians feared not only Poland's military power but also its religious ambitions as the jumping-off ground for Catholic evangelism in the east. Even though the balance of power shifted decisively in Russia's favour during the eighteenth century, the Russian attitude to the Poles has remained decidedly ambiguous. Poland is the country through which Russia has been regularly invaded throughout the centuries, and Russians believe that the partitions of Poland, up to and including the partition which took place in 1945, were a legitimate measure of defence. They cannot understand why the Poles are not more grateful to the Red Army got liberating them from the Germans in 1944 at the cost of hundreds of thousands of casualties. The forget (as imperial powers often forget) the many occasions on which they have bloodily suppressed the Poles' aspirations for independence. The Poles have forgotten none of these things. Now, however, Poland no longer forms part of the Russian empire, and it is divided by Belarus from Russia itself. It will shortly become a member of NATO and in the longer run probable of the European Union as well. Poland's membership of those bodies will secure it from gross interference by its neighbours – to the west as well as to the east – for the first time for three hundred years. For Poland to cease to be a pawn on the international chessboard is an advantage not only to the Poles themselves, but of the whole of Eastern Europe.

Russia's historical links with the other Slav countries of Central Europe are less close and less problematical than those with Poland. Until the Communist coup in 1948 the Czechs and Slovaks felt a sense of Slav brotherhood with the distant Russians, who seemed preferable to the Austro-Hungarian masters from whom they had previously suffered. The Hungarians were less impressed by their experience of Russian invasion in 1848, 1945 and 1956. But these too were comparatively transient historical memories. Neither Hungary not the former Czechoslovakia shares the Polish obsession with Russia.

The Finns, who are not Slavs, have one great psychological advantage over the other countries which border Russia and were at various times part of its empire. Finland has twice defeated Russia on the battlefield in this century: once when it won its independence in 1918, and again in the Winter War of 1940. Perhaps in consequence, Russia did not try to occupy Finland after 1945 (though it did annex Finland's eastern region, Karelia), and it subsequently treated the country with wary respect. The Finns responded with a policy of strict international neutrality and friendly relations with the Soviet Union. At the height of the Cold War, when everything was supposed to be either black or white, some critical Westerners coined the derogatory phrase "Finlandisation" for countries that seemed less neutral than they pretended. This was an injustice. Finland remained prudently but firmly orientated towards the West.

Once the Soviet Union was out of the way Finland joined NATO's Partnership for Peace in 1994 and the European Union in January 1995. But Finland did not thereby abandon its links with Russia. Its trade with Russia is once again flourishing. Co-operation is developing across the long frontier between Russia and Finland, Russia's only EU border. In 1992 Russia and Finland signed an agreement for co-operation between the Finns and the Murmansk Region, the Republic of Karelia, the City of St Petersburg and the Leningrad Region. These arrangements – similar but less flourishing ones exist between other Russian provinces and their Baltic and Ukrainian neighbours – do not always work well, partly because Moscow worries about loss of control. But they show a Russian will to work with its neighbours and could modestly foreshadow the future of Russia's relations with other European states.

## Russia and Southern Europe

Southern Europe and the Eastern Mediterranean were never part of the Russian empire. But they have been a concern of Russian foreign policy for many centuries. Russian soldiers first raided



Constantinople more than a thousand years ago. Since then the Russians have fought thirty-five wars with Turkey, and Russian generals still worry about the Turkish menace. Russia shares Orthodox Christianity with Romania, Bulgaria, Greece and Serbia. Russians set up offshore business and bank accounts in Cyprus, and spend their holidays there. The Russian government got itself into an embarrassing scrape when it sold sophisticated anti-aircraft missiles to the Greek Cypriots.

All this adds up, in the minds of Russian nationalists, to some kind of special role for Russia in the Balkans. Their sentiment is based on religious affinity, on a misremembered history, and on a wishy-washy philosophy of PanSlavism. None of this has much basis in reality, in the light of Russia's present day interests. Ordinary Russians care very little about what happens in Serbia. Russian officials who have had to negotiate with Slobodan Milosevic, the Yugoslav president, find him a slippery customer. Despite the rhetoric in the Duma, Russian official actions in Yugoslavia have been directed to the reduction of tension and bloodshed. Lukewarm and suspicious, the West was reluctant to involve the Russians at the start of the Yugoslav crisis. It gave them little credit for persuading the Belgrade government to step back from the brink in the spring of 1994. Later the West began to realise that the Russians could play some useful cards, and they have been increasingly brought into the work of the Contact Group on Kosovo. But they are still usually the last to be consulted, or even to hear about forceful western action.

The Russians were of course sceptical about the value of air strikes in Bosnia and later in Kosovo. Their habitual western critics regarded this as yet another piece of Russian bad faith. But the Russians were not acting from mere perversity or irrational sentimentality about the Serbian connection. They did not believe that the policy would work, a legitimate belief in which they were not always alone. Indeed their views were not far from those of the British and the French, at least during the period when transatlantic tension over Bosnia was at its height, in 1993 and 1994. Indeed,

even in the age of smart weapons, air power is an uncertain weapon, especially if it is used for political rather than military purposes. (In the Gulf War air power enabled the ground forces to push Saddam back over the line in the sand with few losses. It failed to topple him. The outcome in Bosnia in 1995 was a success not for air power alone, but for a sobered-down version of the American policy of "lift and strike" which the Anglo-French had previously opposed. The policy worked because the Serbs were weary. Croatian and Muslim ground forces were poised to strike, the UN peacekeepers had been withdrawn from their exposed positions and the British- and French-led reaction force overwhelmed the Serbs on the ground outside Sarajevo. None of these conditions had applied earlier in Bosnia. Anglo-American strikes against Iraq in December 1998 have been at least ambiguous in their results. For western democracies, of course, air power is attractive when used against an enemy who has little ability to defend himself directly. It costs them a lot of money – but very little blood. But there is no justification for castigating the Russians for expressing a scepticism which is shared by others.)

## Russia and Western Europe

In Western Europe Germany is still Russia's most important preoccupation. The two countries have been at war on and off since the Teutonic Knights first drove eastwards into Prussia and the Baltic coast. They have as often found it convenient to ally themselves at the expense of their intervening neighbours. During the Cold War their relations were complicated by the existence of two Germanys. The Soviet Union was determined to dominate one. It saw the other as a threat, but also as a potential partner, and much of its foreign policy was an attempt to split the Federal Republic from its Western allies. The West Germans knew that the Russians held the key to the reunification of their country. For three decades they negotiated with the Russian cunningly, sometimes – to the dismay of the allies – ambiguously, but under Kohl successfully. Germans still feat Russia and also themselves. The enlargement of the EU and NATO creates a buffer to the east of Germany, but it



also reduces the temptation for Germany once again to seek a free hand there. Both Germany and Russia now understand that, whatever memories of a hostile past still remain, their future well being depends on some kind of mutual understanding. Russia adapted comparatively smoothly to the reunification of Germany and its incorporation into NATO. Encouraged by Chancellor Kohl, German banks lent Yeltsin large sums of money to support economic reform: some of the largest coincided with the campaigns for Yeltsin's re-election in 1996. Kohl's successor Gerhard Schr^der is less sentimental but equally determined to keep the relationship with Russia as a central element in German foreign policy.

France's traditionally close relationship with Russia was in the past a way of outflanking Germany. At the end of the nineteenth century, France was Russia's biggest creditor and its most important military ally. During the Cold War France used the occasional flirtation with the Soviet Union to increase its margin of manoeuvre with the United States. France is still important to Russia as a substantial European power with significant military capability, a fellow member of the UN Security Council and a useful voice inside the European Union and NATO. But France's opportunities to pursue a significantly independent policy towards Russia are now close to non-existent.

The same is true for Britain. Physically distant, Britain's relations with Russia have always been intermittent. During the Cold War the bilateral relationship counted for very little. Unlike the French and the Italians, the British did not have to worry about the presence of a significant Communist Party in their midst. From time to time they tried to act as an "honest broker" between East and West, a role played most convincingly by Margaret Thatcher as the first western politician to give active support to Gorbachev's reforms. This earned her his undying gratitude, but it was the Americans and the Germans who conducted the serious negotiations about arms control and German reunification.

# 6 Russia and the European institutions

For the other countries of Western Europe, and indeed for Britain, France and Germany, the relationship with Russia is conducted as much as through Europe's multilateral institutions as through the traditional processes of bilateral diplomacy. During the Cold War both sides creates multilateral institutions to strengthen their positions on each side of the European dividing line. The Soviet Union set up the Council for Mutual Economic Assistance (COMECON) in 1949 as a counter to the Marshall Plan, which Stalin had prevented the East Europeans from joining. COMECON promoted bilateral trade and a division of industrial tasks between its members, attempting to apply Russia's own cumbersome planning methods to half a continent. The attempt was hugely inefficient. But it did bring about a sharp redirection of the COMECON countries' trade towards one another and the Soviet Union. The Warsaw Pact was set up in 1955, six years after NATO. The forces under the Pact's Unified Command were numerous and well-armed, though their potential loyalty to the Soviet Union in the event of war was highly suspect.

Both the Warsaw Pact and COMECON were ostensibly voluntary organisation, with all the paraphernalia of a Council and a Secretariat. In fact both were devices for strengthening Soviet control over the countries of Eastern Europe, as Hungary and Czechoslovakia discovered when the Soviet Union restored discipline by invading them in 1956 and 1968. Both bodies collapsed with barely a sigh after Soviet power was withdrawn from Eastern Europe in 1989 and 1990. Western Europe's organisations were genuinely voluntary and all still exist. Two are security organisations – NATO and the Organisation fir Security and Co-operation in

Europe (OSCE). The United States is a member of both, but Russia only of the OSCE, which also includes a number if countries, such as the former Soviet countries of Central Asia, which are not normally thought of as European. The Council of Europe, of which Russia is also a member, is concerned primarily with matters of good government and human rights.

## The European Union

In 1951, two years after the creation of COMECON, six countries in Western Europe set up the European Coal and Steel Community (ECSC), which evolved by successive stages into the European Economic Community, or EEC (1958), the European Community, or EC (1987) and the European Union (1993). The Soviets looked on with great suspicion. They saw the EEC as merely the economic arm of American hegemony in Europe, as NATO was the military arm, and at first they refused to have anything to do with it. Later they hinted that they would contemplate mutual recognition between COMECON and the EEC, but the EEC rejected this proposal on the reasonable grounds that it was a voluntary organisation and COMECON was not. This essentially futile dispute crumbled under the force of reality, as the Russians (like, in their different way, the Americans) discovered that it was in their interests to do business with Brussels. In 1991 the European Community and the Soviet Union finally exchanged diplomatic missions.

The European Union is by far Russia's most important trading partner and its largest provider of inward investment and aid. Boris Yeltsin signed a Partnership and Co-operation Agreement (PCA) with the European Union in Corfu in 1994. This is intended to establish a political and administrative framework for dialogue between Russia and the EU, through regular meetings between the Russian president and the presidents of the Commission and the European Council. It removes a large number of quantitative restrictions on exports, and extends Most Favoured Nation (MFN)



treatment, which is what Russia would receive if it were a member of the World Trade Organisation. The PCA entered into force in December 1997. In the longer run the PCA looks forward to a free trade area between the EU and Russia. In the meantime its mechanisms are designed to settle issues – arising from Russian exports of nuclear materials, steel and textiles, or Russian restrictions on imports and foreign banking – which risk damaging the commercial relationship. Recognising that the Russian economy is still in transition, the PCA allows Russia to impose import quotas in exceptional cases. It also looks forward to Russian membership of the World Trade Organisation, to which there has been opposition in Geneva on the somewhat spurious grounds that Russia is not yet a market economy. So far the practical results of the PCA have been disappointing. Like so many of the European Union's partners, the Russians have an uneasy suspicion that the dice are loaded against them. That suspicion is not entirely unjustified. Sectional interests within the EU are quick to complain, and to demand that the EU raise trade barriers, if they believe that the Russians are dumping steel, uranium, or manufactures goods in their market. But they are equally quick to demand that the Russians open their own markets, however damaging this may be to Russia's uncompetitive domestic industries.

The established European programmes of aid towards Russia – both multilateral and bilateral – focus on two broad areas of policy. The first is institutional, helping to create democratic institutions and non-governmental organisations, building good corporate governance, and reforming the institutions and policies of social protection. The second is economic, helping to create sound financial institutions, supporting small and medium-sized enterprises, reforming agricultural systems, and strengthening the transport and telecommunications infrastructure. The European Union channels its aid to Russia through a scheme entitled Technical Assistance to the Commonwealth of Independent States and Mongolia (TACIS). The TACIS budget for Russia is substantial: ecu 800m between 1991 and 1996, and a further ecu 800m for 1996-1999.

Most foreign aid programmes to Russia, including TACIS, have an environmental component. Industrialisation in the Soviet Union and in post-war Eastern Europe was intended to be quick, and no one cared if it was dirty. The consequence is an environmental nightmare. The Chernobyl explosion in April 1986, which spread radiation across Northern Europe and into Britain, leaving a large part of the agricultural land in Belarus unusable, was only the most spectacular example. Between 1991 and 1996 TACIS allocated ecu 18m to a programme designed to help the Russians (and also the Ukrainians, the Armenians and the Kazakhs) to improve the design and safety of their reactors. The nuclear programme had had only modest success, partly because it failed to take sufficient account of the skills and susceptibilities of the Russian nuclear managers. After a post mortem TACIS recently concluded that rigid conditionality should be tempered by political judgement. Aid donors should "move from unilateral assistance to effective co-operation and partnership, with a much greater involvement ... by the beneficiaries of EU support".

These obvious conclusions could usefully be applied to the whole of the western aid effort. Many of the projects offered under these programmes are serious and well-intended. An example is the Anglo-French consortium financed by TACIS and working in partnership with the Russian Ministry of Labour and Social Development: it is developing services for vulnerable groups and draws on the best Soviet, Swedish, and British practice. But despite its generous budget, TACIS is not popular in Russia. Russians complain with some justification that Brussels does not consult them properly about the selection of projects or choice of western partners and consultants. Procedures are bureaucratic and often politicised. Payment is slow and often in arrears. The competence of the western experts sent to Russia is often suspect, and their attitudes condescending. Their advice is often too prescriptive and takes too little account of Russian reality. After a brief visit they leave the country like Hilaire Belloc's doctors, "Saying, as they took their fees, there is no cure for this disease". The size of these



fees irritates their Russian opposite numbers, who are often at least as senior and at least as well qualifies, by can command far less. National programmes may be easier to direct effectively, since they are less subject to the intrigues and pressures which can distort policy in Brussels.[6]

[6] *The British know how to fund, though modest (its current budget is just under £30 million a year), has a good reputation for being well targeted and reasonably expeditiously administered. The present British government is redirecting the fund's priorities away from financial services and privatisation, towards greater emphasis on social policy, public finance and good government.*

## NATO

Despite the economic importance of the European Union, NATO and its enlargement loom far larger in the Russian consciousness. Most Russians, in so far as they can distract themselves from the business of surviving, feel frightened and humiliated as they see the world's most powerful military machine drawing triumphantly closer to their borders. Poland, Hungary and the Czech Republic will join the alliance in the spring of 1999 and there is some pressure to include the three Baltic States.

Western apologists for enlargement argue either that it is necessary insurance against a resurgent Russian empire, or that by stabilising Eastern Europe it is objectively in Russia's interests. These are arguments that Russians naturally find it hard to accept. Nevertheless the Russian government realised some time ago that they had little hope of averting a first round of enlargement, and began to do what they could to limit the damage. Over the past seven years they have therefore developed a wary relationship of limited accommodation with NATO, now embodied in a number of formal agreements. In 1991 Russia became a member of the North Atlantic Co-operation Council (NACC). IN 1994 it joined the Partnership for Peace programme. In early 1996 Russian troops joined the NATO-led force in Bosnia, though only after difficult negotiations over the relationship between Russian forces and NATO commanders both on the ground and in Brussels. This experiment had proved modestly successful.

The subsequent negotiation of a formal relationship between Russia and NATO was very prickly. NATO offered Russia " a voice but not a veto" in its affairs. Some influential American commentators argued against any deal between NATO and Russia, saying that Russia remained a potential menace and that it should be kept in its place beyond Europe's eastern borders. The Russians thought that what NATO was offering denied them an equal say in managing the security of the continent, a concern for Russia as much as for any other European country. They resented being treated, as they saw it, on the same level as the much smaller countries of Eastern Europe which they had once dominated. But they decided to make the best of a bad job. In May 1997 Russia and NATO signed the "Founding Act" which created a NATO-Russia Council, offered some reassurances about NATO's future military plans, and set up machinery for co-operation between the military on both sides. Russia has established a permanent mission to NATO, and NATO is now setting up its own mission in Moscow.

After a slow start, the NATO-Russia Council is developing into a reasonably effective forum for consultation and co-operation, with ambitious plans for the future. It provides for regular discussion between Russia and NATO over the size, shape and mission of the international forces in Bosnia. Its politico-military expert working group on peacekeeping seeks to develop common practical approaches for joint peacekeeping missions. And it organises expert interchanges on subjects ranging from military strategy and doctrine to civil emergency planning and disaster relief.

The Partnership for Peace (PfP) was intended to help non-NATO armed forces upgrade their doctrines and procedures, to make it easier for them to operate with NATO forces in future peacekeeping operations, and in the case of potential members to begin the process of adaptation to the rights and obligations of membership. The PfP had not worked very well with the Russians, partly because they resented being put on the same level as the candidate countries. Another problem is that Russian generals fear their forces will lose



what one of them recently called their "national colouring" if they converge on the western model.

Russia's agreement with NATO are matched by national bilateral programmes for direct co-operation on military matters. The Americans and Germans have followed a British lead, basing their programmes on the explicit proposition that an effective security architecture cannot be constructed in post-Cold War Europe without including Russia. The British programme includes naval co-operation, exchanges between senior officers, and a particularly successful and substantial programme for the retraining of prematurely retires officers.

## The Organisation for Security and Co-operation in Europe

NATO is not the only basis which exists for strengthening the security relationship between Russia and the rest of Europe. In the 1960s the Soviet Union put forward a proposal for a European Security Conference to embrace the whole of the continent. The West saw this as a manoeuvre to disrupt NATO and undermine the American position on the continent. But the pressure of public opinion in western countries, and a realisation that they could probably turn the event to their advantage, led them to agree to negotiations with the Soviet Union and its allies on three "baskets": security, economic co-operation, and human rights. Under the first basket, negotiations for a "Mutual and Balanced Reduction of Forces in Europe" were conducted at interminable length in Vienna. The Russians initially resisted the third basket, but then gave in when they realised that they would not get their conference without it.

This turned out to be a fateful concession. The "Final Act" of the Conference on Security and Co-operation in Europe (CSCE) in Helsinki in 1975 reaffirmed the principle that frontiers should not be modified except by agreement. The Russians saw that as an endorsement of the status quo in Eastern Europe. The Final Act also

set up some modest mechanisms to manage and reduce tension and to improve economic and trade relations between the two halves of the continent. But its crucial article was a promise to respect human rights, including freedom of thought and religion. The Soviet Union had always argues that such object of international scrutiny. Independent individuals and organisations, inside as well as outside the Warsaw Pact, began to press for the practical implementation of the rights recognised by the Final Act and indeed by the constitutions of the Warsaw Pact countries themselves. The pressure thus generated helped fuel the democratic revolutions which swept through Eastern Europe at the end of the 1980s.

The Helsinki Conference was followed by others. At the Paris Summit of November 1990 – thanks to the new impetus given by Gorbachev – a Treaty on Conventional Armed Forces in Europe (CFE) was at last signed. In 1994 the Budapest summit turned the "Conference" into an "Organisation". The OSCE now has 55 members from Europe and North America. In theory it is responsible for peacekeeping and crisis management, for the protection and development of democratic institutions and of human and minority rights, and for conventional arms control and confidence-building measures. In practice its functions are still modest. But they are useful, and they are developing. The OSCE had mounted monitoring operations in former Yugoslavia, Chechnya, and other parts of the former Soviet Union such as Moldova and Estonia. It has provided an unarmed monitoring force for Kosovo. Its High Commissioner for National Minorities, Max van der Stoel, has helped to reduce tension over the Russian minorities in the Baltic States.

## The Council of Europe

The Council of Europe was set up in 1949 by a number of Western European states. Its original purpose, as a motor of political co-operation, was soon overtaken by the European Community, and for 40 years its role was limited. It had some modestly useful technical



functions, and like the OSCE which followed it, a responsibility for protecting human rights in its member-states. The end of the Cold War gave the Council a new lease of life. It expanded into Eastern Europe and began to exercise its human rights responsibility there as well. Russia joined the Council in 1996 after a lively debate about whether Russia's human rights record measures up to the Council's standards. A commission of enquiry concluded that the rule of law had not yet been established in Russia. The judiciary was not yet fully independent, conditions in Russian prisons were well below standard, and Russia had not abolished the death penalty. The outbreak of the Chechnya was increased opposition to Russian membership still further. However the view prevailed that membership would strengthen the partnership between Russia and the rest of Europe, that it would reinforce the hand of the reformers in Russia and that it would have a useful educational effect. President Yeltsin's suspension of the death penalty in August 1996 gave some support to this mildly optimistic view.

Human rights in Russia are now far better protected than before, although, not surprisingly, things are not perfect. Some problems, such as the state of Russian prisons, are hard to rectify quickly. Others could be dealt with relatively easily if the government and the parliament were willing to take the necessary legislative and administrative steps. They could, for example, ban the practice dating from Tsarist times which allows the security authorities to prosecute individuals under regulations issued secretly and often with retrospective effect – most recently in the case of the environmental campaigner and formal naval office Alexander Nikitin.

Many Russians resent the idea that outsiders should investigate their domestic practices. But Russia is a full member of organisations which have a specific responsibility for monitoring human rights. And Russia is not the only country to attract critical attention. The OSCE and the Council of Europe have investigated Russian complaints about the treatment of minorities in the Baltic States, and the governments of Latvia and Estonia have modified their practices

accordingly. Russians may also be consoled when they discover how often the European Court of Human Rights has found against the British government.

Law enforcement is a specialised area of security co-opearation where the common interest is self-evident. Russia is a full member of the Lyons Group of experts, brought together by the Group of Eight summit nations (America, Britain, France, Italy, Germany, Canada, Japan and Russia) to tackle trans-national crime. Three meetings of the Lyons Group took place in London in the last half of 1998 and Yeltsin has offered to hold a G8 ministerial meeting on organised crime in Moscow in 1999. The European Union had held meetings of EU drugs and crime liaison officers in Moscow and Vienna, and is planning a forum of EU and Russian operational practitioners. A bilateral agreement for practical work against organised crime was signed by the British prime minister, Tony Blair, when he visited Moscow in October 1997. There is already good and expanding co-operation between the police forces of both countries.[7]

*[7] According to the Home Office, the threat to Britain from Russian organised crime is low to moderate, but it had the potential to increase.*

# 7 What is to be done?

The prospects for co-operation between Russia and the rest of Europe are complicated by the persistence of outdated attitudes on all sides and by the turmoil in Russia itself. For foreigners Russia has always been a barbaric mystery wrapped in an almost impenetrable enigma. For Russians the outside world has usually seemed unremittingly hostile. Some progress has been made on both sides, but there is still a long way to go.

The task is hardest for the Russians. They need to lose many of their outdated illusions about the nature of their country and its place in the world. They will not be able to master their difficulties until they face up to bitter reality. Russia has been living dangerously beyond its means. Russia cannot afford a tax system which does not discriminate between the poor and the rich, and which fails to collect significant amounts of money from either. Russia cannot afford a dangerously underfunded welfare system which is incapable of delivery social justice, or of cushioning the poor and disadvantages against the pain of change. Russians cannot afford to go on believing that the land comes from God, and must therefore remain in collective hands. They cannot afford to believe that they can transform their economy on the basis of a desperately outdated military technology. They cannot afford the luxury of enormous armed forces, however much they may regret that their country is no longer the second superpower.

The younger generation of Russians does not, on the whole, believe these things. They are far less likely than their predecessors to think that the right way to run the country is for a small group at the top to make policy, and for the rest to follow. But it will be a decade or two before they are securely at the pinnacle of power. And even the

most liberal-minded Russians will still admit, if pressed, that they find it difficult to liberate themselves entirely from the fears, prejudices and preconceptions of the past. It will be even longer before the new attitudes have taken shape in the minds of the people as a whole. If the present crisis forces Russians close to the moment of truth, it will not have been all bad.

For the rest of the world to change its attitude towards Russia is not nearly so painful a business. But it is just as necessary and still difficult. The triumphalism of the "victors" in the Cold War is often mixed with an old-fashioned suspicion of Russian motives and actions, which is not justifies by the reality of Russia's weakened position. Foreigners need to stop thinking of Russia as an incomprehensible jungle inhabited only by criminals, pro-Fascists and neo-Communists. This is a picture reinforced, to the fury of ordinary Russians, by the stream of western films and novels in which the villainous KGB agents of the past are replaced by Russian supercriminal and crazed nationalist adventurers. Westerners need to stop thinking that the Russians are necessarily in the wrong when they disagree with western policy. They need to stop interpreting every Russian assertion of national interest as if it presaged a revival of Russian imperialism. They need, in short, to be very careful to avoid any appearance that they are applying double standards: it sometimes seems that they are not prepared to understand, still less to condone, in Russia what they have learned to put up with in their longstanding friends and allies. Most difficult of all, perhaps, they need, without looking patronising, to show that they take Russia seriously despite its present difficulties.

Changing attitudes that have been ingrained over centuries is very difficult. The end of the Cold War has in some ways made co-operation between the Russians and their former enemies harder than before. Especially in matters of foreign policy, the West could be tempted to overlook the views and even the interests of a former enemy which no longer has the power to insist that it be heard. On the whole western governments have tried to resist the temptation.



But they are not always successful, especially in matters of foreign policy. The western allies often find it hard enough to reach a consensus, even amongst themselves. When they do eventually reach an understanding in private, it is often presented to the Russians as a fait accompli. But it is absurd to expect that the Russians will dutifully acquiesce in policies which have been determined without them, or to pillory them when they withhold their support. On the substance they may, like the rest of us, sometimes be right and sometimes be wrong. They too have axes to grind and a domestic gallery to play to. Russians occasionally suspect that western governments deny them the opportunity to make a positive contribution to the solution of common problems in order to deny them the prestige and influence which a successful initiative would bring them. Their suspicions are exaggerated but not always mistaken. Such views have been expressed in Washington DC – though not by the current administration.

Russia's partners should concentrate on what the Russian government actually does. They should not be misled by the wilder resolutions – for example over the recent bombing of Iraq – which emerge from time to time in the Duma. These outbursts are no more or less influential than the chauvinistic rubbish pumped out by the press and parliaments of other great capitals, not least London and Washington. It is overwhelmingly in the Russian interest to remain on reasonable terms with its main political and trading partners in the West. Whatever the rhetoric, Russian foreign policy since the last years of the Soviet Union has been quite consistent. Even in contentious areas where their interest is not necessarily identical to that of their partners, the Russians have not, on the whole, broken ranks. For this they are given less credit than they deserve.

The instruments for sorting these things out already exist. The Russians are members of the Security Council of the United Nations, in which they and the other permanent members co-operate to an extent which would have been inconceivable during

the Cold War. Russia has participated since 1991 in the G8 summits. Its membership of that Group remains incomplete as long as the state of its economy prevents Russia form taking part in economic decisions. But through these institutions Russia can still make a substantial contribution towards tackling some of the world's political and security problems, and so demonstrate, not least to the Russians themselves, that they still have an importance in world affairs.

The scope for foreigners to influence the process of change in Russia is limited. As a current advertising slogan in Moscow says, "Only the Russians themselves can help Russia." Even if "bumpy progress" continues, its speed will depend on how quickly and effectively Russians tackle the political and economic tasks which now face them. There is no magic formula, either for the Russians themselves or for the foreigners who would like to help them. Most of the western policies which make less sense, need to be overhauled. Much of the aid that had been given in the past has been misconceived or wasted. The "humanitarian aid" now being directed to Russia will enrich western farmers, corrupt donors as well as recipients, and damage Russian producers. The same will happen to much of the aid that is given in the future. But aid and support are not only a matter of material assistance. Russia's intellectual tradition is closely entwined with that of the West as a whole. For centuries Russians have imported ideas, for good or ill, and above all from Europe. What the other Europeans say has as much effect on Russian attitudes and Russian politics as what they do and what they donate.

European policy towards Russia has two over-riding objectives: to make secure the territories between Russia and Germany, which have been disputed for centuries, and toe help Russia continue along the road towards a prosperous and stable democracy, so that it can play its full part in the political, cultural and economic life of the continent. The relationship between Russia and the other Europeans is particularly burdened because throughout the centuries it has



been particularly intense. History and ignorance have generated attitudes of paranoia and arrogance within Russia itself. Eastern Europeans in particular feel deep-rooted and understandable suspicion, fear and occasional contempt towards their Russian neighbour. But these feelings are no more vehement that those which divided the countries of Western Europe little more than fifty years ago, and there is no reason why they should not be overcome. As the present crisis works itself out and thereafter, what will count is a combination of sensible policies, sensible attitudes, and a determination to persevere, however difficult and unrewarding it may seem from time to time.

A more open and co-operative relationship between Russia and the rest of Europe will have to be developed partly through format and informal exchanges between peoples and governments, and partly through the institutions of which Russia is either a close partner (NATO and the European Union) or a full member (the OSCE and the Council of Europe). Few Russians take seriously the possibility, doggedly and unconvincingly held open by the Americans, that their country many one day become a member of NATO. They know that NATO would never give them the defence guarantee that its existing members enjoy: Russian generals laugh at the idea that NATO might help to defend Russia's frontiers in the Far East. If the first round of NATO enlargement is carefully handled, it could help to bring stability to Poland and the other lands which Germany and Russia have historically fought over. If sufficient attention is paid to Russian susceptibilities, enlargement could even become, as the optimists hope, a mechanism for improving rather than harming the relationship between Russia and the rest of Europe.

A further round of enlargement which included the Baltic States would be altogether more tricky. Much depends on which decisions are taken or not taken at the 1999 Washington Summit. The US administration's public position is that NATO's door is open to all who qualify for membership, but it has worries about admitting the Baltic States lest that push the Russians into a mood of sullen and

confused antagonism and brooding. Senior Russians, angered by continuing pressure for NATO enlargement to the Baltics, or by aspects of NATO's involvement in the Balkans, do from time to time threaten to denounce Russia's links with the Alliance. But that would not be in Russia's interest, and there is little sign that the Russian government would take such a drastic step except under great provocation.

Some would argue that the Balts should be brought into NATO regardless of the Russian action. But there is a limit to how far NATO can be enlarged without fatally weakening the cohesion for the organisation or diluting the credibility of the American military guarantee which underpins the Alliance. A NATO which did not give its members a believable military guarantee would be a NATO changed out of all recognition. It would no longer be a defence organisation but a comprehensive institution for the management of European security. To such a body Russia might, and indeed should, belong. That might indeed be the most desirable outcome of the whole process of NATO enlargement, even if it is not what the advocates of enlargement are looking for. Unless or until that happens the security and independence of the Baltic States may have to be bolstered by less formal means, including a developed partnership with NATO, membership or close partnership with the European Union, and bilateral or regional arrangements with their closer neighbours. Once such arrangement is the Council of the Baltic Sea States, of which Russia is a member. And, of course, there will need to be an evolution in the unsatisfactory attitudes of the Russians themselves.

Because the Organisation for Security and Co-opearation in Europe is the only European security organisation of which the Russians are full and founding members, with equal rights, they have, not surprisingly, done their best to enhance its role. They argue for an OSCE directorate of its major members, plus representatives of the smaller countries on a rotating basis, modelled on the UN Security Council. Western countries resist these ideas on several grounds.



They say that the OSCE is too large and unwieldy to be effective. They add that the smaller members would resent changes which concentrated more power in the hands of the major member-states. They believe that Europe contains enough sprawling institutions already. They prefer to operate through NATO and the EU, where it is easier (though not easy) to secure agreement on common action. They are unwilling to divert the time and energy needed to build up the OSCE. They suspect that the Russian proposals are merely the latest in a long line of attempts to undermine the Alliance by promoting a rival security system for Europe. None of these objections are insurmountable. The OSCE has real and growing achievements, modest though they are. It could yet come to play a significant role in the management of European Security. That possibility, and the Russians' potential contribution towards it, needs to be considered on its merits. The West no longer needs to treat Russian proposals with the scepticism and paranoia with which it once regards all ideas coming from the Soviet Union.

As for the European Union, most Russians are barely aware of its existence, despite the importance it already has for Russia's economic welfare. Those who think about it all know that the EU depends for its functioning on a rough balance between its larger members. Russia cannot become a member, since an EU which contained Russia – or for that matter America – would be unable to function as a force for integration between governments. Some of them still believe (as their American counterparts used to believe) that Russia's best tactic is to bypass Brussels, deal with member countries bilaterally, and use whatever opportunities present themselves to play off one country against another. Nevertheless it is the EU above all which will shape Russia's economic and even its political relationship with the rest of Europe. The creation of a free trade area between Russia and the EU – not an event for the near future as things now stand – will mark an important step both in practice and as a symbol towards bringing Russia closer to the heart of Europe.

Russia will also be profoundly affected by the success or failure of the EU's negotiations for the accession countries in Eastern Europe which Russia recently dominated, including one – Estonia – which was part of the Soviet Union. Membership of the EU carries no formal security guarantee, though it certainly implied a comforting degree of political solidarity. In strong contrast to their attitude to NATO enlargement, the Russians have repeatedly said that they have no objection to the eastwards enlargement of the EU. It is too early to judge whether they will remain so relaxed once the process really gets under way. They would almost certainly be disturbed if they thought the European Union would acquire real instruments of military as well as political and economic power, not least because they would assume that those instruments would be dominated by Germany.

But these are issues for the future. More immediately on the agenda is an increasing amount of practical and political business arising out of the Partnership and Co-operation Agreement. After the financial collapse in 1998 the Russian government indicated that it might have to impose some controls on foreign trade and foreign exchange. Western governments were highly critical – including some which practised similar policies right up to the end of the 1970s – and so far the Russians have taken only minor actions. The European should acquiesce if the Russians feel impelled to take further measures, so long as they comply with at least the spirit of the Partnership and Co-operation Agreement. Further down the road, the EU remains committed to support Russian membership of the World Trade Organisation. All these matters are firmly on the agenda, now that the German government, holding the EU Presidency for the first half of 1999, has proposed that the Union should adopt a formal "Common Strategy" on Russia at its summit meeting in Cologne in June 1999.

Europeans do not of course conduct their relationship with Russia only through collective institutions. All European governments put Russia somewhere near the centre of their foreign policy, and most



of them have active programmes of political contacts, commercial and cultural exchange, and technical support and training for Russian politicians, journalists and businessmen. The unofficial exchanges are at least as important. When the Soviet Union opened up under Gorbachev, Russians of all ages and backgrounds became a common sight in the capitals of Western Europe. They came on schemes set up by governments and by voluntary organisations, or on an entirely private basis as tourists, students and businessmen. Voluntary bodies in Russia – which had been banned in the Soviet Union – fostered links with their opposite numbers elsewhere in Europe. It is these links which help above all to overcome the emotional barriers that exist between Russia and the rest of Europe, and to bind Russians into the life of the continent as a whole. Since the August 1998 crisis, Russians have found it harder to pay for travel, accommodation and fees. Ensuring that the flow of people does not diminish should remain a major objective of western governments, businesses, professional institutions and private hosts. For it is these people, the new middle class that began to emerge in the past decade, who will bring about the profound changes in attitudes, practises, and institutions that Russia needs.

# 8 Conclusion

The argument about which way Russia is heading will soon be settled. Pessimists inside and outside the country will continue to believe that it is inevitably going downhill towards corrupt and crime-ridden poverty, mindless aggression towards its neighbours, civil strife or even disintegration. Optimists will continue to believe in the prospect, or at least the possibility, of bumpy and protracted progress towards some kind of reasonably prosperous Russian democracy. But pessimism is not a good basis for practical policymaking. It would lead either to an attempt to ignore Russia entirely, or to a return to a kind of neo-containment designed to keep Russian soldiers, Russian criminals and ordinary Russian people confined within borders. Such an attempt would not only be pointlessly expensive, it would do nothing to promote benign change in Russia. That is why all major western governments start from the optimistic premise, and have committed themselves to a policy of continued "engagement" with Russia.

Ignoring Russia is in any case not an option as far as the Europeans are concerned. They will not find it easy to accept Russia as a full and equal partner. Prejudice and ancestral hostility get in the way of co-operation even between states, like Britain and France, with patently converging interests. Russia itself has a long way to go before it will feel comfortable doing everyday business with countries that is usually regarded s enemies or as vassals. Even though it is difficult to treat as an equal a country that sometimes seems to be going through a collective nervous breakdown, the other Europeans need to learn to empathise, if not necessarily to sympathise, with the Russians as they strive to adjust to their post-imperial world. The appropriate policies are clear enough. Carrying them forward will be an undramatic and tedious business. It will not

produce rapid results. It will involve a good deal of what Strobe Talbott, the US Undersecretary of State, has ruefully called "strategic patience". The outcome will depend far less on the actions of foreigners than on the willingness of the Russians to shed illusions and accept responsibility got their own fate. But there is no fruitful alternative, either for them or for us. As George Kennan, the American scholar-diplomat who devised the policy of containing the Soviet Union said in 1951, with foresight:

> "When Soviet power has run its course, or when its personalities and spirit begin to change (for the ultimate outcome could be one or the other) let us not hover nervously over the people who come after, applying litmus papers daily to their political complexions to find out whether they answer to out concept of 'democrats'. Give them time; let them be Russian; let them work out their internal problems in their own manner. The ways by which people advance towards dignity and enlightenment in government are things that constitute the deepest and most intimate process of national life. There is nothing less understandable to foreigners, nothing in which foreign influence can do less good."

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