

LIVING THROUGH BAD TIMES



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The ability to live with uncertainty, not to say bad times, is a defining Ukrainian national characteristic and strength. That ability rests on a combination of tolerance, cynicism, ingenuity and humour that few nations possess. The ability to transform bad times into good ones is not a Ukrainian national characteristic. That ability rests upon a combination of competence, self-confidence and national cohesion that has not been developed in Ukraine's brief history as an independent state. Lacking the instincts and disciplines required to transform its own fortunes, Ukraine has habitually relied upon others to do so. Often, more effort has been devoted to demanding attention than deserving it.

These habits could not be less suited to the times. The financial crisis, which began in the West, has profoundly damaged the collective self-confidence of Ukraine's partners, not least of all the United States. If governments know how to overcome the crisis, they have failed to convince the economy's producers, investors and consumers. Not only governments, but the most venerable institutions of liberal market capitalism now appear infirm and vulnerable. In Russia, the crisis is bringing out the country's endemic fissures and dysfunctions. Nevertheless, the country has achieved a malign and well-targeted influence that is difficult to counter and impossible to ignore. Washington's "reset" exercise is also impossible to ignore. Whether it results in strategic realignment, damage limitation or disappointment, it has shifted the focus from Russia's neighbourhood to Russia itself, however strenuously this is denied. The Western institutions that are most alert to these neighbourhood dynamics, the European Union and NATO, are divided about how to influence them. For all of these reasons, there is a serious risk that Ukraine will paint itself out of a picture that is already receding from view – or, worse still, spoil the visible parts of it by petulant and ill-considered steps. The greater risk is that all of us will lose control over events.

Resetting expectations and paradigms

The Russia-Georgia conflict has called into question several of the core assumptions of the post-Cold War international regime codified, *inter alia*, in the 1990 Paris Charter, the 1994 OSCE Budapest Review Conference and summit and the 1994 US-Russia-Ukraine Trilateral Agreement. We must now adjust to the following realities:

- war is possible;
- the former Soviet borders are no longer sacrosanct;
- questions long regarded as settled (e.g. the status of Crimea and Sevastopol) can be reopened at any moment;
- "civilisational" and "humanitarian" factors (e.g. the status of the Russian diaspora) can constitute a *casus belli*;
- where there is no Article 5, there is no collective defence.

That the Kosovo conflict and subsequent recognition of the independence of that territory provided a precedent for two of these revisions – violation of territorial integrity and the humanitarian *casus belli* – is beyond doubt. But the basis for Russia's intervention in Georgia was Russian national interests and nothing else. Great powers do not expend resources, endanger relationships and shed lives in order to mimic other great powers. They do so in response to their own distinctive calculus of gains and threats. The basic calculation and motive, in President Medvedev's words, was to demonstrate conclusively that Russia would "no longer tolerate" the West's "unfair and humiliating policy" in its "regions of traditional interests"¹. More conclusively, the conflict testified to the change in Russia's mood: from *obida* [injury] pure and simple to a confidence that, at long last, Russia had the means to do something about it².

¹ President Medvedev's lunch in Moscow with the Valdai Club on 12 September 2008 at which the author was present.

² As then President Putin warned at Munich in February 2007: 'We have a realistic sense of our own opportunities and potential'. As the author said in January 2008, 'the risk... is not that Russia's Armed Forces repeat the follies of the 1990s but that Russia's neighbours and NATO find themselves surprised'. James Sherr, *Russia and the West: A Reassessment, The Shrivenham Papers* No 6, p. 27 (Defense Academy of the United Kingdom, January 2008). As we also said in the same publication (p. 5), 'whilst the post-Cold War status quo is not reversible, we should not assume that it cannot be undermined or revised'.



These changes not only have put in question the future of the post-Cold War order, they raise concerns about the longevity of the Helsinki principles adopted in 1975. These concerns are amplified by realities that were not on people's minds in 1975, realities that now come under the heading of "interdependence" and geo-economics: the use of economic tools for geopolitical gain. The emergence of geo-economics alongside the revival of the Russian state and Russian national pride constitute the defining features of the Putin era, and Russia's Western partners have done little as yet to persuade the country's current leadership that this combination will not continue to prove effective.

This is not to say that the members of NATO are unmindful of what has taken place. Although NATO has absorbed many shocks and reverses in its 60-year history, never has it been more confused about its purpose and its future. The combined impact of the Georgia events and the financial crisis can be seen at four levels:

1. *Collapse of NATO-Russia partnership.* Although there have been earlier breakdowns in relations, notably during the 1999 Kosovo conflict, the 1990s paradigm survived. Whatever the rhetoric and conduct of Moscow, Western political establishments held to the belief that as Russia became more prosperous and confident, as trade and investment developed, as a middle class emerged and matured, the Darwinian, *Realpolitik* instinct would mellow, "enemy images" would dissipate, and Russia would become more "normal" and *communautaire*. These beliefs have been profoundly shaken. In the 1990s, most believed that a weak Russia would cause problems for itself and its neighbours. Today, few are prepared to argue that life would be better if Russia became stronger.

2. *Consensus has broken down not only between member states, but within them.* This is not an altogether negative development. In Germany, a growing body of officials, politicians and experts are prepared to question the 1990s paradigm, and fewer than ever believe that German-Russian partnership is in a sound condition. But this further erosion of consensus inside the Alliance makes relationships more confused, less predictable and less collegial. Behind the scenes, dialogue within the Alliance has become more incriminating and sharp – with some reproaching their partners for being too complacent about dangerous trends in Russia and others reproaching their

partners for failing to heed Russia's warnings and respect its legitimate interests. Moreover, the erosion of confidence in NATO's cohesion and resolve is leading some in new member states to hedge their bets and retreat from the positions on enlargement they advanced at Bucharest with such conviction and forcefulness.

3. *A revival of interest in Article 5* (and military-political issues) after a decade in which many members saw the Alliance evolving into an Article 4 (political-military) organisation, preoccupied with soft security challenges and the promotion of partnership, confidence and "common security". NATO's systematic diminution of territorial defence – and its desire that new member states and partner countries focus much of their effort on the provision of costly contributions to expeditionary operations far from Europe – is seen by a growing body of professionals as a mistake³. The absence of contingency plans for defending new members against "armed attack" (in the words of Article 5) is seen as a greater mistake. Moreover, the Alliance is also discussing military contingencies that might arise in connection with the exploitation of seabed hydrocarbons in the legally contested waters of the high north, not to say then President Putin's October 2006, claim that Russia's Baltic Fleet will play the leading role in the construction, protection and environmental security of the Nord Stream pipeline. Finally, it is asking whether immobilising cyber attacks and energy supply cut-offs should be treated as armed attack by other means.

4. *Reassessing the "art of the possible".* With respect to Ukraine and Georgia, there has been a change of direction. But what does it mean: recovery and consolidation or a loss of direction? With respect to Georgia, these initiatives encompass the establishment of the NATO-Georgia Commission (long overdue), commitments by NATO to "assess the state of the Georgian Ministry of Defence and Armed Forces" and by the United States to rebuild the latter. With respect to Ukraine, the various initiatives – the Tallinn Defence Ministers meeting, the strengthening of the two NATO offices, the formulation of the Annual National Programme – is designed to shift the focus from MAP and membership timetables to the rectification of vulnerabilities and concrete improvements in national security cooperation. But will these initiatives be effective, let alone welcome, in the absence of adequate finance and convincing steps to persuade Ukraine that its membership prospects are undiminished? Today, the Alliance is in no position to provide such an assurance.

Given these uncertainties and the stakes involved, the European Union is becoming increasingly concerned about vacuums in confidence and security. The Eastern Partnership and the 23 March declaration between Ukraine, the EU, World Bank and others on the modernisation of Ukraine's gas transit system have drawn the EU into unmistakably geopolitical territory, and this has been plainly underscored by Moscow's acerbically sharp reaction to both initiatives. Yet with respect to these same initiatives, the EU has displayed a characteristic ambivalence about its own conceptual breakthroughs and its own potential strength. Despite the impulse provided by the January 2009 Russia-Ukraine energy crisis – which

³ Apart from the fact that on 7 August, one of four Georgian combat brigades was deployed in Iraq, it is indicative that the US Sustainment and Stability Operations Programme in Georgia, routinely described as 'aggressive' by Russian commentators, consisted of a small command subordinate to a lieutenant colonel, providing training for unit level (as opposed to combined arms) 'crisis response operations' in multi-national peace-keeping operations rather than territorial defense.



brought the EU's collective interests into the clearest possible focus – the EU still fails to define itself clearly in East-Central Europe.

If Russia cannot be the catalyst for greater cohesion inside the EU and NATO, will the United States? Of all the questions raised by the Obama administration's "reset" initiative, not the least problematic are its implications for Europe. If Europe cannot articulate a clear vision for the countries between Russia and the EU, will the United States and Russia do so over its head? Here it is important to distinguish between the views of the Obama administration and those of distinguished outsiders who claim to advise it. But this is a difficult exercise. Discussion in the wider US policy community makes it prudent to ask whether European perspectives and interests will be overshadowed despite the best of intentions in the United States. As a case in point, the report of one distinguished expert speaks of the necessity of consulting European allies in order to "ease European concerns"⁴. But that is not why consultations are needed. They are needed in order to avoid mistakes and protect long-term Western interests. With all of its divisions, it is probably Europe, not the United States, that has the better understanding what has changed in the syntax and grammar of European security. Europe might also have a better understanding of what has changed and what has regressed in Russia. But who in the United States will concede this?

Who in Washington worries that its own approach to European security might be dated? In several high-level reports supporting the "reset" effort, NATO is discussed in the classically twentieth-century language of security guarantees and membership. There is far less discussion of the role that NATO has played in transforming security and defence cultures in East-Central Europe. Equally dated is the much of the discussion about economic relations and energy security (in the words of one report, "we do not fear Russian downstream investment in the United States or Europe")⁵. Not enough awareness is shown of the aggressive uses of Russian economic power and its intelligence presence, not only in the former Soviet Union but, with increasing confidence and guile, in the new EU member states of Central and Southeastern Europe. Russia today might have nineteenth century aims, but it is pursuing them with twenty-first century tools: intelligence and covert penetration, commerce and joint ventures, "network diplomacy" and "lobbying structures", litigation, energy and downstream investment and, in the former USSR, Russian diasporas and other "civilisational" forms of soft power. If neither the United States nor Europe find twenty-first century responses to these challenges, Russia's neighbours might conclude that they are being cast adrift.

Ukraine against its partners and itself

Given these uncertainties, the worst course for Ukraine would be to base its policy on indignation. Yet there already are signs of such a course:

- *Defence Reform*. For almost ten years, Ukraine's scheme of defence reform has been directed to the establishment of an army that is small, modern, professional, well-equipped, well-trained and

affordable. If the scheme is implemented, it will produce armed forces in conformity with NATO principles, compatible with NATO forces but specific to Ukrainian conditions. Today Ukraine risks abandoning this model in exchange for a larger, more traditional force which is likely to be less modern, poorly equipped, inadequately trained and unfinanceable. Whether the issue is defence reform or the drafting of the Annual National Programme, a new tone has emerged: "if you won't give us membership, then we will do without your advice and input". However justified it is for Ukrainians to be irritated, it would be wiser to recall that the main purpose of meeting NATO criteria is to modernise and strengthen Ukraine, not join NATO. As then Minister of Defence Hrytsenko stated before the 2006 Riga summit: "We in Ukraine will continue to do MAP whether we receive MAP or not". That commitment might now be lost.

- *Energy Security*. The 2009-10 season of energy disputes between Kyiv and Moscow has opened with opaque deals between the latter and one branch of Ukrainian power and charges of treason by the other branch of power. The Russia-Ukraine agreement of January 2009 was the product of *force majeure*. It was a promissory note of Ukrainian insolvency and a blank cheque for Russian pressure and influence. Both the terms of the agreement and the deals cobbled together to mitigate them are ruinous to energy security. They will deprive Europe of an effective partner in Ukraine at the height of the election season. They will also persuade many Europeans that the March EU-Ukraine gas transit modernisation initiative was not far-sighted but foolish.
- *Visa Policy*. The punitive policy adopted on 8 April by the Cabinet of Ministers on work permits and foreign residence would possess a destructive logic if it were able to alter Schengen visa policy. But because it has little chance of doing so, it is merely destructive. To understand the practical effects of the new regulations, one need only ask two questions: What role does Ukrainian investment play in the European economy? What role does European investment play in Ukraine's economy? It is difficult to do business in Ukraine at the best of times. The CabMin has just made it more difficult.

Ukraine today has little to be cheerful about. But bad moods make bad policy. Unfortunately, NATO is losing the credibility that once enabled it to make that point, and the EU is not increasing its credibility swiftly enough. The risk is not that the Euro-Atlantic community "loses" Ukraine to somebody else. Most of the country's business leaders now realise that Ukraine has no future outside that community, and their interests are likely to place limits on the folly of politicians. Instead, the risk is that Ukraine loses hope, and its partners lose their sense of purpose. And as these processes proceed, the danger is that the rules of the 1975 Helsinki system and 1994 OSCE system continue to erode and unravel. ■

⁴ Thomas Graham, 'Resurgent Russia and US Purposes' (New York: The Century Foundation, April 2009), p. 24.

⁵ Hon. Chuck Hagel & Hon. Gary Hart (Co-Chairs), Dimitri K Simes (Director) and 24 Members, *The Right Direction for US Policy toward Russia: A Report from the Commission on US Policy toward Russia* (Washington: Nixon Center and Belfer Center for Science & International Affairs, Harvard University, March 2009) p. 12.