



THE ASPEN INSTITUTE CONGRESSIONAL PROGRAM

U.S.-Russia Relations: Policy Challenges in a New Era

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Table of Contents

Rapporteur's Summary <i>Matthew Rojansky</i>	3
Demands on Russian Foreign Policy and Its Drivers: Looking Out Five Years (2017-2022) <i>Dmitri Trenin</i>	11
Putin's Image and Russian National Interests <i>Elizabeth Wood</i>	19
What would Kennan say about Putin's Russia? <i>Slawomir Debski</i>	25
The Big Aim for the Big Deal: Building a Stable Peace and a Conflict Resolution Mechanism in Eastern Europe <i>Mykhail Minakov</i>	29
Nuclear Weapons Issues and Strategic Security: Understanding Russian and American Motivations Driving Policy Decisions <i>Linton Brooks</i>	33
Nuclear Weapons Issues and Strategic Security: Understanding Russian and American Motivations Driving Policy; The Future of the INF Treaty <i>Sergey Rogov</i>	39
U.S.-Russian Relations: Policy Challenges in a New Era <i>Thomas Graham</i>	59
The Light and Dark Sides of the Trump Administration <i>Dmitry Suslov</i>	63
Russia's Role in the U.S. Elections: The Case for Caution <i>George Beebe</i>	69

Russian Cyber Operations: Four Realities, Two that Can Change <i>Bruce McClintock</i>	75
Did the Sanctions Work? <i>Sergey Aleksashenko</i>	81
Russia's Economy Under Sanctions & Weak Oil: Surviving, But Far From Thriving <i>Christopher Weafer</i>	87
Friend or Foe, Putin's Making the Most of Trump <i>Jill Dougherty</i>	93
The Entitled: Why the Kremlin Had Such Big Expectations From a Trump Presidency <i>Maxim Trudolyubov</i>	95
A Permanent State of Sanctions? Proposal for a More Flexible EU Sanctions Policy Toward Russia <i>Sabine Fischer</i>	99
Conference Agenda	107
Conference Participants	115

U.S.-Russia Relations: Policy Challenges in a New Era

Rapporteur's Summary

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Setting the Scene

From May 30 to June 4, 2017, a bipartisan group of fourteen members of Congress convened in Berlin, Germany for an in depth analysis of Russia and U.S.-Russia relations, under the auspices of the Aspen Congressional Program. The members were joined by more than a dozen of the world's leading experts on topics ranging from conventional and nuclear security to economics and media. They also heard from current and former senior officials of the European Union, Germany, and Russia, and they met directly with counterparts from the German Bundestag.

Participants were well aware of the historic significance of holding this meeting in Berlin, particularly at a moment of such high tension in relations between East and West, with considerable risks for global security. Members noted that in Berlin, history was all around them. The discussion, recognizing the lingering effects of the Soviet Union's collapse on today's Russians, paid especially close attention to the example of Weimar Germany, a former great power whose leaders and population felt humiliated and insecure in the aftermath of World War I.

A Difficult Period in U.S.-Russia Relations

From the outset of the discussion, it was clear that U.S.-Russia relations are at a difficult and even dangerous low point. Russians and Americans approached the main points of difficulty with radically divergent narratives. Russians described Americans who enjoyed unrivaled prosperity and security as a dominant power, and saw themselves as the proverbial "City on a Hill" and the self-appointed "slayer of dragons" from fascism and communism to terrorism. Russians also bemoaned the lack of a peer competitor to balance U.S. power.

Russians, in turn, were described as obsessed with protecting their vulnerable security and sovereignty. One participant called this the "June, 1941 complex," a reference to Moscow's preoccupation with preventing another costly surprise attack and near defeat like it experienced in World War II. For this reason, Russians are unwilling to recognize another world power as leader or hegemon, developing an alternate narrative in which Russia, as the perennial underdog, leads the resistance against mightier nations, and punches above its weight, aiming to secure recognition as a coequal with the United States on the global stage. This resistance is sanctified by the authorities' emphasis on traditional, Orthodox Christian values, which, they argue, western countries have largely abandoned.

Where Americans saw Russian aggression and violation of basic international norms in Ukraine, Russians described a necessary counter-offensive against hostile European and American intervention to pull Ukraine into an anti-Russian alliance. Russian leader Vladimir Putin himself has talked about the vital importance of securing Russia's Black Sea Fleet base in Crimea, where he said he would be willing to welcome NATO ships as visitors, but never to be welcomed by NATO—a reference to the Alliance's 2008 Summit Declaration that Ukraine "will become" a NATO member. The Kremlin has developed a historical and ideological narrative about Crimea as the cradle of Russian Orthodoxy to justify the policy that if Ukraine goes West, it goes without Crimea.

Russians and Americans saw the crisis in Syria in similarly divergent terms, with agreement only on the need to combat terrorism and to stem the humanitarian catastrophe. Likewise, Russians offered little in response to the outrage and concern expressed by U.S. participants about the Kremlin's alleged cyber, information, influence and other

operations aimed at U.S. and European elections. Instead, Russians drew a moral and geopolitical equivalence with their own idea that Washington has engaged in a relentless drive for “regime change” abroad, especially in the former Soviet space.

Not a New Cold War

Despite the divergence of U.S. and Russian narratives, the litanies of past grievances, and the recurrence of “tit for tat” approaches, members noted the many respects in which the current conflict with Russia was not merely a repetition of the Cold War. As one scholar cautioned, “if you accept the Cold War analogy, you’ll be looking for things that aren’t there.”

On the positive side of the ledger, scholars described the strong desire for connectivity between Russians and Americans today, especially on the part of post-Cold War generations, who do not default to zero-sum views of the relationship. Despite serious concerns about the resurgence of armed conflict, Europeans recognized that the Cold War’s end had ushered in a quarter century of relative peace and unprecedented prosperity for the region, and many hoped that in the future, an integrated economic space might span from Vancouver to Vladivostok. Even short of this long-term goal, deepening business ties between Russia and the West remains appealing for both sides.

On the other hand, scholars noted, as bitter memories of near catastrophes like the Cuban Missile Crisis fade, governments and societies have begun to abandon the “rational fear” that flowed from these experiences. As current and former high-ranking officials noted, this has led to the attenuation of institutions like the Organization for Security and Cooperation in Europe, designed expressly to help prevent and manage conflict in the region, and of agreements on arms control intended to prevent escalation of small crises into global disasters. Moreover, even as the pace of technological change has quickened in the three decades since the end of the Cold War, little effort has been devoted to developing new rules, or applying existing rules, to govern relations in new technological contexts.

Talking about the post-Cold War order as designed, enforced and revised largely at the whim of the United States, Russians understood they were not likely to get the things they most hoped for,

including recognition of Russia’s sphere of “privileged” interests or influence in the post-Soviet space or its coequal status as a world power. Nonetheless, Russians argued that even if they cannot “win” in a traditional zero-sum confrontation with Washington, they are determined not to accept further surrender, diminishment or defeat.

What Can Now Be Done?

Reflecting their deep concern about rising tension between Moscow and Washington, scholars offered only a limited roadmap for the U.S.-Russia agenda in the foreseeable future. Russians who paid close attention to U.S. politics were especially concerned that Washington’s mood was hardening against improvement of relations, and that therefore even the most modest achievements in the diplomatic track would be quickly undone on the political level.

Nonetheless, participants identified a list of urgent top priorities for U.S.-Russia relations, focusing on avoiding escalation of direct conflict, managing global and regional security threats, and boosting bilateral ties and dialogue. One scholar referred to the need to prevent a “collision” between the United States and Russia that could escalate to direct military confrontation.

The most urgent concern expressed by many participants was to limit the likelihood of dangerous incidents involving U.S. and Russian forces on land, in the air or at sea. Key to this goal would be resumption of direct dialogue between U.S. and Russian military and civilian defense leaders at all levels—participants noted with approval the recent meetings between U.S. Chairman of the Joint Chiefs of Staff General Joseph Dunford and his Russian counterpart, General Valery Gerasimov.

The U.S.-Russia nuclear relationship is still one locked in a posture of “Mutually Assured Destruction.” It is, as one distinguished U.S. expert pointed out, not a policy, but a reality born of the recognition by both sides that no matter who shoots first, a nuclear exchange would result in the destruction of life as we know it for both countries, with practically no chance to prevent that outcome once triggered. Although this “MAD” posture has proven relatively stable for decades, dialogue is urgently needed to address the effects of new technologies like ballistic missile defense, space

weaponization, conventional strategic systems, and cyber weapons, on strategic stability between Russia and the United States.

In the context of such a dialogue, scholars suggested that the U.S. Congress could clarify the meaning of legislative language supporting development of U.S. missile defense technologies—whether these were strictly designed to provide regional defenses, or might be aimed at defending the entire United States against Russia’s vast nuclear arsenal. In addition, with each side accusing the other of ongoing violations of the 1988 Intermediate Nuclear Forces Treaty, this category of systems would need to be addressed in order to preserve the current arms control regime. Additionally, the New START treaty, which came into force in 2011, is set to expire in 2021, and must therefore either be renegotiated or extended to preserve the vital transparency and inspections capabilities it provides.

In the nuclear realm, while additional dialogue on strategic stability and efforts to shore up the existing arms control regime were widely supported, both scholars and members noted that the United States would not limit its development of defenses against Iranian, North Korean or other rogue missile threats. Likewise, in the face of continuing Russian violations of the 1988 INF treaty, some on the U.S. side advocated building up new U.S. intermediate-range capabilities that could pressure Russia to return to compliance. Scholars noted that on this issue, trilateral or multilateral discussions involving China, France and the U.K. at least would be important, since each fields such weapons, but none are currently subject to the INF treaty.

A fundamentally shared interest was apparent in continuing existing efforts to contain and prevent the further proliferation of weapons of mass destruction, including nuclear, radiological, chemical and biological weapons. Although other relevant technologies may change, a nuclear device cannot be built without sufficient nuclear material, and this is a vital bottleneck where U.S. and Russian efforts can prevent the world’s most dangerous weapons from falling into the wrong hands.

A related goal is to combat the spread of radicalized individuals, terrorist finance and radical ideologies globally, most notably those coming out of the current conflicts across the wider Middle East. U.S. and European participants underscored the

sense of urgency in combatting terrorism following the bombing in May, 2017 of a stadium filled with young concertgoers in Manchester, England. Russians, who recalled the terror attack on the St. Petersburg Metro earlier in the year, noted that with thousands of European and Russian born fighters in the ranks of ISIS, that this was clearly a common threat.

Russian scholars also underscored Moscow’s interest in cooperation to stem the flow of narcotics, weapons and radicalized fighters from Afghanistan into Central Asia and Southern Russia. While they were receptive to these concerns, U.S. participants cautioned that Russia’s separate-track diplomacy on Afghanistan, engaging Pakistan and China, but excluding the United States, was not helpful.

The conversation frequently returned to the difficult but vital topic of Syria, and the question of what could be done to halt the conflict’s appalling and spiraling human cost, while stemming the flow of desperate, vulnerable refugees out of the warzone. With its military intervention in late 2015, Russia became a key actor in Syria. Although Russian participants professed no great love for Syrian strongman leader Bashar al-Assad, they insisted that the top priority in the country was fighting terrorism, and that the future political settlement could be dealt with later.

While Russians expressed openness to cooperating with U.S.-led coalition operations against ISIS targets, they faulted Washington for the April 2017 Shayrat missile strike, which they said was illegal, and was not based on conclusive proof that chemical weapons had been used by the Assad regime. Limited common ground between U.S. and Russian participants came only on the question of doing whatever was possible to assist the civilian population, including by setting up “safe zones” or “humanitarian corridors” in select areas to begin preparing the groundwork for a more general ceasefire.

Experts from both sides cited the North Korean nuclear and ballistic missile program as a threat to global security, however neither saw a promising path to persuade Pyongyang to give up its weapons, or to limit the rogue country’s development of missiles with ever greater range and accuracy. One Russian expert suggested that the U.S. could offer to formally recognize the North Korean government,

and open a U.S. Embassy, as it had done with East Germany during the Cold War. However, it was noted, this ran the risk of underscoring a dangerous precedent that developing nuclear weapons could lead a rogue regime to enjoy greater, not less, security.

Scholars described the emergence of an increasingly close “strategic partnership” between Russia and China, especially in the wake of imposition of sanctions and isolation by the United States and Europe. However, both U.S. and Russian experts observed that Moscow seeks to balance its engagement with China through a deepening contacts with other major actors in East and South Asia, including Japan, Vietnam, India, and others. As China continues to play a more active and decisive role in its region and globally, U.S. and Russian interests may coincide in encouraging China to cooperate in ways that reinforce existing rules for resolving territorial, political and economic disputes in its neighborhood.

Both sides strongly agreed that despite its very obvious imperfections, the agreement by which Iran suspended its own nuclear weapons program was an important achievement for U.S., Russian and European diplomacy, and that it could be an example for “compartmentalized” interest-based cooperation in the future. Experts recommended that both Moscow and Washington ensure the International Atomic Energy Agency (IAEA) had adequate political support and resources to continue verifying Iran’s compliance with the nuclear deal. Despite this consensus, American participants expressed outrage at Tehran’s ongoing support of terrorism in the region and beyond, while Russians said their robust security and economic relations with Iran was a valuable stabilizing factor in the region.

Scholars described trade relations between Russia and the West that continued to offer considerable potential, but were severely hampered not only by sanctions, but also by market conditions in Russia and globally. One experienced financial analyst pointed out that during his next likely 6-year term as President, Vladimir Putin would have no choice but to seek a new model for developing the Russian economy, which hit a dead end long before the West imposed Ukraine-related sanctions. Attracting investment, much of which would have to

come from Western-dominated international financial markets, would be key to Russia’s ability to diversify its economy away from overdependence on natural resource extraction and export.

As a former senior EU official suggested, many of the most significant threats and challenges facing the United States, Europe and Russia are likely to be global or transnational in scope. Responses, therefore, have to be developed by states acting in coordination, whether through existing international institutions and agreements, or by means of ad hoc coordination, on an issue-by-issue basis. Yet participants recognized that while Moscow and Washington are the pivotal actors on nuclear non-proliferation and countering terrorism, and are vital players on issues like responding to pandemic disease and interdicting trafficking, even in cooperation, the two can no longer shape the global agenda as was once the case.

Areas for U.S. Action to Deter, Contain, and Constrain Russia

Despite the importance and potential of continued and increased U.S.-Russian cooperation in some areas, participants found a weighty set of problems on which the United States had a compelling interest in pushing back against Russia’s actions. They gave particular consideration to ways Washington could more effectively deter Russia from interference in democratic institutions and processes, help protect allies in Europe and globally, and assert U.S. values and interests in the former-Soviet space, where Russia remains a dominant power.

As Washington debates and investigates the exact nature, extent and purpose of Russia’s interference in the 2016 U.S. elections, the discussion reflected strong interest in the topic on a bipartisan basis from the members of Congress. Scholars and members agreed that hostile Russian actions in the cyber, information and other non-kinetic domains demanded a firm and clear response to deter future threats. Russian participants objected that the Kremlin may not fully control all cyber activities originating from Russian territory, and some experts raised the possibility that cyber attacks and information operations could be “false flags” intended to provoke U.S.-Russian conflict for the

benefit of third parties or private commercial interests.

Russian motivations and interests related to influencing U.S. and European democratic processes were in the spotlight during the discussions. Participants underscored the importance of avoiding moves that would play directly into the Kremlin's domestic political or international narrative, or that could inadvertently trigger a spiral of escalating cyber aggression. Likewise, the Russian TV network RT should not be given too much credit for influencing U.S. public opinion. Thus far, official U.S. intelligence reports citing RT as an effective instrument of Russian influence have resulted in even more Kremlin funding and support for the broadcaster.

Whether responding to propaganda masquerading as news or Kremlin-orchestrated social media influence campaigns (so-called "Russian troll armies"), many American participants felt confident that the best defense was to shore up the political, economic, and social vulnerabilities which Russia sought to exploit. Although exaggerated and peppered with fabricated "facts," Russia's narrative seeks primarily to undermine U.S. institutions by pointing to their real flaws. Rather than responding to every Russian allegation with an elaborate "takedown" of the propaganda's source, U.S. government-funded broadcasters, such as the Voice of America, and policymakers could point to existing and future efforts to address these problems through democratic processes and the strength and resilience of the free market.

European participants described a "confused" state of U.S.-EU relations, in which they viewed all actors as drained and distracted by recent and upcoming internal political fights. At the same time, members of Congress and the German Bundestag all underscored the existential importance of U.S.-German relations, and expressed hope for continuing partnership between Washington and Berlin that has benefitted both for half a century.

In response to distraction and exhaustion at home and in the face of Russian pressure on a wide front, U.S. and German participants talked of the need to get "back on track" in terms of both problem-solving and values. They felt the strongest response to a perceived crisis of liberal democracy in Europe was to reemphasize the core purpose and

identity of the European Union. As one speaker put it, "the point is we used to kill each other, in fact we did so better than anyone else, and now we don't." Instead, the EU should restore its identity as a democratic bulwark of peace, stability and prosperity.

Scholars and members devoted considerable attention to the question of how to ensure the effectiveness of U.S. and NATO deterrence in Europe. Russians described NATO's enlargement over the past two decades as creating a security dilemma in Eastern Europe, however U.S. and European participants pointed to Russian behavior aimed at threatening or destabilizing neighboring states, particularly its former Soviet and Communist Bloc neighbors, some of whom are now NATO allies (e.g. the Baltic States and Montenegro), or NATO partners (e.g. Georgia and Ukraine). Participants described the Kremlin as intervening in these states, when possible, to insert a "wedge" in the form of political discord or even territorial divisions that would prevent their successful long term integration into Western institutions, including both NATO and the European Union.

The Russian threat to NATO member states was also described in terms of information, cyber and hybrid operations, which might fall short of deployment of military forces. Russian participants were clear that the Kremlin respects NATO's Article 5 guarantee, but that it is seen largely in conventional military terms, and therefore the guarantee alone would not deter Russia's use of non-kinetic military instruments. Participants inquired what force levels might be sufficient to deter Russian actions against NATO members, without being perceived as needlessly provocative by the Russian side. Scholars suggested that while the precise balance between offensive and defensive capabilities was a military-technical issue, the presence of even small numbers of American forces as a "tripwire" in the region would underscore the U.S. Article 5 commitment. However, if there was a significant U.S. buildup in Poland and the Baltic States, for example, this would be seen by Moscow as much more than enhanced deterrence, and could be provocative and "push Russia over the edge."

More than three years after Ukraine's Maidan Revolution and the Russian invasion that followed, U.S. participants expressed hope for Ukraine's

success both in restoring its territorial integrity and in pursuing badly-needed reforms that can bring the country closer to the West. Many suggested that the U.S. should provide military support and increased capacity-building to better address endemic corruption challenges. In this connection, scholars and members agreed on the importance of engaging on the Ukraine crisis in ways that preserved U.S. leverage with both Moscow and Kyiv.

Participants viewed Ukraine-related U.S. and international sanctions on Russia as only partly effective to date. One scholar explained that sanctions could have three desired effects: (1) demonstrating Western unity and resolve, (2) deterring Russian actions in Ukraine, and (3) punishing Russia by damaging its economy. The West's relatively fast-moving and unified sanctions policy in the wake of Russia's annexation of Crimea and the shooting down of the Malaysian Airlines commercial flight MH17 with over 300 fatalities proved surprising to many in Moscow. However, sanctions have thus far had only a limited effect, impacting perhaps 1% of Gross Domestic Product in total, on the Russian economy. Even this effect was likely magnified by a unique coincidence in which the bulk of Russia's foreign debt came due at precisely the time when global energy prices fell to record lows.

Going forward, U.S. participants examined the options for devising a strong, clear and sustainable sanctions policy. When asked which sanctions Russia felt most keenly, one former high-ranking Russian official said it would be those restricting the Russian economy's access to global financial markets, but that this was a complex, moving target. Rather than the precise list of sanctioned entities, international lending to Russia at large over the past three years had been deterred most by the perception that sanctions could be ratcheted up at any time, and that enforcement by the U.S. Treasury Department could result in enormous fines. Thus, the scholar emphasized the importance of every statement or media report related to U.S. sanctions policy for either increasing or diluting the pressure of existing sanctions.

One risk related to sanctions is that the Kremlin may perceive aggressive new measures as being aimed not at deterring Russian action against neighboring states like Ukraine and Georgia, but at

weakening the Russian state itself. Above all else, Vladimir Putin and the Russian elites surrounding him fear widespread popular unrest that could threaten regime stability. If sanctions appear to the Russian leadership to be aimed primarily at regime change, they may respond by escalating conflict with the United States and Europe. At a minimum, such sanctions would play into the Kremlin's argument that Russia is "under siege" from a hostile West bent on weakening and dominating the country. On the other hand, if the costs imposed by sanctions are not sufficiently severe, they may not actually work as a deterrent.

Members' Key Policy Takeaways

From the start, members expressed deep concerns about Russian interference in U.S. and European elections. As one participant put it, the U.S. "marketplace of ideas" can handle the injection of Kremlin-funded propaganda from media outlets such as RT and others, but if Russian agents "mess with the fundamental mechanics of internal governance," Americans had no choice but to respond. Other members echoed the view that election interference was clearly a "red line," and called for a much stronger response.

One member proposed that U.S. elections were particularly vulnerable to Russian or other external attempts at "regime change" because of the role of money in U.S. politics. The member argued that if a single billionaire can change the outcome of a Congressional race, then surely Moscow could do the same. Members urged the adoption of better cyber defenses for election-related and other critical cyber infrastructure, including passive and active defenses. Some endorsed a "fruit of the poisonous tree" rule imposing liability on anyone who uses information illegally obtained through cyber espionage, just as the knowing recipient of a stolen car would be subject to prosecution.

Other members argued that while no intervention in U.S. elections should be tolerated, Americans were making a mistake by giving the Russians more credit for their operations than they deserved. An argument was made that jumping to what one member called a "conspiracy theory" of the 2016 election was inherently more destructive than Russian hacking and propaganda.

Members recognized a stalemated situation on Ukraine-related sanctions: Washington will not drop them, and Russia is not likely to stop its aggression in Ukraine or leave Crimea any time soon. Some members called for sanctions to be strengthened, to underscore the message that these Russian actions are and will always be unacceptable. Others acknowledged Russia's counter-arguments about the West's use of force against Serbia and Iraq, and suggested negotiating a renewed commitment to the basic principles of sovereignty and territorial integrity of all states reflected in the 1975 Helsinki Final Act and the 1990 Charter of Paris for a New Europe.

On Syria, members urged action to stem the humanitarian disaster and the tide of refugees continuing to flow from the region. Members supported imposition of an immediate ceasefire and negotiations toward a deal on U.S.-Russia cooperation.

Members also agreed that renewed efforts were needed to shore up the existing arms control regime and to prevent unintended escalation to nuclear conflict. There was bipartisan agreement on the need to quickly fill vacant positions at the State Department and U.S. embassies, so that an experienced and capable executive branch team can come together to deal directly with the many challenges related to U.S.-Russia relations.

Members were especially concerned about the worsening plight of Russia's post-Soviet neighbors, many of which aspire to become fully democratic states, and seek friendly relations with both Russia and the West. One member noted that while states such as Georgia, Ukraine, Moldova and Kyrgyzstan were not NATO members, they deserved support to defend against current and to deter future Russian aggression, and that sanctions were clearly part of that equation. The member went on to remind the participants that ignoring the situation in these countries could easily lead to a repetition of the 20th century's tragic history in the region.

Some members worried that the longstanding bipartisan consensus favoring U.S. engagement in Europe and the wider world is broken, and that this would put at risk the safety of Americans at home and abroad. Citing the terrorist attack in Manchester, one member asked whether Americans would even accept that there is a strong U.S. self

interest in being globally engaged. The member cautioned that U.S. retreat from the wider world would produce a vacuum in which threats could thrive and multiply.

Members came away from the discussions and meetings with a clearer understanding of the fundamentally different ways in which Americans and Russians read history, understand political power, and construct their hopes and expectations for the future. However, nearly all emphasized the importance of working to see these things as much as possible from the perspective of the other.

To that end, members recommended increasing U.S. investment in Russia expertise in and out of government, since, as one member put it, "we haven't had conversations like these in Washington." Members were also troubled by the degree to which neither side seemed to feel respected by the other, and were surprised to learn that letters from Russian legislators requesting to meet to address urgent problems were routinely ignored by their counterparts in the House and Senate. Members overwhelmingly supported more expanded dialogue between themselves and Russian Duma counterparts, and several of the Russian participants confirmed their readiness to facilitate such meetings in the future.

Overall, many members saw the difficult state of U.S.-Russia relations in the context of a fast-changing global environment in the early 21st century. None doubted the importance of better partnerships to combat transnational threats from terrorism, proliferation, trafficking, disease and other scourges. Many were also open to developing "new rules of the game" or strengthening and adapting current international agreements to better manage technological change and the balance between territorial integrity and self-determination. And all agreed that the problem of what Americans and Russians could do together to stop the bloodshed in Syria and Ukraine needs to be explored urgently and seriously.

While members hoped to see a Russia that could become both confident and prosperous, they doubted whether Vladimir Putin was capable of viewing the world in other than in zero-sum terms. In this respect, one member argued that many in Russia and the United States were misunderstanding what it meant to be a great power in the 21st century, with

an excessive focus on military power and influence over other states, while not paying attention to the real problems of strengthening the economy by empowering ideas and innovation.

What Next?

All indications are that U.S.-Russia relations will continue to suffer from acute tensions and risks of further deterioration. The U.S. Administration faces the unusual challenge of balancing between an investigation of alleged Russian ties that has targeted some of its most senior figures, while attempting to formulate and implement a new Russia policy with most of the government's senior national security jobs still vacant. In Russia, Vladimir Putin will face reelection in March 2018, and while his victory is all but assured by tight Kremlin control over the media, civil society, and the voting process itself, he must still mobilize his base of Russian voters to turn out and signal their support. Therefore, neither Washington nor Moscow appears prepared to risk incurring further domestic political cost for the sake of repairing relations with the other.

In the meantime, crises in Syria, Ukraine and elsewhere show no signs of letting up, with humanitarian costs mounting and the effects of political instability and insecurity felt widely across the globe. The pace of ISIS-linked terror attacks appears to be quickening, with the latest attack striking London just as participants departed Berlin for their homes in the United States, Russia and Europe. In the face of these mounting challenges, and with executive branch leaders hampered by inertia and exhaustion, it is clearly time for Congress play a greater and more productive role in managing U.S.-Russia relations and advancing vital U.S. national interests.

Demands on Russian Foreign Policy and Its Drivers: Looking Out Five Years (2017-2022)

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In 2014, amid the Ukrainian crisis, Russia broke out of the post-Cold War system and openly challenged U.S. dominance. This move effectively ended a quarter-century of cooperative relations among great powers and ushered in an era of intense competition between them. Three years on, Moscow continues to be in defiance. Meanwhile, the conflict with the West has deepened, and confrontation with the United States and estrangement from the EU countries are now the salient and permanent features of Russia's international environment. Having suffered a severe economic crisis, brought about by the demise of its oil-dependent economic model, which was exacerbated by Western sanctions in response to Ukraine and especially by the plunge in the oil price, Russia is now slowly exiting from recession and entering stagnation, or at best only anemic growth. Russia has stood up to Western pressure on the outside and kept a modicum of political and social stability inside, but it is essentially muddling through. This dynamic will last a number of years, until such time when a more active section of Russian elites, capitalizing on President Putin's eventual departure from power, decides to change the rules of the game for its own benefit. Such a scenario, however, lies beyond the horizon of the present study.

Main Foreign Policy Priorities

Moscow's immediate foreign policy priority has been to withstand the pressure imposed on it by the U.S. and its allies. Having adjusted its economy to sanctions and low oil prices, Russia continues to seek ways to reduce its political isolation, and has moved on to offensive operations in the information space. Since February 2014, the Kremlin has been de facto operating in a war mode, and Vladimir Putin has been acting as a wartime leader. So far, the Kremlin has been holding.

Russia, however, has been disappointed in its hopes that the Trump Administration would take a more "understanding" approach to Moscow. It has also been surprised by the defeat in the French presidential elections of its favorite candidate, the center-right former Prime Minister Francois Fillon. Donald Trump's much tougher approach toward Russia than he had exhibited during the election campaign, the broad consensus within the German political establishment that Russia should stay under Western pressure, and pro-EU, pro-Atlanticist Emmanuel Macron's victory in France have minimized chances that America and/or Europe might ease its attitudes toward Moscow in the next four to five years.

Looking ahead, the Kremlin is adamant that it stands firm on its current foreign policy course. It has no intention of stepping back and reconciling itself with the West through concessions and promises of improved behavior. In the words of Foreign Minister Sergei Lavrov, appeasement of the West at the expense of Russian national interests is over. On the contrary, Russia's operation in Syria, which began in the Fall of 2015, posed a fresh challenge to the U.S.-dominated order. Moscow has broken a U.S. post-Cold War monopoly on the global use of force and has staged a spectacular geopolitical comeback in a region it had abandoned in the waning years of the Soviet Union.

Thus, Russia's principal foreign policy priorities, as evidenced by its actions in Ukraine and Syria, are checking any further advance of NATO in Eastern Europe and confirming Russia's status as a great power outside the former Soviet space. Moscow's strategy is to create facts on the ground to coerce its former partners-turned-rivals, above all the United States, to acknowledge Russia's security interests—as defined by the Kremlin, not

Washington—and accept Russia’s importance as a great power to be reckoned with globally.

Moscow’s engagement with the West on issues such as Ukraine or Syria, or Iranian and North Korean nuclear issues, is geared to these priorities. By means of the Minsk II agreement of February 2015, Moscow seeks to create an insurmountable constitutional obstacle within Ukraine to that country’s accession to NATO, and to insert a pro-Russian element into the Ukrainian body politic. By means of an eventual peace settlement in Syria, Russia seeks to get U.S. recognition of its equal status; regain the role of a major outside power in the region; and keep Syria as its geopolitical and military stronghold.

Russia’s willingness to engage with the Europeans on Ukraine and its offer of a coalition against the self-proclaimed Islamic State in Syria are linked to Moscow’s objective of lifting or progressively easing the EU-imposed sanctions and restoring a modicum of economic relations with Western Europe. However, Russian expectations that European business communities—particularly in Germany, France and Italy – would eventually get their governments to repeal the sanctions regime have not materialized. Russia’s other hopes that the developments in the European Union, including BREXIT and elections in France and other countries would lead to a less Atlanticist, less Russoskeptic EU, with more emphasis on the national interests of the member states, would open new opportunities of better bilateral relations between Russia and individual European countries, have also fallen flat, so far.

Russia’s rupture with the West has increased the importance of the country’s non-Western partners. Making relations with China, a rising global power and the biggest economy which has not joined the sanctions regime against Russia, more productive is central to that outreach. However, the Sino-Russian entente has clear limits. The Chinese are cautious not to damage their business ties with the U.S.; Russia is cautious not to fall under the sway of the economically dominant partner; and the two countries’ interests and strategies do not always coincide. Bolstering ties with China and keeping the relationship friendly is a major priority; forging an alliance with Beijing, in which Moscow would be a junior partner, is not.

China and Russia have agreed to harmonize the One Belt, One Road (OBOR) project with the Moscow-led Eurasian Economic Union (EEU), and started consultations on free trade between them. In May 2017, President Putin attended the OBOR Summit to highlight the salience of the “grand Eurasian” vector in Moscow’s foreign policy. In the Kremlin’s thinking, the EEU-OBOR axis could be extended to ASEAN countries, where Russia relies on Vietnam as a gateway to the region, and has been courting the regional giant Indonesia.

With the G20 and the BRICS (Brazil, Russia, India, China and South Africa) having replaced for Russia the G7/8 from which it was expelled, and the Shanghai Cooperation Organization (SCO) visually taking the place of the Russia-EU summitry and the Russia-NATO Council, Moscow is in the process of getting settled down in the non-Western world. This process, however, is not easy. Moscow’s relations with India, Brazil, and South Africa, cordial as they are, have not expanded much, due mainly to Russia’s economic weakness. The fall of oil prices has led to a contraction of Russian exports to various countries by about a third. Expansion of Russian arms sales has not compensated for this shortfall by far.

This year will see, however, India and Pakistan formally join the SCO – something Moscow has been long supporting in order to reduce China’s dominance in the project. With Moscow increasingly worried about the Islamic State presence in Afghanistan, its ties with Islamabad have grown thicker - despite Delhi’s apprehensions. Russia also favors the SCO’s expansion to include Iran, but faces opposition from Farsi-speaking Tajikistan, fearful of the destabilizing effect on itself of closer ties with the Iranian theocracy.

Russia’s intervention in Syria has brought Moscow into a situational alliance with Iran, and has led to close and not always friendly interaction with Turkey. The Russo-Turkish roller-coaster of relations in 2015-17 has seen Moscow severing most of its ties with Ankara following the downing of a Russian bomber by Turkey, and again cooperating in a quasi-alliance format, both diplomatically and militarily, in Syria. All this has been happening against the background of Turkey’s serious deterioration of relations with the European Union.

Rhetorically, furthering Eurasian economic integration is among Moscow's major priorities. In reality, the economic crisis that has affected all of post-Soviet Eurasia, and particularly Russia itself, as well as Russia's political confrontation with the West have put the Eurasian Economic Union on the backburner of Moscow's foreign policy, where it will probably remain for the foreseeable future. Keeping close bilateral relations with the key partner countries, Belarus and Kazakhstan, however, will be a priority—even as both Minsk and Astana demonstrate their independence from Moscow.

It needs to be added what is not a priority or even an objective for the Kremlin. The list includes conquering the Baltic States or establishing pro-Russian enclaves there; and taking over Ukraine by force. Even integration of the part of Ukraine's Donbass region controlled by the anti-Maidan separatists presents a major problem for Russia, both in economic and legal terms.

Having entered information warfare with the Western mainstream media in the wake of the Ukraine crisis, Russia has massively stepped up its activities in the field, both domestically and internationally. Operations in that milieu are generally considered unrestricted, with no holds barred. While its efforts within the country are focused on mobilizing popular support for a country under attack from the West for standing up to the national interest, Russian foreign propaganda seeks to highlight and exploit problems and conflicts in the adversarial camp, undermining the Western publics' confidence in democracy and U.S. leadership.

There is only so much, of course, that anyone can hope to achieve that way. Russia's main tools in information warfare, RT television and Sputnik news agency, are tiny operations in comparison with the leading Western news outlets. Their main selling point is that they present a rare alternative to the mainstream media, question things that are believed to be well-established, and expose unseemly actions or behavior by various Western public figures and institutions—essentially doing the job of erstwhile left-wing publications in Europe, which have become extinct by now in the general climate of conformity.

There are reasons to argue that Russian activism does not stop there. Taking its cue from what it

regards as Western interference in other countries' politics, including pre- and post-Maidan Ukraine, but also in Russia itself, Moscow has crossed the lines it never crossed since the break-up of the Communist system. It has become actively engaged in the Western political debate, including during election campaigns. The presidential elections of 2016 in the United States and 2017 in France fully exhibited Moscow's preferences as to the candidates. This new trend is likely to continue, widening the battleground in the new confrontation between Russia and the West.

One might surmise that there is also a covert side to that activism. All evidence to that is understandably patchy and unreliable. However, to conclude from all the information publicly available that Russia was able to manipulate U.S. elections, and impose its choice on the American people betrays a crass case of lack of self-confidence among the U.S. political establishment, and its skepticism regarding the American voters who, it follows, can be easily manipulated with minimum resources by a distant and hardly very attractive foreign country.

One can also safely assume that the West itself is also hardly passive in this engagement. To Putin, Western sanctions have had an unintended upside in restricting Russian officials' exposure to the West, and thus the Western governments' capacity of influencing and pressuring them, but clearly top Russians have so many more dealings with the West that can, at least in theory, be exploited against the Kremlin, than the other way around. Add to that opposition politicians such as Mikhail Khodorkovsky and others; prominent opposition bloggers that reside abroad; and the West's media resources that beam to Russia. In the run-up to Russia's own presidential elections set for March 2018, activities in this field will multiply. They will not cease in 2018, however. As Putin enters his fourth formal—and fifth actual—presidential term, the post-Putin future will loom larger with every passing year. The stakes for all those involved, both in Russia and the West, will be very high.

Key Foreign Policy Constituencies

President Putin remains the decider on all key foreign, security, and defense issues. In office since 2000, Putin is by now one of the world's most experienced leaders. He also wields absolute power

inside his country. Putin's power rests on his unprecedented and stable popularity—in the 80% range since 2014—among the ordinary Russian people. Putin's foreign policy of great-power revival is a major element of his popularity. Western backlash against Russia's assertiveness only helps consolidate that support.

Putin is assisted by a group of senior aides, not colleagues or peers, who make up the Security Council of the Russian Federation (SCRF). The SCRF's purview is wider than national security as usually defined in the West. It can take up virtually any issue of national importance, including economics, finance, demographics, and even culture. Putin's foreign policy decisions are mostly based on the information he receives from the security services.

The Russian security community plays the key role in helping Putin conceive, shape, and execute foreign policy decisions. Since 2014, that role has risen dramatically. Now that Russia finds itself in the state of political, economic, and information warfare against the West, the Russian security apparatus has taken up the role equivalent to the military high command in wartime. Members of that apparatus also think in terms of campaigns, which they plan, get approved by Putin, and execute—even as they stay out of the limelight.

The group's worldview presents international relations in terms of a never-ending struggle for dominance and influence among a few most powerful countries. The animus against the U.S. within the group is sincere and it runs very deep. The community's principal spokesman, SCRF Secretary Nikolay Patrushev, is very candid in his description of the U.S. as Russia's main adversary. The Foreign Ministry under Lavrov has duly adopted a hardline approach in implementing the Kremlin's decisions.

The present environment of the U.S.-Russian confrontation has substantially increased the influence of the defense community, both within the Armed Forces and in the military industry. The use of force has again become an active and effective instrument of Russia's foreign policy, both within and outside the former Soviet space. The military industry, supported by a large-scale defense modernization program, is also being promoted as a

“locomotive” of Russia's attempt at re-industrialization. Defense Minister Sergei Shoigu is the country's most popular figure after Putin. Vice Premier Dmitri Rogozin, in charge of the defense industry, is a rare politician in the bureaucratic-dominated government with clear presidential ambitions.

The security/defense/industrial community benefits from the high approval marks that ordinary Russian people are giving to the Kremlin's proactive foreign policy and to the Armed Forces. Virtually the entire political elite—from the parliament and the Duma parties to the governors, mayors and the state-run media—is united on the issue of Russian patriotism. The strong popular and elite approval of Putin's assertive policy is contrasted by a similarly strong rejection of it on the part of small liberal groups and individuals who have a voice but little influence in today's Russia.

The Russian business community is much quieter but is also more concerned over the economic disruption resulting from confrontation with the U.S. and alienation from the European Union. It favors restoration of normal trading links between Russia and the developed countries, naturally dislikes Western sanctions and Russian counter-sanctions, and certainly does not want any further deterioration of Russia's relations with the U.S. and the EU countries. However, the oligarchical top layer of the community is too dependent on the Kremlin even to suggest a change in policy, the state-owned corporations faithfully follow the government line, and much of the small and medium-size business feel patriotic and are supportive of Putin.

Ordinary Russian people, despite many grievances against the authorities, have shown no inclination to move against the existing order. Public political protests are rare and far between. The Duma elections of September 2016 have returned a parliament totally dominated by the Kremlin's United Russia party. The Kremlin's objective for 2018 is not merely to get Putin re-elected: they aim for a 70% “yes” vote with 70% turnout. This will be an interesting test. There are some social protests which the authorities so far have been able to defuse or quell, as well as widely publicized corruption allegations against senior officials. Yet, most Russians still prize “stability” guaranteed by Putin so

much that they are prepared to put up with an anemic economy, an ossified political system, and the arbitrariness of officials at all levels.

This situation will doubtless change as resources that support the existing order run out, and new elites see opportunities in upending that order, particularly when Putin, now 64, passes from the scene. This, however, is more likely to happen toward the end of the next decade. Russia's resources, even under the sanctions regime, are still substantial; the ruling elite is incredibly rich and has no interest in any change; the President is popular and his grip on supreme power as firm as ever; most people fear change; the more restless ones opt for emigration.

Post-Putin Russia is still over the horizon. The present regime is not necessarily to be succeeded by a more liberal, Western-friendly one; indeed, the odds, today, are heavily against that. Putin has started the process of cadre renewal which aims at populating the state with younger, more competent and less corrupt officials devoted to the concept of Russia as a great power. Even if he steps down as President in 2024, Putin will probably continue as Russia's paramount leader for years to come. When he finally goes, however, the fate of the country will be decided by the elites, some of which would try to keep their Putin-era privileges, and others will challenge them from both left and right. Nationalism, however, will probably be the common denominator.

Key Ideological Influences

In 2016, Putin came up with Russia's national idea: patriotism. In the Kremlin's version, Russian patriotism is above all about the state, which is the highest civic value. Attitude toward the state has become the main criterion in judging historical and contemporary figures and ordinary citizens. The Russian state is believed to be the center of a "Russian world", a civilization which traces its spiritual and temporal roots to Byzantium and Orthodox Christianity. Besides the Russian Federation, the "Russian world" encompasses Ukraine (minus its Greek Catholic western regions), Belarus, and Moldova, as well as the Russian diaspora around the world. Its central pillar and main source is the Russian Orthodox Church. For Putin, his continued presidency is a God-given mission.

Thus, Russia has pivoted away from the "European choice" announced by Putin in the early 2000s and had been de facto pursued since the toppling of the Communist system in 1991. This pivot to Russia's own cultural and historical heritage, with an emphasis on the imperial period, is often described as Eurasianism. The European cultural influence remains, but in its "classical" rather than contemporary EU-shaped form. The Kremlin's current attitudes to the EU can be compared to the views on Europe exhibited by emperors Alexander III (r. 1881-94) and his grandfather Nicholas I (r. 1825-55): Russia is in, but not of Europe. The present-day Russian Federation sees itself as occupying a unique central position in northern Eurasia, equidistant to Asia, North America, the Middle East - and Europe.

While calling themselves conservatives, Russian leaders essentially remain pragmatic. They are prepared to do deals with anyone, irrespective of the counterpart's ideology, which they privately view with cynicism. What they vehemently reject is revolution. In the Kremlin's view, U.S. and EU support for democracy and human rights are tools of foreign policy which are more effective in destroying authoritarian regimes than subsequently building democratic systems of governance on their ruins. One reason many Russians officials favored Donald Trump to Hillary Clinton is that they expected Trump, when elected, to stop meddling in Russian domestic affairs.

Within Russia, the Kremlin employs a number of liberals in the economic policy department, consistent with Putin's basic preference for the market over total state control of the economy. With his policies in Crimea and Ukraine, Putin has been able to turn himself into a hero for nationalists, who are also managed on the Kremlin's behalf by veteran political operator Vladimir Zhirinovskiy and his party, the Liberal Democratic Party of Russia. The Communist party is thoroughly domesticated in the Duma, while its founder Vladimir Lenin (1870-1924) is often reviled as a traitor for his collusion with Germany against the domestic Russian regime during WWI. All these groups basically support the Kremlin's current foreign policy.

Key Geopolitical Concerns and Policy Drivers

Moscow's main current concern and policy driver is the setting in of the long cycle of low energy and other commodity prices. The sharp drop in the oil price in 2014-15 has markedly devalued Russia's geopolitical importance vis-à-vis its principal customers in Europe and Asia. The idea of an "energy superpower," popular in the mid-2000s, is finally and completely dispelled. This situation "objectively" pushes the Kremlin toward diversifying the economy. Successful diversification, however, would require the country to adopt a wholly different politico-economic model, with a business-friendly environment, support for entrepreneurship, and an emphasis on technological innovation.

Such a model would obviously end the domination of the ruling moneyed elites and cannot be adopted by them. Thus Russia finds itself again at a crossroads between reforming the economy and dismantling the existing politico-economic set-up; going for a wholesale economic mobilization dominated by the state; or keeping the system intact and facing the prospect of continued decline and possibly an upheaval in the end. It is likely that the choice will be put off as far as possible, given the consequences of it for the elites. It may not be made by the end of the present decade, but it can hardly be postponed beyond 2025-2030.

In the near-to-medium term, Russia is likely to face up to the challenge of Islamist radicalism on its southern borders. The Middle East is generating instability which is already spreading to other parts of the Muslim world, including Central Asia and parts of the Caucasus. Former Soviet countries of the region which have survived their first 25 years of independence exhibit some of the features which helped produce the Arab Spring. In Afghanistan, Islamic State has built a presence with a view of expanding its influence to the whole country and beyond. Russia, which since 2015 has been directly involved in the war in Syria, may have to fight closer to home, always mindful of the dangers of IS-induced extremism and terrorism within Russia itself. In 2017, Russia experienced its first major terrorist attack in three and a half years (in the St. Petersburg metro).

In the long term, demographics remain one of Russia's main concerns. While the rate of population decline has slowed down, and the incorporation of Crimea has added almost 2 million people to the total which now stands at 145 million, there is a growing shortage of workers; strategically important regions such as the Russian Far East remain sparsely populated; and integration of immigrants from Central Asia presents an integration, but also a security challenge.

The Role of the Economy as a Constraint and/or Driver of Russia's Foreign Policy in Key Regions of the World

Geopolitically, Putin has become used to punching way above Russia's economic weight. This has produced some stunning successes, but it is not sustainable even in the longer term without reforms which would unchain Russia's still huge potential for growth and development or, alternatively, economic mobilization which will give a short-term effect but will ultimately result in Russia's economic and political collapse.

Reforming, however, would be exceedingly difficult under conditions of confrontation with the United States, which is unlikely to ease considerably in the next five years. Even when the EU sanctions are formally lifted, political risks for Europeans of doing business with Russia will be high, resulting in continuing serious impediments to economic relations. Japan's willingness to reach out to Russia as a hedge against China's rise will be tempered by Washington's restrictions on such rapprochement. Ways will have to be found around the sanctions regime and below Washington's radar screen.

With economic ties to the West constrained by politics, Russia has been moving more actively to explore opportunities elsewhere. This is not easy, as the current Russian exports to non-Western countries are dominated by products whose price structures have collapsed and will not recover much in the foreseeable future. It is not clear whether Russia and China will be able to significantly upgrade their economic relations by 2021. However, if Russia manages to come up with more products that can find markets in China, India, Iran, South-East Asia, and the Gulf Arab states, it can partially compensate

for the losses in trade with the West and diversify its economic relations.

What Should Washington and Its European Allies Expect from Moscow?

In the next five years, Russia's relations with America and Europe will be competitive and tense. Russia will not invade NATO territory unprovoked, but incidents along the new frontline from the Arctic to the Baltic to the Black Sea, as well as elsewhere, may occasionally endanger peace between Russia and the U.S. and its allies. Operating from a position of weakness vis-à-vis its adversaries, Russia will continue to resort to a number of "equalizers." These will range from greater-than-before reliance on nuclear deterrence to creating local balances in Moscow's favor; from swift decision-making and bold action, including the use of force, to ambiguity and what is known as "hybrid" operations; and from the obvious fact that the stakes for Russia in this resumed rivalry are higher than for Western countries to Russia's willingness to run higher risks and suffer more losses than its opponents.

Managing Russian-Western conflict under these circumstances will be of utmost importance. Key issues are preventing incidents involving military aircraft and naval ships by means of confidence building measures; ensuring that channels of communication function properly, including at the military-to-military level; and having groups of trusted individuals on both sides capable of engaging in confidential and constructive dialogue on contentious topics and on matters of common concerns, such as strategic stability.

Within the general environment of confrontation, Russia's interaction with Western countries will be at best transactional, based on national interests where those happen to coincide or come sufficiently close. Rather than shying away from partnering with the West, Moscow will be ready to work with Washington and its allies on those issues. However, it will only engage when it is satisfied that the U.S. treats it as an equal and takes Russian interests into account. For the Kremlin, this is the ultimate foreign policy goal. It is unlikely that this view will be shared by the U.S. Administration.

Specifically, attaining this goal would require getting the West to honor Russia's security space—

no NATO membership for Ukraine, Moldova, Georgia, or any other former Soviet republic; giving those countries a neutral status between Russia and NATO; managing international crises jointly, under the UN Security Council aegis, where Russia has veto power; and restoring normal economic ties between the West and Russia while resolving the issue of Donbass on the basis of the Minsk II agreement and finding a formula for recognizing Crimea as part of Russia, in accordance with the wishes of Crimean residents.

On the issues where Russia and the United States and West basically agree, Russia, in the Kremlin's view, should be a full partner of Washington; where they fundamentally disagree, their differences should be bracketed, so as not to block cooperation where it is possible—a la the status of Abkhazia and South Ossetia during the short period of the U.S.-Russian "reset." On all issues in between, mutually acceptable compromise should be sought after. This clearly contrasts with the prevailing view of the relationship in Washington.

On broader issues of world order, Russia has offered no alternative design to what exists today and no comprehensive reform blueprint. It is not the world order as such that Moscow has challenged as the U.S. domination of that order. Thus, Moscow's claims have been more procedural than substantive. The Russians have wanted a permanent seat at the high table, with de facto or de jure—such as at the U.N. Security Council—veto power. They have desired to be part of the rules-making mechanism, not sit at the receiving end simply taking the rules developed by the U.S.-led international community. Thus, the UNSC has always been the right model for the Russians, while the NATO-Russia Council where Russia was confronted by 28 allies bound by alliance solidarity has disappointed them.

After the break that occurred in 2014, however, few Russians expect the West to make room for them. With the confrontation and alienation becoming more deeply entrenched with each passing year, they have become more skeptical about a truly global order. In their view, it is being replaced by regional arrangements: America's reassertion of its positions in Europe and East Asia, China's OBOR, and so on. The sanctions imposed by the West have demolished the "One World" concept which they

bought into at the end of the Cold War. Thus, Russia has started paying more attention to regional and sub-regional compacts: BRICS, SCO, EEU, CSTO, and others. Of the remaining global councils, the UNSC and the G20 are still considered useful.

Whether Russia's foreign policy will achieve its objectives at whatever level, however, will primarily depend on the success or failure of Russia's economic relaunch. The next five years will probably not provide a definite answer to this, but will bring us much closer to decision time.

Putin's Image and Russian National Interests

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Summary

In Russia, Vladimir Putin operates as a “democratic autocrat.” He is the sole leader of Russia but also claims authority from being chosen by the people to represent their will. Russian national interests therefore depend on both the public persona of Putin and the underlying national narrative in which it operates. Congress can work to improve relations by creating U.S.—Russia dialogues that take these factors into account.

It is generally assumed that the charisma of Putin is what attracts his followers. In reality, Putin has chosen to make a series of power plays that establish his dominance of the Russian political system beyond the formal authority of the presidency. The principal power plays which Putin and his advisers have developed include (1) iconicity and spectacle, (2) interpersonal

domination, (3) ideological malleability, and (4) international dominance. These power plays work alongside a deep Russian narrative that views the country as an insulted and injured nation. The Russian people therefore are willing to regard their president as their champion, giving them world status, regardless of whether he succeeds in addressing pressing domestic issues. It also establishes Putin as above all the institutions and laws and above politics itself.

In developing policy towards Russia, it is important to keep in mind that appearances carry enormous weight in a way that is not as true in the U.S. or Europe. Much of Russian posturing is designed to create a heroic image of the Russian President and the Russian nation. To improve U.S.—Russia relations, Congress should develop policies and lines of communication that promote dialogue and avoid the appearance of insulting the nation and its leader.

Putin has collected the wishes of the people who have been humiliated, deceived, robbed. It seems to the people that they are again going to be great, awe-inspiring, and that they will once again be feared.¹

-Svetlana Alexievich, Nobel Prize winner in Literature

Among both Russian citizens and foreign observers, it is often assumed that Putin has a certain natural charisma that makes him popular. In fact, however, Putin has actively created a number of power plays that establish his authority not so much through the institution of the presidency (although that gives him legitimacy and much rule-based power) as through his dominance over interpersonal relations. Through his image-making he has established himself as above all the institutions and laws, above politics itself. To understand Russian

national interests, U.S. and European officials must understand the public persona created by and for Putin and the underlying national narrative in which he operates.

Overall it is possible to identify four principal power plays which Putin (and his advisers) have developed for him to use:

1. Iconicity and spectacle, including photos, pageantry, and placement of the

President to make him seem to stand above all others;

2. Interpersonal dominance, especially over ministers and the oligarchs, so that President Putin always appears to be the leading force;
3. Ideological malleability (until 2012 when he began his third term in office with an aggressive defense of a conservative agenda); and
4. Regional dominance, which raises the question how much is bluster and how much is the Russian president engaging in serious threats to U.S. interests.

Iconicity and spectacle draw heavily on an imagined tsarist history, as well as on even deeper myths and tales of the good conqueror going up against the evil antagonist. Even some of Russia's recent mega events such as the Sochi Olympic games in 2014 have used folklore to tell a glorious history of Russia and its president.

Interpersonal dominance can take a variety of forms. One particular aspect of Putin's dominance has been his reliance on an exaggerated public masculinity which contributes to his personal scenario of power (his spectacle) by (1) appearing to concentrate all power in his hands as the dominant male; (2) making it appear that he rules above the fray of ordinary politics and so is untouchable; yet also (3) establishing the connection of the ruler with the "masses" because of his rough and hence apparently "natural," unscripted masculinity.

Putin asserted his masculinist dominance not only when he was officially in power as president of Russia (2000-8 and 2012-present), but also when he was Prime Minister (1999 and 2008-12). In this latter period the official power of this super-presidential regime lay with Dmitry Medvedev. Nonetheless, Putin's continued alpha male status was repeatedly emphasized when he appeared heroically tranquilizing a tiger in August 2008, resolving a labor crisis in Pikalyovo in June 2009, swimming breaststroke in Tuva in August of that year, and piloting a plane above Moscow putting out fires on the ground in 2010. And, of course, it returned when he came back into office in 2012, especially in his obvious exulting over the annexation of Crimea in 2014.

On ideological malleability, from 1999-2012 Vladimir Putin continuously asserted that he would not have an ideology. In December 1999, just before Boris Yeltsin resigned and named him as his likely successor, Putin, following the 1993 Constitution, stated unequivocally: "I am against the restoration in Russia of an official state ideology in any form." Instead he listed a number of desiderata for Russia in this speech (known as his Millennium Manifesto), focusing on strengthening the Russian state as the guarantor of Russian well-being. This was not a democratic vision, but rather a statist, authoritarian one.² Over time this defense of the state—and hence the person of the president—continued to take center stage at the expense of social safeguards, balance of authority, or even accountability.

By about 2006 President Putin with his leading ideologist Vladislav Surkov had settled on "sovereign democracy" as a leading ideology which roundly rejected any foreign interference in the internal workings of the country. In 2012 the Duma passed a law on "foreign agents" that required all NGOs receiving any kind of foreign funding to register and submit to extensive audits and other forms of harassment. As long as Russian citizens are willing to accept this social contract with its emphasis on the centrality of the state, then the president comes to be regarded as their champion, giving them world status, regardless of whether he succeeds in addressing pressing domestic issues.³

Regional dominance is asserted through military doctrine, weapons modernization and buildup, and demonstration effects in Syria. This approach to establishing the glory of the state and its president began in a muted way with the Russo-Georgian "Five Day" war in 2008 and took off to dramatic effect in the 2014 taking of Crimea. In this latter action Vladimir Putin now joined the other Russian rulers bearing the epithet "the great" (Peter the Great opened a path to the Baltic Sea and Catherine Great, to the Black Sea). The war in Syria allows Russia to test its latest weapons and to strengthen its foothold in the Middle East, but it also helps to reestablish the country's position as a world leader.

Through these power plays Putin has formed an image of the president that might seem to a contradiction if it were in another context—namely, a democratic autocrat, i.e., the sole leader of Russia,

the dominant one (the autocrat), but also the one who has been chosen by the people and represents their will (hence his democratic side). As the cult of personality has grown and become entrenched from 1999 to the present, it has undermined civil society and made it easy for a nationalist, expansionist form of rule, accompanied by increasing censorship of internal media and organizations, to take hold. The invasion of Crimea in 2014, the fomenting of unrest in Eastern Ukraine, and the air campaign against Syria have followed logically from this exaggerated performance which has upstaged any efforts to concentrate on fighting corruption and building state capacity.

Russian Cultural Narrative – The Insulted and Injured

Beyond power plays, Putin appeals to Russians as the “insulted and the injured,” to borrow Dostoyevsky’s famous phrase. To “raise Russia from its knees,” as he claimed he would do in 1999, Putin has sought first to show that his country has been debased and humiliated.

The Russian acute sense of humiliation and of not being respected has developed for a range of reasons, many of which have nothing to do with the U.S. The breakup of the Soviet Union and the loss of huge swaths of territory, the confusion and chaos (both political and economic) of the 1990s, popular ambivalence about both Gorbachev and Yeltsin and their roles in Russia’s changing status—these are all Russia’s own problems that the U.S. probably has not influenced.

Nonetheless, it is important to see that that U.S. has had a hand in making humiliation an easy argument for President Putin to make. The U.S. and European failure to recognize the leading Soviet role in World War II has been particularly galling to Russians since they view this as the Great Patriotic War in which they bore the brunt of the fighting at a cost of 27 million lives on a front that extended well over 1,000 miles for four brutal years. The failure to invite the Russian leadership to the 1994 celebrations of the 70th anniversary of D-Day rankled deeply. For them the heroic period was not only about the people’s enormous sacrifices and contributions to that war effort, but also that their leaders were part of the Big Three who created the post-war settlement. The U.S. and European failure

to invite their participation was repeated in their minds by the failure to include them in discussions about the war in Yugoslavia, and especially the bombings in Kosovo in 1999. President Obama also contributed to this narrative in 2009 when, in an effort to shore up relations with then President Dmitry Medvedev, he referred to Putin who was then the Prime Minister as having “one foot in the old ways of doing business and one foot in the new.”

The U.S. rhetoric of “regime change” significantly adds to this narrative. Russian military leaders, politicians, and general media have all made much of the overthrow and trial of Slobodan Milošević, the invasion of Iraq and removal of Saddam Hussein, and the gunning down of Muammar Gaddafi in Libya. Russian analysts have argued that these unilateral actions taken without consultation with Russia have fueled an insecurity on the part of the Russian President that there might be attempts to overthrow him as well. Russian military doctrine explicitly argues that popular revolutions (the so-called colored revolutions and Arab Spring) were all projects of the CIA intended as a first step before military engagement and invasion. The Ukrainian popular uprisings on the Maidan were also viewed in the same light, as CIA inspired.

Even more important perhaps is the desire to be taken seriously, to be part of the decision making about the future of Syria and the Middle East. The Russian leadership also believes that it is crucial to put a stop to, or at least decrease American claims of world hegemony. For them a multipolar world is a genuine goal that they think would bring greater stability and also give them the respect that they feel they deserve.

Conclusions

Vladimir Putin as the President of Russia has had many images. Yet whether shown swearing at the Chechens or riding horseback in Siberia or crooning the song “Blueberry Hill” at a charity event—each of these images has nonetheless been associated with the strength of the man rather than the strength of Russian political institutions. The problem for Russia’s political system is that this personification of power creates a slender reed for President Putin to lean on. If he is the leading source of all heroism, then he can also easily be blamed if that heroic social contract is not fulfilled.

Historically Russian citizens (including today) have shown a marked tendency to divide the world into heroes (such as Stalin) and villains (Trotsky). Yet when they have decided a grand prince is no longer fulfilling his mission to protect the people, he can be toppled. Historic cases include Tsar Alexis in the 17th century (almost overthrown for debasing the currency), Tsar Nicholas II (forced to abdicate in the Russian Revolution for the country's disastrous involvement in World War I), First Secretary Nikita Khrushchev (forced to resign by Leonid Brezhnev in part for his gamble in the Cuban Missile Crisis).

For now the country is still enamored of the seizure of Crimea with personal credit going strongly to President Putin. Should, however, the war in Syria begin to go badly and/or entail too many deaths, it is possible that Russian citizens will become less enamored of the Russian President's current strategy to make Russia great again.

A major challenge is that the Russian media has tended to see the U.S. and international relations through the same prism of heroes and villains, conquerors and conquered, but also humiliated and domineering. Differences in views on the Ukrainian crisis, for example, have tended to devolve into images of heroic Russians and evil, debased "fascists" of all kinds. Russian coverage of Syria, meanwhile, has tended to see it as a contest in which the U.S. has been humiliated by Russian military successes as a response for U.S. failures in the past to include Russia.⁴

It behooves the U.S. to rise above this kind of tit-for-tat humiliation in which insults are traded and performances are judged on the basis of who is bigger and stronger. Both the rhetoric and the substance have to be changed to develop more concern for the Syrian, the Russian, and the American people so that the security and quality of life of all can be maximized.

Practical Steps to Improve Dialogue with Russia

Russian and American views are deeply divided on a number of issues from Crimea and Eastern Ukraine to Syria. Still, there are many areas (e.g., the Arctic, Iran, and North Korea) where positive dialogue and concrete steps forward can be taken if carefully approached. It is also essential to continue dialogue on issues designed to prevent nuclear war

(especially the Intermediate-Range Nuclear Forces, Anti-Ballistic Missile, and New Start treaties). The U.S. Congress could enhance these areas of dialogue through the use of track two diplomacy and by developing direct relationships with the Russian Duma, as well as insisting that the State Department be fully staffed so it has the requisite levels of expertise to deal with Russia.

Track Two diplomacy involves meetings between professionals and highly knowledgeable individuals who are not the leading decision makers (Track One). Track Two experts can often have more informal meetings than can Track One and can explore ways to find common ground. By creating more dialogue at one level removed from the official discourse, it is possible for both sides to speak frankly, to explain their positions, and to try to find new solutions without running up against the prohibitions of the public discourse which holds certain positions as untenable. Such dialogue has dual benefits of finding new ways forward on difficult issues and also increasing expertise for each side about the other. Track Two meetings might, for example, try to develop a way that the economic sanctions currently in place could be made more flexible to reward steps toward a lasting ceasefire in Ukraine and the withdrawal of heavy weapons. They could discuss what kind of peacekeeping force might be acceptable to both the Russian and European sides (e.g., a heightened role for the Organization for Security and Cooperation in Europe). They could consider the multiple interests of all sides in the Syrian conflict with an eye to creating safe zones, humanitarian regions, and possibly even soft partitions, an idea being discussed in some policy circles in Washington. Congress can incentivize such discussions by sponsoring workshops and conferences among experts, inviting Russian experts to Washington, and sending experts to Moscow.

Congress might also consider creating more direct and ongoing relations with the Russian Duma, perhaps at the level of staff relations. Potential topics of collaboration could include: combatting in-country radicalization (especially education and community efforts to reach vulnerable individuals), community policing and ways to make police more accountable (experts from Georgia could be invited to talk about the steps their country has made in fighting police corruption), ecology and

environmental issues, the Arctic, shipping and trade. In addition, the Duma might be interested in learning more about Congressional institutions such as the Congressional Research Service, the Government Accountability Office, the Office of Management and Budget—as the Russian Parliament has none of these things. A first step in beginning such a dialogue could include identifying topics of common interest and then creating workshops and conferences with Russian and American experts, as well as others from Europe and the regions of the former Soviet Union.

Congress must also see to it that the State Department is fully staffed so that the Secretary of State and the President have the level of expertise they need in order to understand and communicate

effectively with Russia and other countries in its sphere of influence. Diplomatic relations with Russia cannot be conducted without having people in Washington and in the embassies and consulates who know and understand the cultures of this region. They must be able to gather information and explain the U.S. position on literally thousands of issues, including national security, regional peace and security, military relations, human rights, and business relations. U.S.-Russian relations are changing at an unprecedented pace, including ongoing questions about Russian involvement in the U.S. elections. Congress can play a crucial role in insuring that the U.S. government and the American people have much needed information about the complex political and social culture of this powerful country.

¹ *Glavred.info*, April 10, 2016. <http://glavred.info/zhizn/svetlana-aleksievich-putin-akkumuliroval-zhelaniya-unizhennogo-obmanutogo-i-obvorovannogo-naroda-364000.html>.

² Vladimir Putin, “Russia at the Turn of the Millenium” (Rossiia na rubezhe tysiacheletii), *Nezavisimaia gazeta*, December 30, 1999. www.ng.ru/politics/1999-12-30/4_millenium.html. For an excellent discussion of Putin’s pronouncements on “patriotism” (a positive value) and “nationalism” (considered to be negative), see Marlene Laruelle, *In the Name of the Nation: Nationalism and Politics in Contemporary Russia*. (New York: Palgrave Macmillan, 2009), esp. pp. 142-45.

³ Maxim Trudolyubov, “Russia’s Grand Choice: To Be Feared as a Superpower or Prosperous as a Nation?” in Elizabeth A. Wood, William E. Pomeranz, E. Wayne Merry, and Maxim Trudolyubov, *Roots of Russia’s War in Ukraine* (Woodrow Wilson Center and Columbia University Press, 2016).

⁴ See for example, “The Operation in Syria has become Humiliating for the U.S.” (*Operatsiia v Sirii stala unizheniem dlia SShA*), *Putinrossiya.ru*, June 16, 2016, <http://putinrossiya.ru/3984-operaciya-v-sirii-stala-unizheniem-dlya-ssha.html>. “The Humiliated West Cannot Forgive Putin his Influence and Popularity,” (Unizhennyi Zapad ne mozhet proshit’ Putinu vliiatel’nost’ i popularnost’) *Politonline.ru*, March 29, 2016. <http://www.politonline.ru/interview/22885753.html>.

What Would Kennan Say about Putin's Russia?

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On February 22, 1946, George Kennan, the American chargé d'affaires ad interim in Moscow, dragged himself out of bed after several days of suffering from the flu, and sent telegram No. 511. The State Department called for an in-depth analysis of Stalin's speech delivered in the Bolshoi Theatre on the eve of "elections" for the exclusively symbolic Supreme Soviet. Stalin used this opportunity to thank the party, the army, the people, and of course himself for the victory in the Great Patriotic War (WWII). He mentioned in passing that it has been achieved in alliance with the United States and Great Britain, and announced that the Soviet Union would begin preparations for a new war, because of capitalism's tendency to cause wars, as it had in 1914 and 1939 and would do so again.

U.S. press reports about Stalin's speech had already managed to cause quite a stir in public opinion, "to a degree not hitherto felt." Kennan, however, noticed nothing worthy of special attention in the Soviet leader's speech. From mid-1944 Kennan had been sounding the alarm to the State Department about the dangerous change taking place in Stalin's approach to relations with the United States and about co-operating with other members of the Grand Coalition. His warnings went unnoticed. U.S. policy invariably followed the same course, leading directly to a collision with an iceberg.

Kennan was growing increasingly frustrated. At the turn of 1945 and 1946 he asked the State Department several times to dismiss him from Moscow. He intended to leave American diplomacy. And suddenly, the atmosphere in Washington changed. President Truman began to "share suspicions - long held by several of his other advisers and congressional critics - that [his State's Secretary] Byrnes's pride in his negotiating skills was really an addiction to appeasement." The State Department began to rush Kennan. This is how the

longest telegram in the history of American diplomacy was written, which, together with Winston Churchill's famous speech on the "Iron Curtain", delivered in March 1946 in Fulton, Missouri, became a symbol of the beginning of the "cold war." Every graduate in international affairs and history of the twentieth century knows it. And today it is offered to students as an outstanding example of an analyst's note for the political decision-maker, calculated to facilitate the decision-making process.

What would Kennan write about Putin's Russia were he alive today? What would he write about Putin's speech at the Valdai Club 2015? Putin's Valdai speech is relevant in understanding today's Russia and may be seen as comparable to Stalin's speech of February 9, 1946.

Paraphrasing Kennan's introduction from his famous "long telegram", I answer this question in three parts:

1. Basic features of Putin's Russia outlook;
2. Background of Putin's Russia;
3. Practical deductions from the standpoint of U.S. policy.

Basic Features of Putin's Russia Outlook

- a. Russia lives in a world of permanent conflict in which, in the long run, there can be no permanent peaceful coexistence. As Putin stated in the 2007 Munich Security Conference: "Today we are witnessing an almost uncontained hyper use of force—military force—in international relations, force that is plunging the world into an abyss of permanent conflicts. As a result we do not have sufficient

strength to find a comprehensive solution to any one of these conflicts. Finding a political settlement also becomes impossible”. It leads to, as Putin stated in this year’s Valdai conference, “A growing number of regional conflicts, especially in ‘border’ areas, where the interests of major nations or blocs meet. This can also lead to the probable downfall of the system of non-proliferation of weapons of mass destruction (which I also consider to be very dangerous), which, in turn, would result in a new spiral of the arms race.”

- b. Russia is at war with the West. Putin explores negative sentiments Russians feel as a result of the sense of defeat in the Cold War to present himself as the only Russian leader gifted enough to push the West—particularly the U.S.—back. In order to drive a wedge between the Russian public and liberal democracy, Putin portrays the West as the self-declared winner of the Cold War, willing to impose on the defeated Russians its own values and norms of behavior and “instead of establishing a new balance of power, essential for maintaining order and stability, it took steps that threw the system into sharp and deep imbalance... Maybe the United States’ exceptional position and the way it carries out its leadership really is a blessing for us all, and its meddling in events all around the world is bringing peace, prosperity, progress, growth and democracy, and we should maybe just relax and enjoy it all? Let me say that this is not the case, absolutely not the case.” So, not only will Russia not accept this new world order shaped by the victorious West, but it will not rest until a new balance of power is established and the West’s “meddling in events all around the world,” is stopped. To achieve this, the West should be defeated, disintegrated and its self-confidence in liberal values should be cracked by an anti-Western coalition under Putin’s lead.
- c. The West cannot be trusted. In his famous Crimea speech in March 2014 Putin said: “They [the West] have lied to us many times, made decisions behind our backs, placed us before an accomplished fact... They are constantly trying to sweep us into a corner because we have an independent position, because we maintain it and because we call things like they are and do not engage in hypocrisy. But there is a limit to everything. And with Ukraine, our western

partners have crossed the line.” Pointing his finger at the West’s hypocrisy, Putin declares that he would not hesitate to lie for the sake of Russia and/or his own interests.

- d. Military power is, and will remain, an instrument of international politics. And Russia is ready to use it with the purpose of seeking a new balance of power. Russia has to explore the West’s weakness and indecisions in order to introduce a new balance of forces with the West as it “happened in the 17th century in the times of the so-called Peace of Westphalia, which put an end to the Thirty Years’ War. Then in the 19th century, in the time of the Vienna Congress; and again 70 years ago in Yalta, when the victors over Nazism made the decision to set up the United Nations Organization and lay down the principles of relations between states” (Valdai 2015).
- e. A new world order should be built on three principles 1) Non-interference into the sphere of influence of the system founders; 2) Russia’s exclusive title to the post-Soviet space must be recognized; and 3) The de-legitimization of the change of power by the revolt of the people, at least in the post-Soviet area—a key new norm Putin wants introduced. So Russia’s war with the West will not end as long as these new principles are not introduced by “internationally binding commitment.” Putin made this point very clearly: “Russia’s position is not that we oppose the Ukrainian people’s choice. We are ready to accept any choice. Ukraine genuinely is a brotherly country in our eyes, a brotherly people. I don’t make any distinction between Russians and Ukrainians. But we oppose this method of changing the government. It is not a good method anywhere in the world, but it is completely unacceptable in the post-Soviet region” (Valdai 2015).

The Background of Putin’s Russia

The widespread self-perception of Russians is that all historical misfortunes Russia has experienced were caused by foreign, particularly the West’s, conspiracy. On a number of occasions, Putin claimed that victories in World War II and even in World War I had been simply “stolen” from Russia. So there is a traditional sentiment among the Russian public to look for the leader-protector able

to keep the country in order with a “strong hand” and withstand the West’s global dominance. Emotions among the public reflect the views of the leader and vice versa. Putin may well enjoy democratic legitimacy in Russia, because the authoritarianism and the “strong-hand” approach itself have significant backing in Russian society.

For years, the notion of liberal democracy has been seen in post-Soviet Russia at least with visible distaste. The experiences of Ukraine in 2004 and 2014, where masses aspiring to embrace the European-like political culture went out into the streets demanding change to the political system, elevated the Kremlin’s fears to the level of the existential threat. It is neither NATO, nor the EU enlargements, nor even—seen as very abstract in Russia—European values, which Putin finds most threatening to him, but rather the specter of revolting masses tearing down Putin’s preferable system of government, based on interconnections between politics, business and crime.

The notion of modernization lost its appeal for the Russian power elite when it realized that embracing Western standards would inevitably limit its power and potentially dismantle the entire system of power in Russia—a system based on uneven distribution of influence and benefits. Putin opted for an alternative. The idea of modernization was replaced by competition and antagonism, gaining institutional manifestation above all in the Euro-Asian Union. In axiological terms, the institution was meant as the Russian alternative to European integration, but its actual purpose is to safeguard Russia’s dominance over the whole post-Soviet space and the corrupted model of development.

As Putin is unable to bridge the development gap between Russia and the most advanced countries in the world, his aim is to bring the West down to the level where Russia—at least theoretically—would have more chances to compete on equal footing. He would explore the incoherence of the West, its difficulties in reaching an agreement on strategic and tactical matters, and drive a wedge into the West’s decision making process using corruption, espionage, subversion, and if necessary, all other means at his disposal.

Russia’s power elite believes the West is in decline. It not only lost his moral compass but more importantly does not truly stick to its own principles.

It considers all Western politicians as bribable. Everyone and everything is for sale, the only open question is the price, the need and the willingness to pay for it.

Americans are perceived by the Kremlin’s elite as a trading nation, ready to trade everything. So relations with the U.S. are seen by them as a constant struggle for a better negotiation position, in which Putin, who concentrated all power in Russia in his own hand, feels he possesses an upper-hand due to an unrestrained ability to restore to unilateral use of force, blackmail and corruption.

It is neither geopolitical aspirations that drive Putin’s Russia foreign policy today, nor his revisionist ambitions. It is, above all, his domestic political weakness. Before the annexation of Crimea Putin was perfectly aware that after 15 years of staying in power, the Russian public may have harbored some sympathy for change in the Kremlin. And if we bear in mind that for the Kremlin’s inner circles there is not much difference between the Russians and the Ukrainians—as Putin himself claimed publicly there are one nation—we can better understand that the fear of a Ukraine-like political turbulence infecting the Russian public might be very real. It was concern that the mood of political change would spread to Russia which triggered the annexation of Crimea and the use of force against Ukraine. On September 27, 2014 Foreign Minister Lavrov suggested that the UN should in the future adopt a declaration committing to non-recognition of *coupes d’état*. It was a reflection of the existential fear of Russia’s power elite that the *Maidan* revolt in Kiev might one day approach Moscow as well.

The benefits of the use of force against Ukraine for the Putin regime were confirmed by the overwhelming public support for its military actions. At the same time, a dangerous virus was injected into Russian political culture: that the use of force abroad may lead to political gains at home. This lesson may prevail in Russia even if—one day—Putin disappears from the Russian political landscape.

For the Russian ruling elite, the end of the Cold War meant something very different than it did for the West. The lesson they took away from the fall of the Iron Curtain was that once Communist ideology proved to be wrong, there was no moral or ideological compass to follow and no rules to obey

at all. In Russia, the “end of history moment” led into the triumph of nihilism.

Practical Deductions from the Standpoint of U.S. Policy

How should Russia today be dealt with? I dare to advance, as my conclusion, the following comments:

1. Let me quote Kennan here as his words still matter today: “Our first step must be to apprehend, and recognize for what it is, the nature of the movement with which we are dealing. We must study it with the same courage, detachment, objectivity, and determination not to be emotionally provoked or unseated by it, with which a doctor studies an unruly and unreasonable individual.” Yes, indeed we need to study Russia more, and not ignore it, even if we think it is a peripheral actor in the world scene. We should not forget the peripheries proved not once, not twice, to be quick sands for world peace. This is particularly so if they are armed with nuclear weapons and have a tendency to overestimate its own potential and miscalculate risks.
2. The idea of the Concert of Powers is undemocratic by its very nature. So there is no conceivable common ground for the West and Russia in founding a new world order on the principles of a new balance of power and sphere of influences as it would not only undermine the democratic community of nations, but would also be interpreted by Putin as the silent consent of the West for further authoritarianism in Russia. It should be stated very clearly that the future of international relations with Russia should be seen in its democratization, and not in models from the deep and dark history of empires.
3. In Russia, what should be seen as opium for masses is not religion, but geopolitics and the perspective on international relations it offers. It is no coincidence that in Russia, geopolitics is treated as an independent branch of sciences, as it focuses on the might and power play between Great Powers. This perspective makes Russia, with its vast territories and resources, one of the most significant actors in international relations, while other theoretical approaches to foreign affairs provide a much less attractive alternative. The West should avoid engaging itself in a dialogue with Russia on the ground of geopolitics as it strengthens undemocratic tendencies in Russia, introduces relations between Russia and the West in the vicious circle of rivalry, and plays well with Putin’s attempt to drive a wedge between Russian society and democratic principles. At the same time, in its analyses of Russia’s motivations in foreign policy, more attention should be paid on real intentions of the decision makers, and internal domestic factors which may usually be understood and interpreted as the logic of political survival of the regime.
4. The West should lead the worldwide anticorruption campaign. This campaign should not focus only on developing countries, but would also be carried out among and within the member states of the democratic community of the West. Corruption is not only a cancer of the immunity system of democracy, but it also exposes the West’s Achilles heel for Putin’s covert activities and subversion in the camp of the West.
5. We must understand that deterrence is the best and cheapest contribution to peace. Enhancing the defense potential of democratic countries neighboring Russia limits many possible risks which could arise from Putin’s strategic miscalculation of the outcomes of the use of force in the region.
6. The unity of the West in reacting on Russia’s wrongdoings is another powerful instrument of moderation of Putin’s action undermining peace in Europe. Sanctions introduced in response to Russia’s aggression against Ukraine should be seen not only through the prism of their impact on Putin’s behavior, but first and foremost as a positive contribution to the shaping of the West’s unified policy towards Russia. And therefore sanctions should stay until Russia withdraws from Ukraine.

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The Big Aim for the Big Deal: Building a Stable Peace and a Conflict Resolution Mechanism in Eastern Europe

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Today's Eastern Europe is the region of continuously growing conflicts. Ukraine is not only at war, but is also in the midst of significant internal insecurity. A recent wave of protests in Russia and Belarus shows that authoritarian regimes are unstable there. There is also a growing resistance to nationalist governments in Hungary and Poland. The political dynamics within the countries of the region—and among them—leads to more conflicts and lesser chances for peace in the region, and in the entirety of “Big Europe”.

Recently, Western leaders and media have been talking of a new “Big Deal” among the key geopolitical players to restore the international order and to reduce the international tensions between the U.S. and European Union on the one side and Russia on the other. However, the aims and limits of the deal seem to be unclear for all sides.

Over quarter a century ago post-communist and post-Soviet nations began their democratic transition. It was a result of another Big Deal for Big Europe: new nations were to choose their own future without any pressure from outside players and outside any geopolitical ‘camps.’ However, 25 years later this region once again has witnessed the creation of a frontline with the possibility of impacting peace not only in Europe, but also in the near and far East. NATO and the Russia-led CSTO (Collective Security Treaty Organization) look at each other askance. Leaders in Washington, Moscow, and Brussels often use the term of a “New Cold War” to describe their relations. Former Soviet Union

leader Mikhail Gorbachev now warns about a new arms race in Europe. Today, the hopes for peace in Eastern Europe are much lower than they were in 1989/91, and now talks of new Big Deal are rather a symptom of disorientation than of a grounded prospect.

The deterioration of international order, democratic development and internal stability in post-Communist Europe is connected to four key factors. First of all, Eastern European countries are squeezed between two regional unions, the European Union (EU) and the Eurasian Union (EaU). For about five years (2008-2013), the EU and EaU have developed in a ‘soft’ way, envisaging some sort of cooperation and future integration of the two parts of Big Europe from Dublin to Vladivostok. Nonetheless, in 2013 both geopolitical projects have ‘hardened’ and changed their perspectives vis-à-vis each other. The first consequence of this new inflexibility was Ukraine, whose aspiration to associate with the EU and to remain in a free trade regime with Russia provoked internal conflict in December 2013 and then an external military intervention from Russia in February 2014. Ukraine lost control over Crimea and the Eastern Donbas, while the entire region was shaken by secessionist movements of the “Russian Spring.” As of today, both geopolitical unions have reached an unprecedented level of hostility.

This geopolitical cleavage is enforced by the development of an authoritarian regime in Russia. After the return of Vladimir Putin to power in the Kremlin in 2012, Russian

authorities have introduced a number of anti-democratic legal acts, subdued the mass media, and created an effective global propaganda network. Today the State Duma has evolved into a source of authoritarian and ultra-conservative legal initiatives that have decreased citizens' and minorities' rights. Russian mass media functions as a tool for government control over the minds and hearts of its citizens. A global network of pro-Russian media and local agents have considerably limited the capacity of Western governments and their civil societies to react in a timely fashion to Russia's violations of international law and order. These developments in the Russian Federation have made the Eurasian Union a coalition of authoritarian rulers supporting each others' regimes against external and internal rivals.

Simultaneously with the two above processes, Eastern Europe has been losing its regional inter-state channels of communication and of conflict-resolution. Existing formats of conflict-resolution communication (including the Council of Europe and its pan-European networks; the UN; the governing bodies of the Commonwealth of Independent States, Organization for Security and Cooperation in Europe with its networks; the NATO-Russia council and many others) have proved to be ineffective to prevent, manage and/or limit the growing conflicts in the region. This organizational vacuum has made the "Ukrainian crisis" a very long-lasting process, every day more damaging for the future of Eastern Europe

A fourth factor has also been critical for the deterioration of stability, international order, and democratic development in Eastern Europe: the rise of identity politics. The role of politicized ethnic identity has made Eastern Europe thrice a "Bloodlands" in the recent century: in the times of the Russian revolution and the fall of the Habsburg Empire (1917-1922), during World War II and the ethnic cleansing and deportations which followed (1939-48), and after the dissolution of Yugoslavia (1991-1999). Once again Eastern European leaders have politicized ethnic identities to create authoritarian regimes; namely, the nationalist mobilization recently used by leaders Vladimir Putin in Russia, Viktor

Orbán in Hungary, Jarosław Kaczyński in Poland, and Recep Erdoğan in Turkey. By May 2017 there emerged as an "Authoritarian Belt" in the East of Europe.

The propagation of these far-right movements can be seen throughout all of Europe, but they are especially strong in politics of Bulgaria, Austria, Slovakia, Ukraine and the Baltic countries. As a consequence of this enforcement, minorities—and the Russophones most importantly—become significantly alienated from the conservative government. This, in turn, creates greater opportunities for the new pro-Kremlin secessionist movements and increases Moscow's strategic impact in the entire region.

Considering all four factors, the perspectives of Eastern Europe seem to be gloomy. The ongoing Donbas war in eastern Ukraine has no clear resolution. It has slowly developed into a mechanism feeding meanings into Russian and Ukrainian politics.

For the Kremlin, it is a small, victorious war legitimizing the current regime. Putin has maintained over 80% popular support since the annexation of Crimea. The Donbas war is portrayed as a just war for the rights of people alienated by its ethno-nationalist authorities. In a short-term perspective, even the international sanctions against Russia have given Putin's regime some credit: the national pride of Russians feeds the Kremlin's unprecedented ratings.

For Kiev, this war of small disasters provides the ruling clan with an argument for monopolization of power and with a reason to be above criticism. In spite of the considerable democratic impetus of the Euromaidan (civic protests in Kiev in the winter of 2013-14 leading to sacking President Yanukovich) and the West's support, in 2016, most of the Ukrainian centers of power have been put under control of one clan. As a result, the intensity of reforms has dropped down to a minimum, civil society and mass media are being put under stricter government control, and public critics of these anti-democratic processes—blamed as 'traitors

in the times of war'—are being persecuted by security services as well as state prosecutors.

Both countries today (Russia and Ukraine) are ruled by governments and groups of elites that require war for their own rule. It is partially why the Minsk peace process is being sabotaged by both sides of the conflict. And it creates the fertile ground for the further deepening of the crisis. There are no champions of peace in Eastern Europe today.

Furthermore, today five out of six countries participating in the European Neighborhood Policy (ENP, EU's foreign relations instrument towards its neighbors in the East and South introduced in 2011) do not fully control their territories. Instead, the ENP region has six de facto states with a population of over four million. Four of these de facto states have actually evolved into something much more stable, becoming de facto nations with their own national identities, political cultures, and hostile views towards the international order. They were and will remain to be a source for successful militarized secessionist models in Europe. This network of un-recognized states is a strategic obstacle for any future peace-building initiative in the region.

A region populated by over 200 million, Eastern Europe is one of the fastest militarizing territories in the world. In spite of economic difficulties, the military budgets of the post-communist states have been growing since 2014. Simultaneously, the military presence of Russian troops on the western border and NATO troops on the eastern flank have considerably enlarged in recent years. At the same time, judging by the rhetoric and the decisions of the Eastern European nations' leaders, the elites' hostility has reached its maximum intensity since the Cold War.

The future of Eastern Europe is also predefined by the decline of the common European perspective. Since the early 1990s the democratic transformation of all societies in the region were led by the hope to join the EU as an equal member. It was the hope of not only the "accession" countries, but also for Ukraine, for Belarus and for Moldova. Europeanization was a

major common term for modernization, democratization and socio-economic progress for post-communist populations and elites. There was also a long lived strategic ambiguity between Brussels and Kiev, for example: the EU was keen not to articulate the absence of a membership perspective for Kiev, while Ukraine's government was agreeing to abstain from documenting its hope for membership. However, after a series of recent crises in the EU and the referendum in the Netherlands, the governments of the member states broke this tradition in December 2016 when Ukraine's EU perspective was articulately denied. For the excluded Ukrainian and other post-Soviet elites, it was a denial of their strategic and yet non-fulfilled choice. From that point there has been a deficit of vision for peaceful, democratic and socio-economic progress of the entire region.

The Eastern Europe of today is a source of risks for peace and order for the entire European continent. It is critical to mitigate the risks and to prevent any new Big War in Europe. To thwart that Big War, a new Big Deal is needed to fulfill the new Big Aim.

Lasting and stable peace must be ensured in Eastern Europe just like in its western counterpart. This new international deal must take into account the past and current tendencies in Eastern European societies. So it is not about just freezing the Donbas war and revising the Crimean annexation. The deal should aim at using models tested in Western Europe to avoid any future war in Eastern Europe.

Thus the Big geo-political Deal for Europe must address the following priorities:

1. Create regional peace-building and conflict-prevention mechanisms that can comply with CoE, OSCE, NATO, CSTO, and other international organizations' interests. The militarization of the region should be balanced out by conflict prevention channels of communication and dispute resolution.
2. Involve the ruling and opposition groups of all countries of the region (whichever geopolitical camp they belong to) in a stable communication network. Even though the current security concerns are legitimate on all sides, the peace

issue must return to the top of the regional and national political agenda.

3. The Big Deal should also address issues associated with non-recognized states. They and their maternal states should receive a new impetus for reconciliation and re-integration.

4. Ethnic, ethnolinguistic, cultural, religious and other minorities should receive more support and defense within the frameworks of the Big Deal. The Kremlin should lose the monopoly to defend the Russophone populations in Eastern European societies.

5. Eastern Europe is a region of very humble socio-economic success in a time of transition. The Big Deal must envisage a possibility for economic development at the local level. It should build upon the trust of the local populations, emphasizing that liberal democracy does not imply poverty and a lesser social safety.

There is a need for a really Big Deal envisaging really Big Aims for Eastern Europe, not just another frozen conflict in Donbas with a gray zone of Crimea. The challenges of our time and region demand ambitious long-term strategies, not just small sporadic steps towards appeasing an aggressor or freezing a conflict that can easily be defrosted.

To conclude this paper, it is important to answer the following questions:

- 1) Who are participants of the Big Deal, and what is it about?
- 2) What would catalyse a Big Deal?
- 3) Who would organize it and how might it take shape?
- 4) What would this mean for NATO and the West?

1. Who are participants of the Big Deal, and what is it about? – The Big Deal is a controversial idea stating the possibility of an agreement between USA, EU, Russia, and possibly some other powers (e.g. China or Turkey) regarding wars in Ukraine and Syria, and on wider issues including functionality of international law in Europe and near East. One

of the most discussed aims for the Big Deal is avoidance of new ‘cold war’, U.S.-Russia collision and armament race (The New Yorker; The American Interest). As argued in this paper, this Big Deal should not lead to an agreement of great powers on the division of spheres of influence, as it was done at Yalta conference between U.S., UK and USSR in 1945. The new Big Deal should increase security in Europe, enforce international law, and decrease chances for the new cold war.

2. What would catalyse a Big Deal? – The tension between Washington and Moscow is growing. It may reach soon the point when both administrations will need to make strategic decision on either going into cold-war-order or making the deal. This second option should be prepared to make it benefiting to international order and security in Europe.

3. Who would organize it and how might it take shape? – The new Big Deal should be organized in cooperation of three international organizations responsible for strategic security in Europe: Organization of Security and Cooperation in Europe (OSCE), Council of Europe (CoE) and United Nations Organization (UN). A joint commission of the three, in cooperation with groups promoting fair and strategic Big Deal, should prepare a separate conference of the leadership of U.S., EU, EU-member states, Russia, Turkey, and states of Eastern Europe. Among other results, the conference should end up with the sign of agreements on Ukraine and establishment of the Eastern European regional security mechanism.

4. What would this mean for NATO and the West? – This would mean a possibility to focus on other pressing issues (economic, security, social) for the development of the nations of the West. The perspective of the new cold war and armament race, as well as diffusion of military conflicts in Europe and Western Eurasia would be resolved. This can also add to the lessening of tensions in the Near East.

Nuclear Weapons Issues and Strategic Security: Understanding Russian and American Motivations Driving Policy Decisions

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This paper provides background on the U.S. view of the strategic nuclear relationship between the United States and the Russian Federation. It is written from the perspective of a practitioner rather than an academic. While the paper is based on the author's extensive experience both within government and in unofficial dialogue, these are personal views that do not necessarily reflect the official position of the U.S. government, the Aspen Institute or any organization with which the author is affiliated.¹

Unique U.S. Perspectives on Deterrence and Reassurance

Although the fundamental role of U.S. nuclear weapons is to deter nuclear attack, all U.S. military forces, including nuclear forces, are intended to deter attack on U.S. vital interests by both nuclear and conventional means. In addition, the United States is unique among states possessing nuclear weapons in giving its military forces, including its nuclear forces, the mission of deterring attack not only on the United States itself and on its deployed military forces, but also on its allies. Those allies include, at a minimum, all members of the NATO alliance, Japan, the Republic of Korea and Australia. This U.S. commitment to extended deterrence is often referred to as the "nuclear umbrella" although the actual obligation is more accurately described as

regarding an attack on an ally as though it were an attack on the United States.

The centrality of extended deterrence in U.S. policy has a number of practical implications. Although U.S. commitments do not imply any automatic use of nuclear weapons, allies often want reassurance that those commitments do not exclude such use. Reassuring U.S. allies that the United States will use nuclear weapons in their defense even if the aggressor is capable of inflicting major damage on the United States has historically been challenging. Most American experts agree with a Cold War observation by British Secretary of State for Defence Denis Healy that "it only takes 5 percent credibility of American retaliation to deter an attack but it takes 95 percent credibility to reassure the allies."

The historic U.S. reluctance to adopt a declaratory policy that it will not use nuclear weapons except in response to a nuclear attack ("no first use"), to announce that it will only regard nuclear weapons as only relevant to nuclear threats ("sole purpose") or to withdraw the relatively few nuclear weapons still deployed in Europe are justified in part on the need to reassure allies. Allied reassurance also underlies the often unstated but very real U.S. policy of maintaining nuclear forces that are perceived as being "second to none," even if such force levels

¹ The author is grateful to Elbridge (Bridge) Colby, Brad Roberts and Matt Rojansky for comments on an earlier draft.

are not required by strictly military considerations.²

Bilateral Nuclear Relations

The most important fact about the Russo-American bilateral nuclear relationship is that each side has nuclear forces that can survive a first strike and inflict damage in retaliation which is so massive that the attacker would find the results unacceptable and disproportionate to any possible gain that could be achieved by an attack. The resulting condition of Mutual Assured Destruction (often referred to by the acronym MAD) makes large-scale nuclear war irrational. For most experts, the uncertainty of controlling escalation makes even limited use of nuclear weapons too dangerous to contemplate. Mutual Assured Destruction is sometimes spoken of as though it were a U.S. policy. It is not. Rather than a policy to be embraced or rejected, MAD is a fact of life to be recognized and managed.

Recognizing that Mutual Assured Destruction was inescapable, Cold War analysts evolved the concept of strategic stability. U.S. experts concluded that preventing nuclear war required that neither adversary fear that the other had a viable pathway to nuclear victory and that strategic stability was therefore a mutual interest. To foster such stability, the two superpowers sought policies, forces, and postures that met three criteria:

- In time of great crisis, there is no incentive to be the first to use military force (“crisis stability”);

- In crisis or conventional conflict, there is no incentive to be the first to use nuclear weapons (“first strike stability”);
- Neither side believes they can improve their relative position by building more weapons (“arms race stability”).

Because the goal of strategic stability is the prevention of war, especially nuclear war, these criteria are irrelevant unless there is at least some possibility of conflict between two states. Strategic stability exists when war is possible but can be made significantly less likely by the policies, forces, and postures the two sides adopt.

Since the Cold War ended, many analysts have been dissatisfied with a continuation of a relationship characterized by the possibility of mutual annihilation. In both Russia and the United States there have been proposals in the past to move beyond mutual deterrence or Mutual Assured Destruction.

These proposals offered varying approaches to reduce U.S.—Russian tensions and thus make war less likely. They would not alter the reality that either side can destroy the other, although only at the price of being destroyed in return. No proposal thus far has been embraced by either of the two governments and there are no ongoing discussions of the topic.³

While the basic concepts of stability remain valid, most U.S. analysts believe that they must be expanded to recognize new technological factors. At a minimum, ballistic missile defenses play a more significant role than they did throughout most of the Cold War and must be taken into account in assessing modern

² In reducing forces to comply with the 1991 START I Treaty, the Clinton administration was constrained by Congress to do so in a way that maintained rough parity. Although the George W. Bush administration concluded that it did not need to base its nuclear planning on a day-to-day threat from Russia, it maintained force levels comparable to those of Russia as part of a U.S. defense goal to reassure allies. Despite an assessment by the Joint Chiefs of Staff that reduced levels would be militarily adequate, the Obama administration rejected calls for unilateral reductions in part because of concerns with allied perceptions of reassurance. (The Joint Chiefs themselves did not support unilateral reductions.)

³ The 1983 Strategic Defense Initiative of the Reagan administration (popularly referred to as “Star Wars”) sought to change the basis of stability through deploying highly effective national missile defense that would deny the Soviet Union confidence of the effectiveness of any attack. This effort proved technically and financially difficult (some would say infeasible) and was abandoned when the Cold War ended.

strategic stability (see the discussion below). In addition, virtually all American experts believe that developments in space and, especially, cyberspace must be considered. For example, using cyber capabilities to interfere with nuclear command and control would obviously be hugely destabilizing. Interfering with space assets could also be destabilizing by interrupting command and control or degrading early warning. While recognizing the validity of these concerns, the U.S. analytical community is nowhere near consensus on how to think about their implications for stability. Russian experts routinely express concern about the effect on strategic stability of long-range conventional precision strike capabilities (especially sea-launched cruise missiles). Russians claim to fear that the United States could use a combination of its advanced conventional strike capabilities, missile defenses, and nuclear forces possibly to eliminate Russia's strategic deterrent and/or national command authority. Most U.S. analysts tend to think these concerns are exaggerated or simply wrong. As a result, there has been little U.S. effort devoted to ways to ameliorate Russian concerns.

Ballistic Missile Defenses and Stability

For decades it has been recognized that the relationship between strategic offense and strategic defense can influence stability. Conceptually, if one side did not have defenses adequate to prevent a first strike but did have defenses sufficient to deal with a retaliatory response, it would have an incentive to strike first in a crisis (violating crisis stability) and to build more forces to ensure the effectiveness of its own retaliatory response to an attack (violating arms race stability). The Soviet Union and the United States agreed in the 1972 Anti-Ballistic Missile Treaty (ABM Treaty) to drastically limit national defenses against strategic ballistic missiles.⁴

Following the Cold War, the United States became concerned with small ballistic missile attacks from third states, especially Iran and North Korea. In 2001, after earlier efforts to modify the ABM Treaty to allow dealing with such attacks were unsuccessful, the George W. Bush administration withdrew from the treaty and deployed a limited national missile defense. The Obama administration complemented this effort by deploying missile defenses in Europe designed to protect allies against Iranian attack. These deployments have led to major controversy with the Russian Federation, which sees them as threatening its own strategic forces.

The *de facto* U.S. position has been that it is not technically possible to prevent a sophisticated country like Russia with a highly capable nuclear arsenal from carrying out an effective strike on the United States and thus the United States must depend exclusively on deterrence to prevent such an attack. In contrast, ballistic missile defense can be effective against the cruder missiles that Iran and North Korea are (or will be) capable of deploying. Further, the United States is not confident that it understands Iranian and North Korean decision making well enough to ensure deterrence will function reliably. This position was effectively enshrined in the Ballistic Missile Defense Act of 1999, which called for "an effective National Missile Defense system capable of defending the territory of the United States against limited ballistic missile attack." In December 2016, Congress amended this law to remove the qualification that an attack be limited. The implication of this change is not yet clear.

Arms Control

The United States and the Russian Federation are parties to two major bilateral nuclear arms control treaties. The first, the 1987 Intermediate Range Nuclear Forces Treaty (INF Treaty) bans ground-launched ballistic or cruise missiles with ranges between 500 and 5500 kilometers. In 2014 the United States made a formal determination that Russia had tested a

⁴ Defense against battlefield ballistic missile is technically much easier and has never been constrained by treaty. Both Russia and the United States deploy such defenses, for example the U.S. Patriot system and the Russian S-300.

ground-launched cruise missile in violation of the INF Treaty. To protect intelligence sources the United States has not released additional information, although it has asserted that it has provided Russia with sufficient information to identify the violation. Russia has denied any violation and claimed the information provided by the United States is insufficient for evaluation. In early 2017 press reports alleged that the prohibited missile has now been deployed. These have not been formally confirmed by the U.S. government but are widely believed by American experts.⁵

The second nuclear arms control treaty is the New START Treaty limiting deployed strategic warheads to 1550 on each side.⁶ New START was signed in 2010, entered into force in February 2011 and will expire in February 2021. Treaty limits will be reached in 2018 and implementation has generally been smooth. For many U.S. experts the chief benefit of New START is the transparency provided by its inspection and notification regime. Most American experts believe that transparency leads to predictability and predictability leads to stability.

New START was viewed as an intermediate step. The Obama administration had hoped to move quickly to negotiate a follow-on treaty with additional reductions, a strategy endorsed by the 2009 bipartisan Strategic Posture Commission. With the revelation of the INF violation, such negotiations became politically impossible (and any resulting treaty could not in any case be ratified) until the violation is corrected. Even without the violation, the two sides have a number of difficult issues including limits on U.S. European based ballistic missile defenses, limits on battlefield or non-strategic nuclear weapons not covered by New START

(where Russia has a sizable nuclear advantage) and Russian desire for some form of control of long-range, non-nuclear precision strike weapons.

Having New START expire without replacement may not be in either the U.S. or Russian interest. In addition to preserving predictability and stability within the intensifying strategic competition there are benefits to demonstrating the capacity of the two states to continue to cooperate despite frictions. Given the difficulty in conducting new negotiations, some would seek to extend the current treaty. New START allows for a single, five-year extension of the treaty without the need for ratification. In view of the unlikelihood of negotiating a replacement treaty, some U.S. experts (including the present writer) believe the United States and Russia should exercise this option to avoid losing the transparency benefits of New START after 2021. Such a step would not preclude negotiation of a replacement treaty nor would it prevent either side from withdrawing from the extended treaty if they determined that doing so was in their national interest. Others believe that such an extension should not be considered so long as the INF violation is uncorrected.

Countering Nuclear Proliferation

Russia and the United States routinely cooperate (along with China, France and the United Kingdom) in managing the review process for the Nuclear Nonproliferation Treaty and fostering the work of the International Atomic Energy Agency in managing international safeguards on nuclear energy programs. In addition to this routine cooperation there are two major proliferation issues for which U.S.—Russian cooperation is

⁵ In addition to denying any INF violation of its own, Russia has asserted that the United States is violating the treaty in several ways. The most significant concern is with U.S. ballistic missile defense launchers being deployed in Europe. These are variants of launchers deployed on U.S. Navy cruisers and destroyers. The shipboard launchers can also launch the Tomahawk land-attack cruise missile; if the shore-based launchers could do the same thing they would be in violation of the INF Treaty. In fact the launchers are not capable of launching a cruise missile and it should be straight-forward to demonstrate that fact to the Russian Federation.

⁶ The number is somewhat misleading. Because of the manner in which bomber weapons are counted actual deployed forces can be higher.

important to facilitate international stability: the ongoing North Korean nuclear and missile program and precluding Iran from developing nuclear weapons.

Cooperation on North Korea currently involves working together on UN Security Council resolutions condemning North Korean actions and imposing appropriate sanctions. The two sides also cooperated in the now-dormant six-party talks involving the two Koreas, China, Japan, Russia and the United States. The United States remains adamant on the ultimate need to permanently and verifiably eliminate North Korea's nuclear program but has thus far not found an approach to do so. Americans regard North Korea as posing a major threat since a North Korean nuclear capability threatens both U.S. allies and U.S. deployed forces now and it is clear that North Korea seeks the ability to threaten the U.S. homeland. In contrast, while Russia opposes nuclear proliferation, it does not

perceive a direct military threat from North Korea.

The Iran nuclear agreement, formally known as the Joint Comprehensive Plan of Action (JCPOA), is intended to ensure that during the next ten years Iran will not be able to accumulate enough nuclear material for a nuclear weapon in less than a year's time and that any attempt to do so will be detected. The agreement was reached among China, France, Germany, Iran, Russia, the United Kingdom, the United States and the European Union. U.S. negotiators have both publically and privately praised the cooperation with Russia in its negotiation. The agreement remains contentious within the United States and will be reviewed by the new administration. Although the outcome of such a review is uncertain, at a minimum the United States will insist on very strict compliance. Continued cooperation between Russia and the United States will be required if the goals of the JCPOA are to be met.

Nuclear Weapons Issues and Strategic Security: Understanding Russian and American Motivations Driving Policy

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Both Russia and the United States heavily rely on nuclear deterrence. As a result of the nuclear arms race half a century ago they reached the conditions of mutually assured destruction. Both are engaged in the modernization of their nuclear forces and have no intention to join the international efforts to ban nuclear weapons.

The search for strategic stability in the 21st century is influenced by two major developments—technological progress and geopolitical changes.

The once clear gap that existed in the 20th century between conventional and nuclear weapons has become bridged. The precision warfare revolution made sophisticated conventional weaponry, in some instances, approach the effectiveness of nuclear weapons. Long-range high-technology conventional weapons have the effectiveness of small yield nuclear weapons on the battlefield, and the long-range air, maritime, and ground variants of these weapons can mass fires faster than land forces may

mass forces. “Prompt global strike” refers to a set of U.S. conventional military capabilities designed to enable the U.S. to strike targets anywhere on Earth in as little as an hour¹.

To this must be added the potential of cyber weapons to support strategic strikes against an enemy’s nuclear and conventional strategic forces (especially their command-and-control and early warning systems) as well as key industrial targets. Conventional and cyber weapons are increasingly playing a role in what was nuclear (or strategic) warfare².

Nowadays the international system is fundamentally different from the world of the second half of the 20th century. The bipolarity of the Cold War period has been replaced by multipolarity. In the polycentric world, the overall balance of forces is not limited to Russian-American relations and involves numerous factors. While Washington and Moscow still possess about 95% of all nuclear weapons, China, India and others play a growing geopolitical role.

Major Centers of Power in the 21st Century

	USA	Europe	Russia	China	India
Population (mln)	350	600	140	1400	1266
GDP (\$ trln)	18,6	19	2	11,4	2,25
Defense budget (\$bln)	604	248	66,7	145	51
Nuclear weapons	7000	500	7000	300	200
Military personnel (thousand)	1344	1560	831	2183	1395

Source: The Military Balance 2017.IISS. London, 2017.

Table 1 demonstrates that Russia is lagging behind major centers of power in population, economy and defense expenditures.

All nine nuclear weapon states, except China, in their nuclear doctrines, declarations, and in actual operational planning, have envisioned nuclear first use under certain circumstances. None

of the nine nuclear states specifies the way its nuclear forces would be employed first in an otherwise conventional conflict or as an initial first strike. The U.S. and Russia are no exception, as though they imply greater specificity, in line with their nuclear capabilities, status, ambitions and foreign commitments.

Deterrence theory relies on the credible threat of unacceptable retaliation to forestall attacks from a potential adversary. Nuclear deterrence raises the retaliatory response to an existential level. Deterrence is perceived as a function of both capability and credibility, the latter of which is inherently questionable³.

In order to overcome this credibility problem, deterrence relies on risk and unpredictability. But reinforcing credibility through acts of brinksmanship that threaten nuclear use increases the risk of a conflict spiraling out of control. Demonstrations of resolve that set ambitious red lines, reduce alert times, or send misinterpreted signals increase the potential for nuclear conflict. Risk is thus an inherent part of nuclear deterrence in both theory and practice, meaning the chance of inadvertent nuclear use can never be zero⁴.

As weapons became more effective, strategies changed from an all-out nuclear attack to more refined strike plans with multiple options directed against different combinations of targets for different objectives at different levels of intensity. Shorter-range weapons were developed for battlefield use below the strategic level to defeat military forces in limited scenarios while strategists developed theories about controlling or managing escalation below all-out nuclear war.

The Russian Federation’s conventional military disadvantage relative to the U.S. and its NATO allies has left the country increasingly reliant on its nuclear forces for deterrence. A credible nuclear deterrence vis-a-vis the U.S. is a prerequisite for Russia’s great power status.

Moscow has modernized its strategic nuclear arsenal during recent years and is determined to retain a credible second-strike capability⁵.

In his comments about the U.S. nuclear arsenal President Donald Trump expressed concern that the U.S. has "fallen behind on nuclear weapon capacity." "It would be wonderful, a dream would be that no country would have nukes, but if countries are going to have nukes, we’re going to be at the top of the pack," Trump said⁶.

The New START treaty with Russia, signed in 2010, requires both the U.S. and Russia to cut the size of their nuclear arsenals to 1,550 deployed warheads and 700 delivery systems (sea-launched missiles, ICBMs and nuclear bombers) by February 2018 and maintain parity for 10 years. These mutual limits, along with New START’s robust verification and compliance regime—including national technical means (e.g. satellites), on-site inspections, required notifications, and data exchanges—enhance stability and reduce incentives for either country to engage in an arms race.

The treaty is up for renewal in 2021, but Trump has complained that it is a “one-sided deal”⁷. In a widely reported phone call with Russian President Vladimir Putin in December, Trump has made clear his disdain for the bilateral New START treaty.

"President Trump’s reported comments that New START is a 'bad deal' and favored Russia is simply wrong," former Defense Secretary Bill Perry said. "The treaty calls for equal numbers of weapons and a verification process that, if anything, is harder on Russia than the U.S."⁸ Trump’s comments were reported to be in response to Putin’s suggestion that the U.S. and Russia extend the treaty. "It would be a tragic mistake if we failed to take advantage of Russia’s offer to extend the treaty," Perry said.

START-3

Category of data	START Ceilings	United States of America	Russian Federation
Deployed ICBMs, Deployed SLBMs, and Deployed Heavy Bombers	700	673	523
Warheads on Deployed ICBMs, on Deployed SLBMs, and Nuclear Warheads Counted for Deployed Heavy Bombers	1550	1411	1765

Deployed and Non-deployed Launchers of ICBMs, Deployed and Non-deployed Launchers of SLBMs, and Deployed and Non-deployed Heavy Bombers	800	820	816
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Source: Bureau of Arms Control, Verification and Compliance. New START Treaty Aggregate Numbers of Strategic Offensive Arms. Fact Sheet. April 1, 2017.

Trump’s comments may call into question the future of the treaty itself—and the future trajectory of limiting and reducing U.S. and Russian (previously Soviet) nuclear arsenals through carefully negotiated agreements.

U.S. Strategic Command (STRATCOM) commander Gen. John Hyten told the Senate Armed Services Committee that all indications are that Russia would meet its obligations by 2018: “I know we’re on track, and the reports I get from the intelligence community and from the State Department is the Russians are on track as well.”⁹

Russian military doctrine is rooted in history of invasions from the West by Poland, Sweden, France and Germany. The destruction experienced by the Soviet Union and its military in the Second World War led to a fundamental assumption to never fight another war on Russian territory. The forward deployed Groups of Soviet forces in Eastern Europe was one model for attaining this aim during the Cold War. In two decades after the dissolution of the Soviet Union and the Soviet Army, Moscow lost the capability to project significant, first-rate military power beyond its borders, particularly conventional forces. In the 21st century, Moscow doesn’t have buffer zones to protect Russia from the modern means of warfare that erase lines on the battlefield¹⁰.

Russian armed forces in the 1990s almost totally collapsed. The Russian government began a substantial military modernization program in the early 2000s. While Russia’s conventional military has improved since its nadir in the 1990s, it is still a far cry from matching that of NATO and especially the U.S. in any persisting conflict in which the latter could bring to bear the full force of their military power. U.S. and NATO advantages greatly surpass those of Russia in economic strength, technology, and simple size. The G.D.P. of the NATO members, to take just one measure, is an order of magnitude larger than that of Russia’s, and the West spends a great deal more than Moscow on defense. The U.S., with its vastly superior power projection forces, could

dominate and set the bounds of any plausible conflict with Moscow and NATO.

Russia has noted the willingness of the U.S. and NATO to use military force. Russia is conscious of its conventional military’s continuing weakness relative to that of the U.S. and NATO. Some American experts conclude that “Russia’s conventional forces could be decisively overcome by NATO forces in a plausible conflict over, for instance, the Baltics or other countries in Eastern Europe”¹¹.

Many experts believe that Russia is strategically vulnerable, susceptible to surprise, and not completely defendable, at least in a traditional understanding of a defensive approach. In practice, the Russian military cannot be deployed continuously around its almost 60,000 kilometer-long border. From Moscow’s perspective, Russia’s periphery is unstable and unpredictable with multiple actors, all perceived as being capable of triggering actions in a specific region that could expand to encompass multiple nations and regions. In Russia’s view, future war could begin in the Arctic, Baltic, or Black Seas¹².

Facing more powerful neighbors in the West and in the East Moscow conducts military exercises moving its relatively small ground forces at significant distances. For example, some Russian troops in the Vostok (“East”) exercise in 2014 moved over 12,000 kilometers¹³. A range of tasks were executed including the strategic regrouping of Russian forces after deployments, bastion defense of Russian strategic nuclear submarines in the Barents Sea, the defense of Kaliningrad, the control of the Black Sea, multi-theater force management with vertical and geographical escalation, varying tasks by each theater as well as the integration of tasks and forces in each strategic direction¹⁴. In several exercises Russia reportedly used nuclear weapons to avoid an embarrassing defeat in a conventional conflict that would likely result for Russia.

As Matthew Kroenig notes, it is unsurprising that Russia, as the conventionally inferior power

relative to the U.S. and NATO, would consider using nuclear weapons in a conventional war. After all, this is essentially the reverse of NATO strategy during the Cold War, when the Alliance faced a conventionally superior Soviet Union¹⁵.

According to Elbridge Colby, "the Kremlin, impressed in particular by American military prowess, has noted the willingness of the U.S. and NATO to use military force outside channels Moscow deems legitimate (such as the United Nations Security Council), including in areas of special interest to Russia, such as Serbia and Kosovo. Moscow also perceives a threat in the emphasis of the West on the transformation of former Soviet governments and societies – including Russia – into more philo-Western ones; the so-called "color revolutions" presented the most dangerous example of this, to Moscow's eyes, and are perceived in Russia as coups d'état supported and funded by the West rather than organic domestic movements. The crisis over and conflict in Ukraine have only intensified Russia's sense of threat from the West, in Moscow's view validating its judgement that the West is seeking to further shrink Russia's area of influence with the ultimate goal of toppling and perhaps dismembering the existing Russian state"¹⁶.

Moscow views as threatening and hostile steps viewed as legitimate and peaceful by the West, such as the integration of former Soviet republics into Western politico-economic and military institutions such as the European Union and NATO.

Speaking at the Moscow conference in April 2017 General Valery Gerasimov, Chief of the General Staff of the Armed Forces of the Russian Federation, expressed his concerns: "Implementing plans to expand NATO is disrupting the balance of forces in the region and increasing the risk of military incidents. All these actions on the part of NATO are of a destructive and provocative nature"¹⁷. He said: "The scale of NATO military activity on its "eastern flank" has increased sharply. The quantity of first-order engagement forces and foreign military contingents in Eastern Europe has increased. Supplemental forces and staff infrastructure are being deployed in the countries of the Baltic region, Poland, Romania, and Bulgaria. Offensive arms are accumulating all along the border between NATO and Russia. The amount of airfields and ports is increasing. Materiel support and storage centers are being established. These will allow NATO to operatively

ramp up its military disposition by deploying first-order engagement forces to the region. The Pentagon's modernization plans for its European nuclear armaments and storage facilities are also negatively influencing regional security. These consist of approximately 200 aerial bombs situated in Belgium, Italy, the Netherlands, Germany, and Turkey"¹⁸.

Discarding the fears of its weaker neighbors, Russia considers NATO expansion to its borders to be inherently unlawful and threatening. Although the present scale of the alliance deployment is modest, these forces are considered only a forward echelon of NATO's altogether superior conventional military power, which may be promptly redeployed from the rest of Europe and across the Atlantic from the U.S.

In the present state of confrontation, a direct military conflict between Russia and NATO in Eastern Europe, the Baltic or the Black Sea would provoke an early use of nuclear arms by any side which considers defeat otherwise unavoidable. This risk is aggravated by the fact that tactical nuclear and conventional systems are co-located at the bases of general-purpose forces and employ dual-purpose launchers and delivery vehicles of the Navy, Air Force, and ground forces.

Russia views NATO troops in nations near Russia's borders as a threat to Russian security. This concern extends to U.S. missile defense assets that may be deployed on land in Poland and Romania and at sea near Russian territory as a part of the European Phased Adaptive Approach (EPAA). In an environment where Russia also has doubts about the effectiveness of its conventional forces, its doctrine allows for the possible use of nonstrategic nuclear weapons during a local or regional conflict on its periphery. The doctrines do not say that Russia would use nuclear weapons to preempt such an attack, but it does reserve the right to use them in response¹⁹.

Since the end of the Cold War, the threshold for any decision by Moscow to use nuclear weapons was lowered, in large part out of fear of NATO's conventional forces²⁰. For example, The Basic Provisions of the Military Doctrine of the Russian Federation in 1993 abandoned the Soviet Union's commitment to no first use policy. Other Russian military documents published in 1998 and 2003 tasked Russia's nuclear forces with "detering regional conventional conflicts". According to Alexei Arbatov, in 2003 Russia borrowed from U.S. strategies of limited and

flexible employment of nuclear weapons, elaborated in the 1960-1980s”²¹. The 2014 Military Doctrine proclaimed: “The Russian Federation shall reserve the right to use nuclear weapons in response to the use of nuclear and other types of weapons of mass destruction against it and/or its allies, as well as in the event of aggression against the Russian Federation with the use of conventional weapons when the very existence of the state is in jeopardy.”²²

Instead of expanding the range of circumstances when Moscow might use nuclear weapons, this actually seemed to narrow the range, from the 2000 version that allowed for nuclear use “in situations critical to the national security of the Russian Federation” to the current form that states they might be used in a case “that would put in danger the very existence of the state.” As Olga Olikier from the Center for Strategic and International Studies notes “this is a comparatively high bar in the world of nuclear policies. It’s a higher bar than that of the U.S.”²³, which, according to the Obama administration, reserves the right to use nuclear weapons “to defend the vital interests of the U.S. and its allies and partners”²⁴.

At present, limited strategic nuclear strikes are not publicly mentioned in official Russian or U.S. documents on this subject. Still, there are some leaks on this subject to the mass media in the form of the writings of representatives of the “think tanks” of the Russian Ministry of Defense. There are also reasons to believe that analogous thinking is being elaborated in the U.S. strategic community (and will be supported by the Republican administration) in the form of “tailored nuclear options for limited use.”

Russian reliance on tactical nuclear weapons is thought to be intended to compensate for its less capable conventional forces in limited regional scenarios. Russia has three means of utilizing its tactical nuclear arsenal. Russia could use (1) non-stealthy bombers and fighters to employ gravity bombs or (2) submarines to launch cruise missiles, or (3) ground-launched cruise or ballistic missiles. These systems could be based in either in Kaliningrad or western Russia²⁵.

Moscow does not provide any information on how many or what kinds of nonstrategic nuclear weapons it possesses. The Russian government has said that all of its nonstrategic nuclear weapons are in central storage.

On non-strategic nuclear weapons (NSNW), there are great asymmetries between the U.S. and Russian arsenals: the U.S. has one class of NSNW (air-delivered bombs), while Russia has three classes, including air defense systems, naval nuclear weapons, and tactical aircraft and short-range missiles. Russian short-range, tactical nuclear weapons number about 2,000, but fewer than 500 tactical nuclear weapons could be used in Europe. Thus, one needs to consider which classes of NSNW are being discussed when looking at the balance of capabilities between Russia and the U.S. If we consider NSNW to be everything less than strategic (not included in START-3), then counting the three nuclear states in NATO (the United Kingdom, France and the U.S.) would greatly diminish Russia’s perceived “superiority.”

The Russian Navy is thought to have a significant inventory of nuclear warheads for use by cruise missiles, anti-submarine rockets, torpedoes and depth bombs. One recent source concludes that Russia has 700 naval nonstrategic nuclear warheads.

Tactical air forces are Russia’s second-largest user of nonstrategic nuclear weapons, with an estimated 570 such weapons assigned for delivery by Tu-22M3 (Backfire) intermediate-range bombers, Su-24M (Fencer-D) fighter-bombers, and the new Su-34 (Fullback) fighter bomber. All types can deliver nuclear gravity bombs, and the Tu-22M3 can also deliver AS-4 (Kitchen) air-launched cruise missiles (ALCMs).

Russia’s air- and missile-defense forces are also upgrading nuclear-capable systems. The S-300 air defense system with nuclear-capable SA-10/20 interceptors is deployed across Russia, and is slowly being upgraded to the S-400 system with SA-21 interceptors. An upgrade of the nuclear-tipped A-135 antiballistic missile-defense system around Moscow is said to be underway. It is estimated that roughly 300 nuclear warheads remain for air-defense forces today, plus an additional 80 for the Moscow A-135 missile-defense system and coastal defense units, for a total inventory of about 380 warheads.

The Russian Army is in the middle of a modernization of its short-range ballistic missiles that involves replacing the SS-21 (Tochka) with the SS-26 (Iskander-M). Whereas the SS-21 launcher carries a single missile with a range of 120 km, the SS-26 launcher carries two missiles with a range of about 300 km. We estimate there

are roughly 140 warheads for short-range ballistic missiles²⁶.

Russia has also begun deployment of the *Kalibr* sea-launched cruise missile (SLCM), which exists in both a conventional version for surface ships and a nuclear land-attack version for select front-line nuclear-powered attack

The purpose of a de-escalatory nuclear strike in Russian military thinking is not to decisively degrade an opponent's military forces, but rather to avoid a devastating battlefield defeat by demonstrating Russian resolve and convincing an opponent to back down to avert further consequences. It is not a strategy of nuclear dominance, but rather one that seeks to exploit Russia's very large and sophisticated arsenal, which the U.S. cannot realistically or meaningfully defend against, to force the Alliance to determine whether it wants to risk nuclear Armagedon²⁷.

Moscow believes that it must bring to bear some means in between its local conventional forces and a large strategic nuclear attack if it is to have a reasonable chance of persuading the Alliance to back down. The logic of the approach appears to be to escalate to a limited employment of nuclear or strategic weapons, with the idea of demonstrating Moscow's resolve and its ability to do great harm and risk escalation, blunt the opponent's conventional offensive, and challenge the adversary's resolve

While Russia is criticized for having an "escalate-to-deescalate" strategy, the U.S. appears to have something similar. As former STRATCOM command Admiral Cecil Haney told Air Force Global Strike Command in 2016: "At the end of the day, our adversaries and potential adversaries must understand that they cannot escalate their way out of a failed conventional conflict, that they will not reap the benefits they seek and that restraint is always the better option. Our nation is prepared to manage escalation using all its instruments of national power...If deterrence fails, you take the lead to bring America's nuclear force to bear, providing 'deterrence through strength and global strike on demand.'"²⁸

The condemnation of Russia's alleged first use strategy is also interesting because the Obama administration rejected adopting a no-first-use policy. In some situations, Washington apparently also is prepared to use nuclear weapons first – before an adversary has attacked the U.S. or its

allies with nuclear weapons or other weapons of mass destruction.

National Security Council Report 68, or NSC-68, provided an indication that the U.S. would consider a pre-emptive strike against the Soviet Union. In more recent years, discussions about pre-emption as a U.S. military strategy often begin with the 2002 National Security Strategy²⁹. The strategy was put forth by the George W. Bush administration in the aftermath of the 9/11 attacks. It read: "We cannot let our enemies strike first. ... The greater the threat, the greater is the risk of inaction—and the more compelling the case for taking anticipatory action to defend ourselves, even if uncertainty remains as to the time and place of the enemy's attack. To forestall or prevent such hostile acts by our adversaries, the U.S. will, if necessary, act preemptively"³⁰.

Alexei Arbatov notes that the latest versions of the Russian Military Doctrine and the U.S. Nuclear Posture have only two principal differences. One is that the U.S. is apparently willing to defend its allies with the use of nuclear weapons, if they are attacked by overwhelming conventional forces, whereas Russia does not provide such assurance. The other is that Russia is ready to use nuclear arms if facing the prospect of defeat by large-scale conventional aggression, while the U.S. for obvious reasons does not envision such a possibility³¹.

The active nuclear stockpile of the United States is 4,018 warheads³². About 500 of them are tactical weapons.

The U.S. has one type of nonstrategic nuclear weapon in its stockpile—the B61 gravity bomb. The weapon exists in three modifications, the B61-3, B61-4, and B61-10. (Two other modifications—the B61-7 and B61-11—are strategic.)³³ Approximately 500 tactical B61 bombs of all versions remain in the stockpile. About 150 of these (versions –3 and –4) are deployed at six bases in five European countries and Turkey. The B61-12's apparent earth-penetration capability further increases its ability to hold at risk underground targets³⁴.

One hundred eighty B61 bombs are forward deployed to five European countries and Turkey. These forward deployed weapons are the B61-3 and B61-4 variants, which have reported yields of 0.3–170 kilotons and 0.3–50 kilotons, respectively³⁵. The modernization plans for the B61 will result in a more capable and potentially

usable weapon. The increased capability and the options the B61-12 creates can lower the nuclear threshold. By consolidating all gravity bomb capabilities into one weapon on all platforms (B-2, B-21, F-15E, F-16, F-35A, PA-200), the full spectrum of capabilities will be available everywhere: in the U.S., in Europe, on strategic bombers, and on tactical aircraft. This is further complemented by the new F-35A, a stealthy fifth-generation aircraft that will have a capability to penetrate advanced air defences and possibly deliver the B61-12 on target without ever being detected³⁶.

The U.S. is also planning a new nuclear air-launched cruise missile, known as the Long-Range Standoff (LRSO) missile. The current air-launched cruise missile (ALCM) has yields ranging from 5 to 150 kilotons, and is only delivered by the non-stealthy B-52. The LRSO is intended to replace the existing nuclear-capable air-launched cruise missile, the AGM-86³⁷. While the U.S. lists the nuclear armed variant of AGM-86 as a strategic weapon, public statements by U.S. defense officials have suggested that the LRSO will have a more tactical role.

Defense officials have described the mission of the LRSO in terms that resemble a tactical nuclear weapon, as it provides “credible response options applicable to a broad spectrum of nuclear crises” by allowing to “deter deliberate nuclear escalation like that envisioned in Russia’s current strategy”³⁸. The discussion has caused concern among some that the LRSO is being planned for tactical nuclear missions and could be one of the first nuclear weapons to be used in a conflict.

Some nuclear modernization programs—the LRSO and B61-12—are now explicitly justified with reference to their role in limited regional scenarios. And nuclear and conventional forces are increasingly being integrated into regional deterrence strategies with some officials describing a fluid demarcation between conventional and nuclear operations. The U.S. maintains 575 air-launched cruise missiles with a service life to 2030, with plans to begin developing around 1,000 Long-Range Standoff (LRSO) air-launched cruise missiles to replace the existing ALCMs.

LRSO will be a more capable weapon than the predecessor. It is likely to have stealth capabilities, a longer range, and greater accuracy, among other properties that raise new concerns by potential adversaries and alter strategic calculations. Delivery system upgrades also play into this

equation: the ALCM is deployed with the B-52 bomber, neither of which is stealthy (thus the original need for a stand-off capability). If the LRSO is developed as a stealth nuclear cruise missile and deployed on a stealth bomber, this will certainly introduce new dynamics, and illustrates why the argument that the LRSO will not be destabilizing because it replaces the ALCM may lack credibility³⁹.

In recent years the Joint Air-to-Surface Standoff Missile (JASSM) has been deployed on the B-1 and B-52 and the denuclearized bombers being sent on strategic deterrence missions to Europe and Asia. Nearly 5,000 JASSMs are planned and it is going on pretty much everything that can fly, including tactical aircraft. It is being sold to allies and partners and will soon be permanently deployed in Eastern Europe within range of Russian deterrence targets.

Defense Secretary James Mattis created a “preferred weapon” status within the FY 2018 budget request, to fund to the maximum extent the full production capability for certain selected preferred munitions. Preferred weapons include the Hellfire air-to-surface missile, Tomahawk Land Attack Missile, small-diameter bomb, Advanced Precision-Kill Weapon System, Guided Multiple Launch Rocket System and Joint Direct Attack Munition⁴⁰.

The U.S. has about 4,000 Tomahawks. The Block IV Tomahawk, in service since 2004, includes a two-way data link for in-flight retargeting, terrain navigation, digital scene-matching cameras and a high-grade inertial navigation system. The current Tomahawk is built with a “loiter” ability allowing it to hover near a target until there is an optimal time to strike. As part of this technology, the missile uses a two-way data link and camera to send back images of a target to a command center before it strikes⁴¹.

Unlike the Tomahawk, the air-launched JASSM and LRSO could be delivered by long-range very low observable bombers that can penetrate enemy air defenses undetected, thereby allowing the missiles to overcome any range limitations and strike any point within the Russian Federation, including Russia’s strategic nuclear force sites. However, just as with the Tomahawk, these missiles would still be required to locate and neutralize all or most of Russia’s mobile ICBM launchers. The AGM-158A JASSM and the extended range AGM-158B JASSM-ER lack the ability to hit targets that are on the move. The

LRSO, on the other hand, may possess such capability⁴².

These capabilities, some argue, are needed to provide more “tailored” strike options for limited use in regional scenarios. This, in turn, has created concern among some that nuclear arsenals again are being groomed to be more useable and that strategies increasingly prepare for limited but more likely options.

While U.S. officials criticize Russia for its “escalate-to-deescalate” strategy, they appear to employ a similar strategy⁴³. The 2014 Quadrennial Defense Review (QDR) report proclaimed that U.S. nuclear forces communicate to “potential nuclear-armed adversaries that they cannot escalate their way out of failed conventional aggression.”⁴⁴

Washington pledged to refrain from using nuclear weapons against most non-nuclear weapon states, but has neither ruled out their first use in all cases nor specified the circumstances under which it would use them (calculated ambiguity). This approach addressed U.S. concerns during the Cold War, when the U.S. and NATO faced numerically superior Soviet and Warsaw Pact conventional forces in Europe⁴⁵. At the time, the U.S. not only developed plans to use nuclear weapons on the battlefield to disrupt or defeat attacking tanks and troops, but it also hoped that the risk of a nuclear response would deter the Soviet Union from initiating a conventional attack.

The core of NATO strategy historically lies in translating the deterrence extended by the U.S.—including the nuclear guarantee—in a way that responds to the security concerns of all allies. The degree of deterrence and reassurance sought depends on perceptions of the threat that are based on assessments of capability and intent. Today, perceptions within the alliance of the threat posed by Russia differ sharply. Some countries are convinced that Moscow is a potential adversary, whereas others still look for partnership with Russia on common threats and interests⁴⁶.

For some NATO members, the threat of a response involving the alliance’s strategic nuclear forces (held by the U.S., Britain, and France) is enough⁴⁷. For other members, credibility requires the location of U.S. warheads in Europe and alliance nuclear sharing arrangements—known as “coupling.”

Currently, coupling takes the form of U.S. warheads deployed in Europe for use on the dual

capable aircraft (DCA) of four allies as the non-U.S. contribution to the NATO nuclear deterrent. The final decision for the release of these warheads remains with the U.S. president. As stated in the 2010 Strategic Concept, “The supreme guarantee of the security of the Allies is provided by the strategic nuclear forces of the alliance, particularly those of the U.S.”

NATO in the past had very elaborate sharing agreements focused on four areas: (1) information sharing, (2) nuclear consultations, (3) common nuclear planning, and (4) common execution⁴⁸. These agreements all stemmed from the Cold War and must be adapted for existing and future security challenges. If NATO, over time, is able to further evolve the system of nuclear sharing, it will have a safer, more secure, and more credible extended nuclear deterrence without the need for U.S. nuclear bombs being stationed in Europe.

NATO’s Warsaw Summit Communique in 2016 proclaimed that “the strategic forces of the Alliance, particularly those of the U.S., are the supreme guarantee of the security of the Allies” and that “the independent strategic nuclear forces of the United Kingdom and France have a deterrent role of their own and contribute to the overall security of the Alliance.”

Managing escalation in confrontations with nuclear-armed adversaries is an essential element of U.S. national security strategy⁴⁹. As STRATCOM Commander Admiral Cecil Haney said in 2016, “Our nation is prepared to manage escalation using all its instruments of national power”.⁵⁰ Haney added: “If deterrence fails, you take the lead to bring America’s nuclear force to bear, providing “deterrence through strength and global strike on demand”.”⁵¹

Some American experts such as Matthew Kroening insist that NATO should retain the option of an early nuclear response, because there is no reason to assure Russia that this would not happen. Moreover, NATO’s easternmost neighbors would vastly prefer nuclear deterrence over a potential Russian incursion⁵².

There are many hard-line proposals to change NATO’s nuclear posture. These could include placing lower-yield warheads on SLBMs and ICBMs; training European crews to participate in NATO nuclear strike missions; forward basing B61 gravity bombs in Eastern Europe; improving the survivability of the B61s; rotationally basing B-52 bombers in Europe; equipping dual-capable

aircraft to carry nuclear air-launched cruise missiles; developing a new sea-launched cruise missile; designating the planned long-range standoff weapon (LRSO) for delivery by both air and sea; and creating an SRSO, a shorter-range variant of the LRSO that could be delivered by NATO tactical aircraft in theater. Thus the U.S. must adapt its strategy so that it can both limit a conflict with Russia but also to prevail in it⁵³.

* * *

The present declaratory doctrines and operational strategies of Russia and the U.S./NATO enhance risks of a direct confrontation and nuclear escalation.

Former U.S. Secretary of Defense William Perry wrote: “Today, dialogue and restraint are needed more than ever since the end of the Cold War. In order to prevent misperceptions, miscalculations, and the potential return of a costly arms race, both Washington and Moscow have to rediscover the instruments of diplomatic dialogue, military-to-military exchanges, and verifiable arms control.”⁵⁴

Unlike the period of the Cold War, the military-strategic balance in the 21st century is not confined to strategic nuclear forces. New non-nuclear weapons boast destructive capacities that are increasingly close to that of nuclear weapons. Today, achieving decisive objectives in war (destruction of a wide range of military and economic targets, destroying political and military command and control systems) is possible not only by nuclear, but also non-nuclear weapons. In the coming decades, strategic non-nuclear weapons will mature to a point at which they are able to exert a considerable impact on the military-strategic balance.

Maintaining the military-strategic balance in the 21st century requires fundamentally new approaches to nuclear and non-nuclear strategic offensive and defensive weapons. Nuclear deterrence is inherently risky, both deliberately so and as a function of imperfect systems and human failings.

Given that each country deploys far more nuclear weapons than is necessary to deter attack,

they should be able to envision reductions to a level of 500 deployed strategic delivery vehicles (including cruise missiles) and no more than 1,000 deployed strategic warheads. To take into account cruise missiles and sub-strategic nuclear bombs in the active arsenals of both sides, they should consider applying any new warhead ceiling to all types of nuclear weapons⁵⁵.

To address these problems, some analysts have suggested that the limits in the next arms control treaty cover all types of nuclear warheads—warheads deployed on strategic-range delivery vehicles, warheads deployed with tactical-range delivery vehicles, and nondeployed warheads held in storage. This type of agreement would allow each side to determine, for itself, the size and mix of its forces, within the limits on total warheads. For example, Russia might choose to keep a greater number of warheads for nonstrategic nuclear weapons, while the U.S. could keep a greater number of nondeployed warheads that had been removed from its strategic nuclear delivery vehicles. In addition, the limit set in the treaty could be low enough to produce reductions that addressed each side’s concerns with the other’s arsenal. Russia might reduce its numbers of nonstrategic nuclear weapons, easing concerns about both the disparity between U.S. and Russian nonstrategic nuclear weapons and the potential role these weapons might play in a conflict between Russia and its neighbors. The U.S. might reduce its number of stored, nondeployed weapons. This could ease Russia’s concerns about the U.S. ability to exceed the limits in the New START treaty by returning these warheads to deployed systems in a short amount of time⁵⁶.

The removal of nuclear forces from high alert and elimination of the launch-on-warning option from nuclear planning could help improve the situation dramatically, although it probably would not address all aspects of the problem⁵⁷.

A new U.S.-Russian dialogue on strategic stability and risk reduction should also explore options for new transparency measures and reciprocal restraint measures in other related areas, including missile defenses, precision conventional strike, and sub-strategic nuclear weapons.

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The Future of the INF Treaty

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Russia has been complaining about violations of the Intermediate-Range Nuclear Forces (INF) Treaty by the United States for more than 15 years¹.

There were INF-related grievances in connection with target missiles used for tests of the U.S. ballistic missile defense systems. The U.S. has already repeatedly violated and continues to violate that treaty, when it uses “shorter-, medium, and intermediate-range” ballistic and cruise missiles as targets to test its missile-defense systems. The Lockheed Martin PLV (Payload Launch Vehicle) and Coleman Aerospace Hera are both two-stage missiles using the 2nd and 3rd stage of the Minuteman II (Thiokol M55 first stage, Aerojet SR19 second stage and Hercules M57 third stage)².

In particular, target missiles are being used such as the Hera (with a range of 1,100-1,200 km.), the Medium Range Target (MRT-1) (with a range of 1,100 km.), and the Long Range Air Launch Target (LRALT) (with a range of 2,000 km.)³. Dozens of Hera missiles were built and used as targets for test of Terminal High Altitude Area Defense (THAAD) and Patriot Advanced Capability-3 (PAC-3) interceptors. Russia claims that such targets as, for instance, Hera constitute at least intermediate-range ballistic missiles (IRBM) prototypes, if not actual IRBMs in violation of Article VI of the INF Treaty.

Another Russian allegation is that development and deployment of long range unmanned aerial vehicles which allegedly correspond to the definition of ground launched cruise missiles, banned by the INF Treaty. Since the invasion of Afghanistan, the U.S. regularly uses attack drones capable to deliver heavy payloads.

In such cases, the U.S. uses loopholes in the INF Treaty.

But the most important Russia accusation is related to the deployment of the Aegis Ashore

Ballistic Missile Defense System (BMD) bases in Romania (2015) and Poland (2018). Instead of launchers for Ground-Based Interceptor (GBI) interceptor missiles which, first, had greater potential and, second, were not covered by the INF Treaty, the U.S. deployed land-based derivatives of ship-based Aegis systems (Aegis Ashore) in Poland with light RIM-161 SM-3 interceptor missiles⁴. This is a simple and cheap solution, but the devil is in the details: SM-3 uses the same Mk-41 launchers as Tomahawk cruise missiles.

Another example of Washington’s violation of this treaty will be if it installs land-based cruise missiles in the launchers of the American Aegis Ashore missile-defense systems in Romania and Poland (that will become operational in 2015 and 2018, respectively), which can be equipped with a total of 48 missiles (24 missiles each).

Aegis uses the Mark 41 Vertical Launching System (MK-41 VLS)—a shipborne canister multi-mission launching system which provides a rapid-fire launch capability with different types of offensive and defensive missiles: RIM-66 Standard, RIM-67 Standard, RIM-161 Standard Missile 3, RIM-174 Standard ERAM, RGM-109 Tomahawk, RUM-139 VL-ASROC, RIM-7 Sea Sparrow, and RIM-162 ESSM. Open architecture both in the weapon control interface and the missile mechanical and electrical interface allows the system to support any missile in any cell, a capability unique to MK-41 VLS. Integration of new tactical weapons has been consistently demonstrated. The latest missile integrations into the MK-41 VLS include the Evolved Sea Sparrow Missile (ESSM), Tactical Tomahawk, Standard Missile 3, Standard Missile 6 and Vertical Launch ASROC Lightweight Hybrid Torpedo⁵.

According to the January 25, 2017, U.S. Navy fact sheet, MK-41 has been in service since 1986 and a total of 174 systems have been acquired in support of USN CG 47, DDG 51 and DD 963 (now decommissioned) Class ships. In addition, 54 systems have been acquired for allied navies to

date. The MK-41 VLS has successfully launched over 3,800 missiles with over 99 percent launch success rate since program inception and played a critical role in many operational missions including Desert Storm, Enduring Freedom, Iraqi Freedom and operation Odyssey Dawn⁶. The MK-41 is designed for multiple warfighting missions: anti-air; anti-submarine; ballistic missile defense and land attack/strike.

Since the MK-41 can launch a SLCM Tomahawk, its deployment ashore is an obvious violation of the INF Treaty, which bans ground based launchers for cruise missiles. The main concern by Russian officials is that the Mk-41 vertical launch system for the SM-3 missile interceptors in Romania could also launch intermediate-range cruise missiles; they note that MK-41 VLS on U.S.⁷.

U.S. Navy ships can launch sea-launched cruise missiles as well as SM-3 interceptors and other missiles. Moreover, the Russians say the U.S. uses intermediate-range ballistic missiles as targets in missile defense tests and operates armed, unmanned aerial vehicles (UAVs or drones) that are equivalent to ground-launched cruise missiles of intermediate range⁸.

Speaking at the Moscow conference in the end of April 2017 General Valery Gerasimov, Chief of the General Staff of the Armed Forces of the Russian Federation, said: “Deployed at the missile-defense base in Romania are multi-purpose missile launchers capable of launching not only ABMs, but also Tomahawks. Such launchers are also planned to be deployed in Poland⁹. As a result, all strategic objects in the European part of Russia lie within the crosshairs of these missiles. We are certainly undertaking the necessary measures to deflect this threat”¹⁰.

The U.S. dismissed Russian accusations, claiming that Aegis Ashore doesn’t violate the INF Treaty, because the U.S. has no intention to deploy Tomahawks in MK-41 tubes in Romania and Poland, and the systems deployed there don’t have software necessary to launch SLCMs from these tubes.

On the other hand, Washington claims that Moscow is not in compliance with the INF Treaty. On March 8, 2017, at hearings in the House Armed Services Committee, Air Force Gen. Paul Selva, Vice Chief of the Joint Chiefs of Staff, claimed that the newly deployed Russian cruise missile “violate the spirit and intent” of the 1987 U.S.-

Soviet Union Intermediate Nuclear Forces Treaty (INF)¹¹.

According to the Department of State report, “the United States has determined that in 2016, the Russian Federation (Russia) continued to be in violation of its obligations under the INF Treaty not to possess, produce, or flight-test a ground-launched cruise missile (GLCM) with a range capability of 500 kilometers to 5,500 kilometers, or to possess or produce launchers of such missiles”¹².

The U.S. claims have been repeatedly discussed at different levels in a bilateral format. At the U.S. initiative, on November 15-16, 2016, a Special Verification Commission (SVC) meeting was held, the first since 2003. According to the Russian Foreign ministry, the situation has not been resolved due to Washington’s reluctance to provide information specifying Russia’s alleged violations of the INF Treaty¹³.

Lack of public information about American allegations made it very difficult to discuss the issue. On February 14, 2017, an article appeared in the *New York Times*, claiming that in the end of 2016, Russia had deployed two battalions with 9M729 cruise missiles, with four launchers per battalion: one test battalion in Kapustin Yar and another one “in central Russia.”¹⁴ It claimed that Russia has secretly deployed a new cruise missile despite complaints from American officials that it violates a landmark arms control treaty that helped seal the end of the Cold War¹⁵.

Administration officials said the Russians now have two battalions of the prohibited cruise missile. One is still located at Russia’s missile test site at Kapustin Yar in the country’s southeast. The other was shifted in December from that test site to an operational base elsewhere in the country, according to a senior official who did not provide further details and requested anonymity to discuss recent intelligence reports about the missile. Each missile battalion is believed to have four mobile launchers and a larger supply of missiles. The launcher for the cruise missile, however, closely resembles the launcher used for the Iskander, a nuclear-tipped short-range system that is permitted under treaties.

American officials had called the cruise missile the SSC-X-8. But the “X” has been removed from current intelligence reports, indicating that American intelligence officials

consider the missile to be operational and no longer a system in development.

There are speculations that the new Russian GLCM is an upgraded Iskander-M system. The range of the Iskander (R-500/9M728) missiles deployed operationally since 2013 is stated at 500 kilometers. It is believed that they are developed on the basis of the Relief missiles, which had a range of approximately 2,600-2,900 kilometers and was eliminated in accordance with the INF Treaty. However, the R-500 is equipped with a non-nuclear (and consequently, significantly heavier) warhead and it is 1.5 meters shorter, so it has a much smaller fuel supply and range.

There are allegations that the problem is another missile, 9M729 (NATO reporting name: SSC-8), which is believed to be a land-based version Kalibr 3M-14 sea launched cruise missile. It is longer than the R-500. The 3M-14 was demonstrated in the Syrian war and has a range of up to 2,600 kilometers¹⁶.

On February 16, 2017, Senators Tom Cotton (R-Arkansas), Ron Johnson (R-Wisconsin) and Marco Rubio (R-Florida) introduced the Intermediate-Range Forces Treaty (INF) Preservation Act, legislation that would allow the U.S. to begin developing similar missile systems. Congressmen Ted Poe (R-Texas) and Mike Rogers (R-Alabama) introduced companion legislation in the House of Representatives¹⁷.

“If Russia is going to test and deploy intermediate range cruise missiles, then logic dictates that we respond. Pleading with the Russian regime to uphold its treaty obligations won’t bring it into compliance, but strengthening our nuclear forces in Europe very well might. We’re offering this legislation so we can finally put clear, firm boundaries on Russia’s unchecked aggression,” said Cotton.

“Russia’s mounting violations of the INF Treaty, including testing and now brazenly deploying ground-launched cruise missiles with intermediate range, pose grave threats to the U.S. and our European allies. This legislation makes clear that Russia will face real consequences if it continues its dangerous and destabilizing behavior,” said Rubio.

This legislation states that the Russian violation has crossed the material breach threshold allowing the U.S. to take steps to bring Russia back into compliance, and begin developing similar missile systems. The steps include:

- Funding counter-force, active-defense, and countervailing-strike activities identified in the Section 1243(d) report of FY16 NDAA;
- Establishment of a program of record for a dual-capable road-mobile ground launched missile system with INF Ranges;
- Aggressively seeking additional missile defense assets;
- Facilitating transfer of INF range systems to allied countries
- Limiting funds for New START extension or OST activities until Russia returns to compliance; and
- A policy review on determination of RS-26 as countable under New START¹⁸.

If the bill is passed the INF Treaty will fail completely, and unlike in the 1980s, the U.S. plans to supply other countries with such systems. The bill is now under consideration in the appropriate committees in both the House and the Senate.

The U.S. military has considerable capabilities to counter Russian or Chinese INF weapons. The U.S. knows that; the allies know that; and Russia knows it. Long-range sea-based Tomahawk land-attack cruise missiles are continuously deployed in coastal waters in world hotspots and now frequently also entering the Black Sea and Baltic Sea areas. The Air Force has recently added the long-range Joint Air-to-Surface Standoff Missile (JASSM) to its B-1 and B-52 strategic bombers operating in Europe and Asia, deployed the JASSM to Ramstein Air Base in Germany and is selling it to Australia, Poland and Finland to equip their fighter-bombers as well. The sale to Poland and Finland will for the first time bring strategic nuclear forces in western Russia within range of long-range precision conventional weapons based in Eastern Europe.

Pressure is growing for development of a new, U.S., low-yield, land-based or air-launched, tactical nuclear weapon as a response to Russia’s recent deployment of a nuclear-capable, intermediate-range, land-based cruise missile¹⁹.

Some have also suggested that the U.S. consider deploying new nuclear-armed missiles in Europe, in response to Russia’s violation of the 1987 INF Treaty²⁰.

Some American experts suggest that the U.S. should enhance deterrence by restoring the

capability for a nuclear capable fighter aircraft from an aircraft carrier, or perhaps nuclear armed SLCMs to replace the Tomahawk Land Attack Cruise Missile (TLAM-N) retired by the Obama administration²¹. There are proposals to explore new long-range strike and even maneuvering boost-glide vehicle options that could be deployed in the event of either an INF Treaty collapse or a more serious violation, or the expiration of New START in 2021.

There are proposals that the U.S. can threaten Russia by developing its own intermediate-range missile as a counter to the Russian ground-launched cruise missile. To be sure, the prospect of a Pershing III ballistic missile or a new ground-launched cruise missile in Europe with the flight time of 4-5 minutes to the Kremlin will be perceived by Russia as a deadly threat of decapitating and disarming surprise attack.

Another option would be to position in the European area conventionally armed weapons systems that are not prohibited by the INF Treaty. For example, the U.S. Air Force could deploy conventional B-52 or B-1 bombers periodically to Royal Air Force Fairford, a forward airbase in Britain, and stockpile Joint Air-to-Surface Standoff Missiles there for potential use by the aircraft²².

In addition, the U.S. Navy could increase the presence of surface ships and submarines carrying conventionally armed sea-launched cruise missiles in the North Sea and other waters around northern Europe. Calls by the USS *Florida* or USS *Georgia*—converted Trident submarines, each capable of carrying up to 154 sea-launched cruise missiles—in ports such as Oslo and Hamburg would get the Kremlin's attention. The U.S. Navy might consider home-porting several sea-launched cruise missile-capable warships at a European port, as it has done with Aegis-class destroyers based in Rota, Spain²³.

There are speculations about the need to have medium range ground launched missiles against China, which has the largest number of INF class missiles in the world including IRBM of DF-21 class and DF-26 class and land-based mobile missile systems (LBMMS) with DF-10 cruise missiles. With DF-26 systems deployed in western China, their range covers the greater part of Russia's European territory²⁴.

U.S. Army and Marine Corps are looking at the Army Tactical Missile System (ATACMS) and

Long Range Precision Fires missile (LRPF) under development with a planned deployment date in the 2020s²⁵.

The Army is working to engineer a sleek, high-speed, first-of-its-kind long-range ground launched attack missile able to pinpoint and destroy enemy bunkers, helicopter staging areas, troop concentrations and other fixed-location targets from as much as three times the range of existing weapons, service officials said. The emerging Long Range Precision Fires, slated to be operational by 2027, is being designed to destroy targets at distances up to 500 kilometers, but it can possibly be extended.

The new weapon is designed to replace the Army's current aging 1980's era MGM-140 Army Tactical Missile System, a ground-launched missile able to fire at least 160 kilometers. The LRPF will replace the Army Tactical Missile System (ATACMS) capability, which is impacted by the age of the ATACMS inventory and the cluster munition policy that removes all M39 and M39A1 ATACMS from the inventory after 2018²⁶.

The LRPF missile will have a newer explosive warhead and guidance technology aimed at providing an all-weather, 24/7, precision surface-to-surface deep-strike capability. In addition, the LRPF will fire from two existing Army launchers, the M142 High Mobility Artillery Rocket System and the M270 Multiple Launch Rocket System. The new weapons system will fire two missiles from a single weapons pod and uses a more high-tech guidance system than its predecessors.

In the event of U.S.-PRC conflict in the South China Sea, one could envision the employment of a low-cost and effective surface-to-surface missile barrage from the Philippine Islands²⁷. This campaign would rain down difficult-to-stop mach-3 missiles from the Philippines onto China's artificial island bases. The advantages of this concept would include reduced risk associated with keeping high-value, but non-stealthy, strike platforms outside of China's anti-air and anti-ship cruise and ballistic missiles' coverage areas until after their reduction by U.S. ballistic missile fire.

Should the INF Treaty collapse, and deployment of new medium and shorter range missiles in Europe by either or both sides become a reality, the prospect of early nuclear use and a consequential prompt escalation of nuclear strikes

from theater to strategic level would be much more probable²⁸.

Both Moscow and Washington need to preserve the INF Treaty. If it collapses, the START Treaty hardly can survive in a vacuum and the Russian-American arms control regime will go to the ash bin of history. Without it the NPT also will become irrelevant. The international security will be undermined.

That's why Russia and the U.S. should begin serious negotiations as soon as possible. Disagreements over INF Treaty implementation seem be resolvable. With the political commitment of both sides to maintain the treaty, these charges could be resolved and compliance with the INF Treaty restored.

The Special Verification Commission (SVC) established by the INF Treaty to address, among other things, compliance concerns can be used as a mechanism to resolve the present problems. Since the SVC mechanism besides the U.S. and Russia also includes Belarus, Kazakhstan and Ukraine, U.S. and Russian officials should, given the importance of the INF Treaty for European security, brief officials from other European nations on the status of the SVC discussions.

Technical level talks in the SVC can provide solutions that would address the sides' respective compliance concerns.

As for the Russian charges over the U.S. use of booster stages in target missiles for ballistic missile defense tests, it should be remembered that Russia also develops its BMD systems and needs testing missiles. Technical experts could work out language making clear the difference between prohibited intermediate-range ballistic missiles and permitted target missiles for missile defense tests.

Moscow and Washington could agree on a Protocol which would permit both sides to produce a limited number of test targets, which would be deployed only at a fixed test bed.

They might also agree that at any one time each could have no more than some agreed number of target missiles and that those missiles would be restricted to production facilities and sites associated with missile defense tests²⁹.

Disagreements on whether armed unmanned aerial vehicle (UAVs, or drones)—which the U.S. deploys and Russia is developing—are covered by the treaty could be resolved through negotiated

clarifications of the treaty definition. That may be formalized in another Russian-American Protocol.

The two sides could resolve the allegations regarding the Mk-41 vertical launch system in Romania (and in Poland in 2018) if the U.S. agrees to modify the tubes of the Aegis Ashore launchers so that they wouldn't be able to hold capsules with Tomahawks or other offensive ballistic and cruise missiles. It should be remembered that some of American heavy bombers have been conventionalized by removal of the equipment which is necessary to carry the nuclear warheads, so these bombers are not included in the START-3 limits.

The U.S., with the agreement of Romania and Poland, should allow Russian inspectors to periodically visit the missile defense sites and randomly choose launch tubes to be opened to confirm that they contain an SM-3 interceptor, not an offensive missile. That will require a memorandum of understanding between Russia and the U.S.

As regards the U.S. charge about Russian violations, the SVC could agree upon procedures under which Moscow would exhibit the SSC-8 and its launcher to American experts and explain the missile's characteristics, particularly range. If that satisfied the U.S. side that the missile was consistent with the INF Treaty, the problem would be resolved. The would require another memorandum of understanding between Russia and the U.S.

Another option would be to create a panel of experts from the U.S. and Russia to discuss INF modification. Some people claim that in its current form the INF Treaty has long been an unfair arrangement since only the U.S. and Russia imposed self-restrictions, while such countries as China, Iran, Pakistan, India, Israel, Saudi Arabia, North Korea continue to build up these types of armaments. Additionally, these new actors are close to Russia's borders.

Today, only three countries possess nuclear-armed cruise missiles. The Pentagon is pursuing the production of roughly 1,000 new nuclear-capable air-launched cruise missiles to replace an aging legacy system. Russia is deploying the 2,600-kilometer range Kalibr land-attack cruise missile (LACM) on ships and submarines and the Kh-101 air-launched conventional and Kh-102 air-launched nuclear-armed cruise missile for delivery by bombers. France recently upgraded its nuclear

air launched cruise missiles, the Air-Sol Moyenne Portée-Amélioré, and according to President François Hollande currently has 54 ASMP-A cruise missiles.

In past years, the U.S. and Russia have both expressed support for “multilateralizing” the INF Treaty, but have devoted scant attention to such a project. In October 2007, President Vladimir Putin said that the INF Treaty should be made “global in scope.” Russia has argued for years that the INF Treaty disadvantages Russia vis-à-vis its neighbors, such as China, that lack the same constraints.

That same year, at the United Nations General Assembly, Russia and the U.S. issued a joint

statement reaffirming their support for the INF Treaty and calling upon other governments to renounce and eliminate their ground-launched missiles with ranges banned by the accord. The statement declared U.S. and Russian intentions to “work with all interested countries” and “discuss the possibility of imparting a global character to this important regime.”

If other countries don’t join the INF limitations, Moscow and Washington may decide to change the terms of the treaty and agree on deployment of a limited number (100-200) of intermediate range missiles.

- ¹ The Treaty between the USSR and the US on the Elimination of Their Intermediate-Range and Shorter-Range Missiles (INF Treaty). The Foreign Ministry of the Russian Federation. February 16, 2017.
- ² <http://www.designation-systems.net/dusrm/app4/plv.html>
- ³ The Centre for Research on Globalization (CRG)
- ⁴ Russian International Affairs Council. The INF Treaty Is Under Attack. Down a Road Paved with Good Intentions. April 4, 2017.
- ⁵ http://www.lockheedmartin.com/content/dam/lockheed/data/ms2/documents/launchers/MK41_VLS_factsheet.
- ⁶ http://www.navy.mil/navydata/fact_display.asp?cid=2100&tid=550&ct=2
- ⁷ Hans Kristensen, Oliver Meier, Victor Mizin, and Steven Pifer (with assistance from Alicia Sanders-Zakre). Preserving the INF Treaty: A Special Briefing Paper. April 24, 2017.
- ⁸ Ibid.
- ⁹ Speech given by Army General Valery Gerasimov, Chief of the General Staff of the Russian Armed Forces, at the MCIS-2016 conference
- ¹⁰ Ibid.
- ¹¹ The Cipher Brief. March 14, 2017.
- ¹² U.S. Department of State. Adherence to and Compliance with Arms Control, Nonproliferation, and Disarmament Agreements and Commitments. April 2017.
- ¹³ The Treaty between the USSR and the US on the Elimination of Their Intermediate-Range and Shorter-Range Missiles (INF Treaty). The Foreign Ministry of the Russian Federation. February 16, 2017.
- ¹⁴ The New York Times. February 14, 2017.
- ¹⁵ Ibid.
- ¹⁶ Russian International Affairs Council. The INF Treaty Is Under Attack. Down a Road Paved with Good Intentions. April 4, 2017.
- ¹⁷ The Hill. February 16, 2017.
- ¹⁸ Ibid.
- ¹⁹ The Cipher Brief. March 14, 2017.
- ²⁰ John Bolton and John Yoo, "An Obsolete Nuclear Treaty Even Before Russia Cheated," *Wall Street Journal*, September 9, 2014, <http://online.wsj.com/articles/john-bolton-and-john-yoo-an-obsolete-nuclear-treaty-even-before-russia-cheated-1410304847>.
- ²¹ Thomas Karako. Nuclear Forces: Restore the Primacy of Deterrence. CSIS. December, 2016.
- ²² The National Interest. April 24, 2017.
- ²³ Ibid.
- ²⁴ Russian International Affairs Council. The INF Treaty Is Under Attack. Down a Road Paved with Good Intentions. April 4, 2017.
- ²⁵ The National Interest. November 10, 2017.
- ²⁶ The National Interest. September 6, 2016.
- ²⁷ The National Interest. November 10, 2017.
- ²⁸ Alexei Arbatov. Beyond the Nuclear Threshold: Russia, NATO, and Nuclear First Use. ELN Issue Brief: Arms Control. April 2017.
- ²⁹ Hans Kristensen, Oliver Meier, Victor Mizin, and Steven Pifer (with assistance from Alicia Sanders-Zakre). Preserving the INF Treaty: A Special Briefing Paper. April 24, 2017.

U.S.-Russian Relations: Policy Challenges in a New Era

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Since the breakup of the Soviet Union, the United States has viewed Russia primarily through the prism of European affairs. Its grand ambition was to integrate Russia into the Euro-Atlantic Community as a free-market democracy in its own image. The eruption of the Ukraine crisis three years ago may have put an emphatic end to that ambition, but it only reinforced the European prism in America's Russia policy, as the United States worked closely with its European allies to thwart a growing Russian threat to European norms, security, and unity.

This prism tends to magnify discord in U.S.-Russian relations beyond levels attributable to Russian behavior alone. By reviving memories of Cold-War rivalry, in which Europe was the central battlefield and grand prize, it rekindles old stereotypes and assessments and limits the scope for cooperation. But it is inadequate to today's increasingly interconnected world. Russia is not just a factor in European affairs. It operates throughout Eurasia writ large, and it plays different roles in different regions that are of strategic importance to the U.S.. In East and Central Asia, Russia is not a re-emerging threat, but rather a potential partner in managing China's growing ambitions and in stabilizing Central Asia. In the Middle East, it is not only a rival, but a possible ally against terrorism and a key player in building a durable new equilibrium.

To advance American interests around the globe, the U.S. needs to fashion a Russia policy that takes into account the range of challenges and opportunities Russia offers across the Eurasian landmass, given its own interests and goals.

Russia as a Great Power

"Russia has been and will continue to be a great country. That is an inherent characteristic of its geopolitical, economic, and cultural being, which has determined the Russian mindset and state policy throughout history," President Putin wrote as he assumed the reins of power seventeen years ago. Today, he sees as perhaps his greatest achievement the restoration of Russia's role as a great power, and he is loathe to take any action that might diminish that status or seem to do so.

A great power, by definition, is one of the few countries that determine the structure, substance, and direction of global affairs. In the Russians' mind, such a power is also by definition sovereign, that is, it governs itself free from outside interference and conducts an independent foreign policy in pursuit of its national interests. Most important, it radiates influence into neighboring regions, forming a sphere of influence.

Historically, Russia has demonstrated its prowess as a great power primarily in Europe on the major battlefields and at the grand diplomatic conferences of the past three hundred years. But it has also been engaged in vigorous competition with other great powers all along its southern periphery. Russia, for example, has been active in the Middle East since at least the end of the 18th century, struggling for control of the Turkish Straits and thus assured access to the Mediterranean as the Ottoman Empire waned, protecting fellow Orthodox Christians in the Holy Lands, and competing with the U.S. for primacy in a region that became critical to world

energy supplies after the Second World War. Russia moved into Central Asia in the mid-19th century, as other European imperial powers were carving up Africa, in what became known as the Great Game with Great Britain in South and Southwest Asia. And Russia competed with other European powers in the 19th century in carving out zones of influence in the decaying Chinese Empire, battled Japan for control of Manchuria in the late 19th and early 20th centuries, and faced a geopolitical and ideological challenge from China, which eventually aligned with the U.S., during the Cold War.

After a first post-Soviet decade of profound socio-economic and political crisis, national humiliation, and geopolitical retreat, Putin has reasserted Russia's position in these traditional spheres of strategic interest, often in competition with the United States. In the last four years in particular he has moved aggressively as he perceived U.S. interest in the Middle East and South/Central Asia to be waning and China's authority and ambition growing not only in East Asia but also along Russia's entire southern periphery. Although a successor to Putin might employ different tactics, he is unlikely to disengage: Russia's geography, security requirements, and identity will combine to keep these regions near the center of its foreign policy.

The Middle East

After decades of playing a marginal role, Russia made a dramatic return with its military intervention in Syria in September 2015, shifting the balance on the ground in favor of the Assad regime against sectarian opponents and terrorist groups, including ISIS and al-Nusra. Before that, however, Russia had already begun to step up its diplomatic activity, especially after the onset of the Arab Spring, alarmed at the spreading instability to its South and opportunistically exploiting openings as America's conservative regional partners came to doubt U.S. commitments to their security.

The military intervention served several, related goals. It protected Russia's strategic foothold on the Mediterranean, a small naval facility at Tartus, now supplemented by the Khmeimim airbase. It shored up the Syrian regime, a longstanding client state, demonstrating that Moscow stood by its allies in contrast to the U.S., which was abandoning its own, notably Mubarak in Egypt. It helped contain the terrorist threat, which Moscow interpreted as including almost all armed opposition forces arrayed against Assad, in addition to ISIS and al-Nusra. And it made Russia essential to the resolution of the Syria crisis and, as such, a country the U.S. could not ignore.

Moscow realizes that the crisis is embedded in a larger reordering of the Middle East and will not be finally resolved until a new equilibrium emerges. Determined to play a role in structuring that balance, Russia has reached out to all the key regional powers, Iran, Israel, Turkey, and Saudi Arabia.

Iran is Russia's key partner. They are aligned in Syria in support of Assad. Iran has been a major buyer of Russian arms and nuclear technology. It has respected Russian interests in the North Caucasus and Central Asia. In return, for the past two decades Moscow has shielded Iran's nuclear programs from the full force of U.S. opposition, even as it worked with the United States and others to rein in Iran's nuclear-weapons program.

There are however inherent tensions. Moscow does not support Iran's hegemonic designs in the Middle East, which ultimately threaten Russia's influence. It continues to have a dispute with Iran over the division of the Caspian Sea and its resources. At the same time, Moscow has little interest in Iran's normalizing relations with the West, since Iran is a source of natural gas that could erode Moscow's dominant position in East European markets and would likely prefer Western arms and nuclear technology to Russia's, if offered the choice.

Despite its relations with Iran, Russia has also drawn closer to **Israel** under Putin. The

presence of a large Russian diaspora in Israel (10-15 percent of the population) has facilitated contacts, particularly between the business communities, as has a shared interest in combating terrorism. In the current conflict in Syria, Moscow has largely turned a blind eye to Israeli strikes against Hezbollah forces operating there. While shielding Iran from Western wrath, Moscow has been careful not to alienate Israel—the two countries consulted frequently as the Iran nuclear deal was being negotiated. Moscow has also tempered its traditional support for the Palestinians.

Russia has had uneven relations with **Turkey**. On the one hand, economic ties are good: Turkish companies have been active and welcomed in Russia, Russia covers over half of Turkey's natural gas needs, and Russian tourists flock to Turkish resorts. On the other hand, the two countries remain geopolitical rivals. As an historical adversary and member of NATO, Turkey competes with Russia for influence in the Black Sea region. For most of the Syrian conflict, the two countries have been on opposite sides, as Ankara insisted that Assad had to go. Turkey's shutdown of a Russian fighter that had briefly entered Turkish airspace in November 2015 led to a break in relations that lasted until Ankara apologized in June 2016.

More recently, growing strains between the U.S. and Turkey over President Erdogan's authoritarian policies have created an incentive for Turkey to move closer to Russia and given the latter an opening to exploit in its drive for influence in the Middle East. One result was the Russian-Turkish-Iranian initiative to sponsor peace negotiations between Assad and the opposition in Astana, Kazakhstan, this past January that left the U.S. on the sidelines. Tensions remain, however, over Assad's fate and Moscow's ambivalent relations with Kurdish forces in Syria, which Ankara considers to be terrorists allied with Kurdish insurgents inside Turkey.

Russia has sought to improve relations with **Saudi Arabia**, but with limited success. Both now have an interest in maintaining a floor under oil prices, given the central role of oil in filling their state coffers. The Saudis have used Russia as a means of leverage in dealings with Washington, which they believe has not provided sufficiently robust support. But Russia's support for Syria and Iran remains a major stumbling block to improved relations, given Saudi Arabia's acute rivalry with Iran for regional preeminence.

Central Asia

For more than 150 years, Central Asia has been a Russian buffer zone against imperial rivals to the South and, to a lesser extent and more recently, against China. Today, Moscow is concerned by the possible spillover of instability in Afghanistan into the poor, fragile states of Central Asia; by the growing reach of radical Islamic forces; by the American presence, even if waning; and by China's growing commercial penetration. Kazakhstan remains Russia's primary partner, even as Astana seeks good relations with the United States to gain leverage in relations with Moscow (and Beijing). Uzbekistan, the largest state by population and the only Central Asian state with a strong sense of national identity and deeply jealous of its independence, has had troubled relations with Moscow, but remains critical to stability.

To achieve its goals, Moscow has built several institutions. The Eurasian Economic Union¹ and the Collective Security Treaty Organization² are designed to reinforce Russia's economic and security ties in Central Asia, respectively. Meanwhile, the Shanghai Cooperation Organization, co-led by Russia and China,³ is intended to enhance security in the region, but is also a vehicle for managing relations between the two big powers.

¹ Russia, Belarus, Armenia, and the Central Asian states of Kazakhstan and Kyrgyzstan.

² Russia, Belarus, Armenia, and the Central Asia states of Kazakhstan, Kyrgyzstan, and Tajikistan.

³ The other full members are Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan.

Although Moscow has focused most attention on the challenge of American power and has pressured Central Asian governments to limit ties with Washington, the long-term challenge comes from Russia's ostensible strategic partner, China. China has already passed Russia as the leading commercial partner of each of the five Central Asian states. Its ambitious Eurasian infrastructure project, One Belt One Road, is enhancing its presence as it aims to turn Central Asia into a transit corridor between China and Southwest Asia, the Middle East, and Europe. Presidents Putin and Xi have promised to harmonize the Eurasian Economic Union and the One Belt One Road project, but it is hard to see how that can be done in practice, given the protectionist character of the Union and the integration goals of the Chinese project.

East Asia

Russia has focused of necessity on China. It needs stable relations with a rising power that has surpassed Russia economically and is quickly overtaking it in technological development and conventional military capability. But good relations are more than a matter of prudence. Russia sees China as a strategic counterbalance to the U.S. and as a commercial counterbalance to Europe (which now accounts for about half of Russia's bilateral trade and three-quarters of foreign direct investment in Russia). Putin has energetically pursued a strategic partnership, but for all the hype relations have fallen far short of Russian hopes. In particular, China has failed to fill the investment gap that widened after the West levied sanctions over Ukraine. More troubling for Moscow, China has taken advantage of Russia in commercial negotiations, convinced, like the U.S., that Russia is a declining power. In 2013, soon after the levying of Western sanctions, for example, Russia reportedly had to make a steep concession on price to conclude prolonged negotiations over a Sino-Russian \$400-billion deal that would bring natural gas from Siberia to China.

Well-aware of the dangers of being yoked to the Chinese market, Russia seeks to diversify its relations in East Asia, especially with Japan and South Korea. The Russo-Japanese dialogue is the more active, as Japan sees China as its main strategic threat, as well as great danger in closer Sino-Russian ties. Japanese Prime Minister Abe has been actively pursuing closer relations, offering assistance in the development of the Russian Far East in the hope that that would incline Russia to make concessions to resolve the long-standing dispute over the Northern Territories, four small, strategically located islands that Moscow seized from Japan at the end of the Second World War, which Tokyo still claims as its own. Moscow has welcomed the investment, but has moved little on the territorial dispute.

Finally, like other powers in the region Russia is concerned by North Korea's growing nuclear capabilities. It wants to be a party to any discussion of that matter, but it generally defers to China, recognizing that China's interests in North Korea are far greater and that Beijing has a degree of influence in Pyongyang that Moscow cannot approach. Like China, Russia has been adamantly opposed to the deployment of elements of the U.S. missile defense system to Northeast Asia, including the THAAD⁴ system set to be deployed to South Korea. Also like China, Russia advocates a diplomatic solution to the North Korean nuclear problem and decries any indication that the United States might resort to force.

⁴ Terminal High Altitude Area Defense.

The Light and Dark Sides of the Trump Administration

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In the early days of the Trump presidency, there were mixed but nevertheless balanced predictions in Russia regarding the foreign policy of the new administration. The statements coming from the White House, the first appointments and steps on the international stage all indicated that there would be a light side and a dark side in the administration with respect to Russia.

The light side featured a number of elements. First, there was an apparent desire to make U.S. foreign policy less ideological by renouncing systematic efforts at regime change in adversarial nations and downgrading the spread of democracy and human rights. Second, there was a promise to put America first, meaning that the national interests of the U.S., in the narrow, egocentric sense, were to prevail over the drive to strengthen and expand US hegemony and global leadership. Third, Trump wanted to marginalize the American foreign policy establishment and break with the dominant consensus for the last 70 years that America's security and prosperity were inseparable from preserving the US-oriented world order and making it universal.

All these factors created prerequisites for diffusing many fundamental contradictions in Russia-U.S. relations. These differences boil down to the fact that Moscow and Washington view the international order, its fundamental norms and rules and their place in it differently. The new logic guiding U.S. policy was expected to remove the causes which led the two countries to position themselves as posing existential threats to one another and the

international order in general. This could have ended the Russia-U.S. confrontation that has been dragging on since 2014. There were hopes that the emergence in Washington of a new vision of national interests would bring about a swift resolution to the crisis in Ukraine and facilitate counter-terrorist cooperation in Syria. It seemed that Trump would be paying less attention to the issue of preserving a US-led order, focusing on cooperating with Moscow on national security issues that mattered more for the U.S. In this case, he could have pressured Kiev to deliver on its commitments under the Minsk agreements.

Even Trump's anti-China rhetoric, while disturbing, could have signaled an opportunity for Russia to reinforce its position in the Russia-U.S.-China triangle. There was this sense that the constructive stance adopted by the U.S. president toward Russia was attributable to a large extent to the administration's idea of having order on the home front so as to prevent Russia's relations with China from evolving into a military alliance while the U.S. steps up its containment policy against China. This would have freed up maneuvering space for Moscow in its relations with both countries, forcing them to compete for Russia's friendship.

That said, from the very outset there was also a darker side in the Trump administration's policy, reflecting some of the traditional features of the foreign policy approaches preached by the Republican right, including a unilateral foreign policy, disdain for what others think or international law, skepticism toward international institutions, a negative view of

arms control and external restrictions of the freedom to act at its discretion in general, seeking to build up military might, including strategic capabilities, the propensity to use military force as a foreign policy tool par excellence and engage in dialogue with other countries from a position of force. The message that, under Trump, America would be strong and not afraid to use its might was a common thread throughout the presidential campaign and squarely in line with the preferences of the Republican elite.

This was a matter of concern for Russia from the very beginning. Many feared a new arms race, the collapse of the arms control regime, including nuclear arms, the almost physical resistance in the new administration to compromise on issues that it viewed as pertaining to its national interests, deteriorating relations between the U.S. and Iran, as well as impulsive, premature military actions for the sole purpose of flexing muscles.

Nevertheless, the balance between the light side and the dark side of the new administration inspired cautious optimism. There were hopes that Russia and the U.S. would be able to overcome their confrontation and return to a model of cooperation and competition in specific areas, which has been a norm in their relations since the end of the Cold War.

From then on, the situation changed rapidly. All of a sudden, the light side has started to fade away, which can be partially attributed to policy failures on the home front (the failed attempt to dismantle Obamacare and restrict illegal immigrants entering the country; dwindling approval ratings), Trump's stand-off with the Democrats, Congress and the foreign policy elite in general, who used alleged ties with Russia as a pretext for unleashing an unprecedented attack against the president and his inner circle in order to force him to step down, and partially to processes within the administration itself.

The resignation of Trump's national security adviser Michael Flynn and his replacement by H.R. McMaster, a mainstream Republican official, signaled the start of this transformation. The process reached its climax with the missile

strike against Syria following the chemical weapons attack, which was carried out in the absence of a thorough international investigation. This was accompanied by attempts in the run-up and during the visit to Moscow by U.S. Secretary of State Rex Tillerson to exert political and psychological pressure on Russia in order to persuade it to give up on the Syrian President Assad, and saber-rattling in Northeast Asia by dispatching an aircraft carrier to the region and issuing statements that the U.S. was willing to strike North Korea.

Above all, the Trump administration has gone mainstream. The traditional establishment (its Republican wing) has started to gain ground, all but taking control of the administration's foreign policy, while the most revolutionary and anti-establishment elements, primarily Trump's chief strategist Steve Bannon, have been excluded from foreign policy decision-making. The president opted for the lesser evil amid the threat of a 'hybrid civil war' against the establishment, which could have resulted in his impeachment or at least weakened him to such an extent that his domestic policy agenda would be dead in the water.

As a result, the administration started quickly retreating to the normal state of U.S. foreign policy over the last several decades. By the end of April nothing was left of the America First principle in its original sense, as the U.S. went back to bolstering its hegemony and global leadership in the U.S.-led world order. The only real step the U.S. has made in keeping with the America First principle was to withdraw from the TPP. Otherwise, Washington reaffirmed its commitment to its allies, including within NATO, stopped talking about foreign policy nationalism and restored continuity with the previous administration on most issues. It was telling when Trump said that NATO was no longer obsolete just three months after claiming the opposite.

Relations within the U.S. – China – Russia triangle also changed. Under fire from Democrats who used Russia allegations as a cudgel against Trump, it has become impossible for the president to put relations with Russia on

a more constructive footing. It turned out to be politically impossible to pressure Kiev and even less so to ease sanctions against Russia. The shift of U.S. foreign policy toward the mainstream also constrained Trump's initial anti-China rhetoric. Of course, Washington will continue its efforts to contain China, which has been a U.S. foreign policy priority for the last decade, dating back to George W. Bush. However, just as before, the limits of this policy will be determined by the interdependence between the American and Chinese economies, the allies of the U.S. in Asia, and the need to work together within the global governance framework. As a result, U.S.-China relations got back on track, and the visit to the U.S. by China's President Xi Jinping confirmed that. The same cannot be said about relations with Russia.

At the same time, most of the elements of the darker side of Trump administration's foreign policy vision have fully materialized. The position following the chemical weapons attack in Syria, the airstrike against Syria, conspicuously carried out during Trump's meeting with Xi Jinping in Florida, and extreme pressure on Russia in the run-up to Tillerson's visit to Moscow, including the prospect of an ultimatum, and also the threat to use force against North Korea and the decision to dispatch an aircraft carrier to its shores fully confirmed Washington's commitment to unilateralism in foreign policy, as well as its disdain for international law, institutions and multilateral procedures. It was also indicative of the administration's intention to deal with international issues and other great powers from a position of force, and its propensity to use the stick for extortion purposes and as a foreign policy tool of choice.

In addition, Tillerson's visit to Russia confirmed that the US was not ready for any serious talks on strategic stability or arms control. The prospect of the existing regime, including the INF Treaty and New Start, coming completely undone, setting the stage for a new arms race is becoming increasingly real.

All this is exacerbated by the fact that Trump has yet to fill many positions within his

administration, so there is a shortage of people overseeing the key areas of relations with Russia (including arms control). There is a lack of internal coordination, made worse by the brashness of the president. In addition, he and many within his inner circle lack foreign policy experience and have little idea of what is allowed and what can lead to a catastrophe.

What does this transformation mean in terms of Russia-U.S. relations? Would it be safe to argue that the Trump administration completely crossed over to the dark side, becoming even less accommodating and more dangerous for Russia than the Obama administration was and the Hillary Clinton administration could have been? The answer is no. The transformation within the Trump administration has raised tensions between Russia and the U.S. to a dangerous level, but a new Cold War is far from inevitable. This shift will make the U.S. under Trump an extremely challenging partner, and tensions with Russia will escalate every once in a while, though Russia will not be portrayed as an endemic threat.

The last and most important element of the light side that remains relevant to the Trump administration's foreign policy vision is the disinclination to pursue regime change by force or treat efforts to spread democracy as a key foreign policy priority. Accordingly, even if the foreign policy under Trump is harsh, unilateral and opportunistic, it is still far from neo-conservatism and less driven by an ideological agenda compared to the previous administrations.

The airstrike against Syria and its timing, as well as the shifting narrative of the administration (what is said today can be the opposite of what was said yesterday) prove one thing: there is no going back for the U.S. to its consistent policy of regime change despite these airstrikes and statements that Assad's days are numbered. Washington's aim is to flex its muscle and, even more importantly, extract important symbolic concessions from Russia and China that can be portrayed as Donald Trump's international victories, which could be translated into momentum on the domestic policy front.

It is telling that while trumpeting the U.S. view that Assad has no place in the Syrian political settlement, Washington is making it abundantly clear that it does not intend to overthrow the regime by force or stage a large-scale intervention, that the airstrike was a one-off show of force rather than an attempt to achieve military objectives, and that the removal of the Syrian president should not spell the end of the regime. It is also obvious that any use of force by the U.S. against North Korea would be fatal for South Korea, Japan and Northeast Asia in general, and ultimately for America itself in terms of its prestige and authority. The fact that U.S. Vice President Mike Pence visited the demilitarized zone on the North Korean border with his family is the best confirmation available that Washington does not intend to use military force against Pyongyang.

What this means is that the U.S. is actually seeking to pressure Russia and China, not Syria or North Korea. The U.S. expects Moscow to at least pretend to consider Assad's possible removal. The reason the Trump administration wants to see that shift is not because of a propensity to regime change, which it lacks, or for advancing the intra-Syrian settlement process (something the U.S. still cares little about), but for symbolic reasons. It could have been portrayed as a momentous victory of the administration with a 'strong' Trump achieving what the 'weak' Obama was unable to do since 2011. As for China, the U.S. wants more decisive action on North Korea, such as new sanctions or at least harsher rhetoric. Far from helping resolve the North Korean nuclear issue, what is expected is more of a symbolic gesture. Just as with Russia and Assad, by persuading China to put some pressure on North Korea, Trump could claim to be able to quickly achieve results that remained beyond Obama's reach throughout his presidency.

Just as in the case of the Trump administration going mainstream, the reason it has started down this slippery slope right now has everything to do with domestic politics. Dogged by incessant infighting, accused of shady ties to Russia and with approval ratings dwindling, it seems that the Trump

administration decided to use the chemical weapons incident in Syria and escalating tensions around North Korea to kill quite a few birds with just one or two stones. The first would be to prove those Russia accusations wrong, and beef up Trump's support within the Republican establishment, thereby strengthening his positions at home. Second, to reinforce the position of the U.S. in its relations with China and Russia, recovering the strategic initiative in the Middle East and East Asia, presenting concessions by Moscow and Beijing as evidence of the U.S. restoring global leadership. In this respect, Trump and his associates mimic Reagan. After all, there are still many Republicans who believe that it was by being tough and bold that the 40th U.S. president delivered a deadly blow to the Soviet Union, winning the Cold War for the U.S.

There is no doubt that this is a dangerous policy that could make relations with China and especially Russia even worse. After all, if they ultimately refuse to make concessions (Moscow has already made it clear that it was not going to give in to pressure or even discuss the possibility of forcing Assad to step down), the Trump administration will either have to come to terms with its failure or raise the stakes even higher. The first option seems unacceptable in terms of its standing at home and also since it would cast doubt on whether Trump is actually 'stronger' than Obama. The second option could result in an escalation comparable to the 1962 Caribbean Crisis. In addition, it has yet to be seen whether the understaffed Trump administration understands where to stop.

Nevertheless, this policy is not revisionist or endemically anti-Russian despite its opportunism and danger. All Trump needs are symbolic victories, not regime change in Syria or Russia, or to spread democracy across the globe. It is quite telling in this context what Tillerson said about the need for Assad to step down in such a way that the Syrian state remains in place, as well as the fact that during his visit to Moscow the U.S. Secretary of State did not meet with Russian opposition activists and leaders of liberal NGOs. Unlike its predecessors, the Trump administration has never stated the

goal of promoting democracy in Russia, or that the problems with its foreign policy have to do with Russia's political regime or its president.

Consequently, there is still a chance, slim as it may be, that Russia and the U.S. overcome their endemic confrontation and stop viewing each other as enemies by default or threats to international order. Not only does the Trump administration not seek regime change, it does not intend to ratchet up pressure in Ukraine (for example, by supplying it with lethal weapons or designating it as a major non-NATO ally). In fact, in his remarks following talks with Vladimir Putin and Sergei Lavrov, Tillerson did not mention Crimea even once.

What is there to be done? First, it is important to make sure that Russia-U.S. relations do not get out of hand, since in that case the two tend to follow a logic of escalation instead of their original interests. For that, Russia and the U.S. need to establish a normal working relationship among their military structures, foreign ministries and other agencies. Not only is a protracted period of the status quo undesirable, it is outright dangerous, since any misstep, for example in Syria, could have tragic consequences. Second, they need to explore

opportunities for practical cooperation in areas where their interests converge, without predicating it on settling fundamental differences and without starting with issues where cooperation is possible only if one of the sides changes its position. They should move forward in small steps without excessive publicity and in a multilateral setting.

Of course, the fact that the Trump administration is after tangible symbolic victories complicates things. Specifically, this relates to the issue of Assad's removal from power. Domestic politics makes it impossible for the U.S. to offer Russia any kind of accommodation. In the current situation, Moscow will not grant concessions for anything. This means that the Trump administration will have to find ways to claim success that would not require any real concessions from Moscow. It is clear that solutions of this kind can be found. What matters the most is establishing a normal dialogue.

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Russia's Role in the U.S. Elections: The Case for Caution

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Nearly a decade and a half ago, as our nation's leaders pondered the possibility of war with Iraq, the U.S. Intelligence Community published a set of judgments on whether Iraq was hiding Weapons of Mass Destruction programs despite international prohibitions. The individual elements of the analytic case were each perfectly reasonable: that Iraq had produced and used chemical weapons in the past, that it had not been forthcoming with inspectors seeking to verify compliance with UN Resolutions, that President Saddam Hussein was a brutal and deceptive dictator with a history of hiding illicit weapons programs, and that several intelligence sources indicated that Iraq had ongoing programs. The conclusion that Iraq was "continuing and in some areas expanding its chemical, biological, nuclear and missile programs contrary to UN resolutions" was widely shared in both the U.S. and Europe.¹ But it proved incorrect. In retrospect, analysts should have been more circumspect about their judgments and more open to alternative explanations of the evidence.

Today we wrestle with another vexing and politically charged analytic problem: Did Russia interfere in the U.S. presidential election to aid the candidacy of Donald Trump? On the surface, the case against Moscow is intuitively obvious. Information detrimental to Hillary Clinton was clearly stolen from Democratic National Committee and other sensitive computer servers and then leaked to the media. Forensic data traceable to Russia were found in the intrusions. The operations were consistent with cyber techniques that Russia has used repeatedly in the

past against both the U.S. and other countries, and Moscow had an undeniable preference for one candidate over the other in the election.

The conclusion that Russia hacked its way toward a Trump victory is no slam dunk, however, despite its plausibility. Although the Intelligence Community has not published its classified evidence or analysis regarding this case, the analytic lessons learned from post-mortem reviews of the Iraq WMD failure argue for approaching the matter with a great deal of caution. Applying these lessons to the case of the election intrusions—an analytic "pre-mortem," so to speak—is one of the best means of ensuring that we do not fall into the same cognitive traps.

Lesson One: Explore Alternative Explanations.

One of the most significant problems facing intelligence analysts is that nearly always, the information available to them is consistent with multiple explanations. In Iraq, the most famous example was a communications intercept cited by Secretary of State Colin Powell, which quoted Baghdad as telling officials at an Iraqi military base that was about to be visited by UN inspectors to "clean out all the areas, the scrap areas, the abandoned areas. Make sure there is nothing there."² The meaning seemed clear: remove WMD before inspectors arrive. But in fact, Baghdad merely wanted base officials to remove traces of old, destroyed material that might have been misleading to inspectors. The intercept was not as conclusive as Powell or

¹ National Intelligence Estimate, "Iraq's Continuing Programs for Weapons of Mass Destruction," October 2002, accessed at <http://nsaarchive.gwu.edu/NSAEBB/NSAEBB129/nie.pdf>

² "US Secretary of State Colin Powell's Speech to the United Nations Security Council," published in *The Guardian*, 5 February 2003, <https://www.theguardian.com/world/2003/feb/05/iraq.usa>

others suggested. Although it was used to support the judgment that Iraq was hiding illicit WMD stockpiles, the intercept was equally consistent with the hypothesis that Iraq had destroyed the stockpiles but was ambivalent about revealing this fact to the world.

In the case of Russia today, it is possible that the Intelligence Community has classified information that shows directly and conclusively that the Russian government ordered the intrusions and deployed the stolen data with the specific intent of aiding Trump's candidacy. Illustrative examples of such conclusive evidence might include an intercepted communication in which a Russian government official directed or approved the operations, or a pilfered Russian government policy paper of good provenance outlining their approach to influencing the U.S. elections. But public comments from individuals briefed on the matter suggest that the available evidence is circumstantial rather than diagnostic.³ Such a situation demands examination of alternative explanations of the evidence surrounding alleged Russian election hacking.

Take, for example, the forensic data on the DNC intrusion. In the world of cyber operations, attribution—determining who is responsible for penetration of a computer network—is a particularly difficult problem, because hackers can easily mask their locations and identities through the use of proxy systems and “botnets,” computers belonging to others that the hackers have electronically hijacked for the purpose of using them in an intrusion. Cyber operations rarely feature the equivalent of fingerprints or DNA evidence. Given the technologies that are available to hackers, “false flag” operations—which make it appear that an intrusion has

originated in one country when in fact another is responsible—are fairly easy to pull off.⁴⁵

This argues for caution in assessing the evidence surrounding the DNC intrusions. According to analysis published by the cyber security firm CrowdStrike, hired by the DNC to investigate the breach of their servers, several clues point toward Russia's responsibility: the tactics of the intruders closely resembled those typically used by two hacking groups thought to be Russian by numerous cyber experts; the activity by the intruders on the DNC network tended to take place during Moscow working hours; and some of the stolen documents released to the media contained signs that Russian speakers were involved.⁶⁷

While each of these facts indeed supports the judgment that the Russian government was behind the operations, each is also consistent with alternative explanations, including that it was a false flag effort or conducted by a private hacking group with the aim of selling the stolen information to the Russian government or others.

Lesson Two: Look for Disconfirming Information.

The temptation to regard a piece of evidence as diagnostic when in fact it is consistent with multiple explanations is a type of “confirmation bias”—the tendency to see what we expect to see—to which all humans are prone. In the case of Iraq, this bias was evident in analysts' gravitational attraction to reporting that aligned with their well-founded suspicions that Baghdad was hiding WMD stockpiles, and in their reluctance to give weight to reports that Iraq had destroyed them. This tendency was so strong

³ “C.I.A. Judgment on Russia Built on Swell of Evidence,” Mark Mazetti and Eric Lichtblau, *The New York Times*, December 11 2016, <http://www.nytimes.com/2016/12/11/us/politics/cia-judgment-intelligence-russia-hacking-evidence.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=first-column-region®ion=top-news&WT.nav=top-news>

⁴ “Advance Questions for Lieutenant General Keith Alexander USA, Nominee for Commander, United States Cyber Command,” published by Senate Armed Services Committee, accessed at: <http://armed-services.senate.gov/statemnt/2010/04%20April/Alexander%2004-15-10.pdf>

⁵ Shaun Waterman, “Chinese Cyberspy Network Pervasive,” *Washington Times*, 30 March 2009.

⁶ “Bears in the Midst: Intrusion into the Democratic National Committee,” <https://www.crowdstrike.com/blog/bears-midst-intrusion-democratic-national-committee/>, June 15, 2016

⁷ “What we know about Russia's role in the DNC email leak,” Lauren Carroll, *Politifact*, 31 July 2016, <http://www.politifact.com/truth-o-meter/article/2016/jul/31/what-we-know-about-russias-role-dnc-email-leak/>

that the WMD Commission report said analysts simply “disregarded evidence that did not support their hypotheses.”⁸

One of the best ways that analysts can mitigate their susceptibility to confirmation bias is actively to seek information that is inconsistent with their leading hypotheses. In the case of the DNC intrusions, press reporting suggests that cyber investigators have two interrelated “what” and “why” hypotheses: that the Russian government directed or approved the hacks, and that it purposively used the stolen data to bolster the candidacy of Trump.⁹ Is there information available that is inconsistent with these hypotheses?

The public record indicates that there is. According to CrowdStrike’s report, the two hacking groups that penetrated the DNC (which it dubbed “Fancy Bear” and “Cozy Bear”) have engaged in “extensive targeting of defense ministries and other military victims ... that closely mirrors the strategic interests of the Russian government.”¹⁰ In other words, the DNC hackers probably worked for the Russian government because they have a track record of technically sophisticated operations against targets relevant to the Russian state.

But have they also targeted organizations that would seemingly be irrelevant to—or even inconsistent with—Russian national interests? Yes. The CrowdStrike report is mum on this matter, but other cyber investigators point out that both Fancy Bear and Cozy Bear have engaged in a wide variety of targeting that includes web service providers and finance companies.¹¹ Such operations are explainable—they could for example reflect efforts to gather information that could be useful in separate attempts to penetrate national security targets—but they could also be a sign that the DNC

hackers are a diverse group of cyber entrepreneurs who may or may not have Russian government connections and who generate their own target lists independent of outside direction. The targeting history of the purported DNC hackers does not by itself disprove Russian government involvement, but it raises questions about how confident we can be of that involvement.

The CrowdStrike report includes a second red flag: the DNC was breached at least twice, first in the summer of 2015, and then again in March 2016. Each intrusion was conducted by a separate hacking group, and each stole many of the same documents. CrowdStrike acknowledges that this is unusual; the more often an organization is targeted, the more likely the intrusion will be detected and blocked. Failure to coordinate what information was taken suggests a lack of central direction. But CrowdStrike explains this anomaly as the product of inter-service rivalry between Russia’s military intelligence directorate (the GRU) and its civilian intelligence agency (the FSB), each of which presumably wanted in on the DNC action. This explanation is not implausible—Russia is at least as prone to bureaucratic squabbles as any other government—but the implication that the Russian leadership would compromise operational security in the interest of managing lower-level infighting begs for alternative explanations. Might the impetus for the hacks have come independently from the hackers themselves rather than the Kremlin? Or might Moscow have wanted the intrusions detected, perhaps to send a signal to Washington that it was retaliating for perceived U.S. interference in Russian elections?

The timing of the intrusions is also out of step with the hypothesis on motivation. Trump did not declare his candidacy until June 2015.

⁸ “Report to the President of the United States,” The Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction, March 31, 2005, p. 175.

⁹ “The Perfect Weapon: How Russian Cyberpower Invaded the U.S.,” The New York Times, 13 December 2016, <http://www.nytimes.com/2016/12/13/us/politics/russia-hack-election-dnc.html?hp&action=click&pgtype=Homepage&clickSource=story-heading&module=a-lede-package-region®ion=top-news&WT.nav=top-news>

¹⁰ “Bears in the Midst: Intrusion into the Democratic National Committee,” <https://www.crowdstrike.com/blog/bears-midst-intrusion-democratic-national-committee/>, June 15, 2016

¹¹ “Sofacy Phishing,” Cyber Threat Operations, Tactical Intelligence Bulletin, October 22 2014, Price Waterhouse Coopers, <http://pwc.blogs.com/tactical-intelligence-bulletin---sofacy-phishing.pdf>

Few observers took him seriously until well into 2016, and nearly every poll and forecasting model gave him little chance to win as late as the eve of the election. To suggest that the Russian government launched the DNC intrusions with the specific intent to support Trump is to accord the Russians a political prescience that no one in the United States shared. Indeed, Russian press reporting suggests that Trump's victory took the Russian leadership by surprise.¹² At a minimum, the timing suggests that the intruders did not start out with the intent to support Trump, even if they ultimately pursued that objective.

Finally, the intrusions include a degree of sloppiness that is uncharacteristic of Russian cyber operations. For years, cyber experts have regarded the Chinese as brash and careless in their hacks, typically leaving behind so many forensic clues that they appeared indifferent to the likelihood that investigators might piece them together. Russian operations have been far stealthier.¹³ According to published reports, investigators did not detect Russia's famous Moonlight Maze intrusion for two years after the initial breach in 1996, and it took nearly a year after detection to trace it to Russia.¹⁴

By contrast, the batch of DNC emails released to the media included one document that was modified using Cyrillic language settings by a user named Feliks Edmundovich—an apparent reference to Feliks Edmundovich Derzhinskiy, the founding father of the Soviet intelligence service.¹⁵ Why would Moscow, known for its razor-sharp tradecraft, leave such seemingly incriminating clues behind? Investigators have attributed the uncharacteristic operational sloppiness to a newfound Russian brazenness. But it might equally suggest that the intrusion was a false flag operation or that

Moscow was sending a message that it could interfere in U.S. politics as easily as the U.S. could in Russia's, perhaps with the intent of negotiating an informal code of conduct with Washington.

Lesson Three: Take a Walk in the Other Guy's Shoes.

One of the reasons that analysts misunderstood Iraq's behavior in obscuring its destruction of WMD stockpiles was their difficulty seeing the situation through the eyes of the Iraqi leader.¹⁶ To U.S. observers, it was obvious that our threats to attack Iraq were real, and that the only way Saddam Hussein could avoid war was to provide full transparency for UN inspections. Failure to do so could only be regarded as a sign that Iraq was cheating on its WMD obligations.

But from Saddam's vantage point, there were two even more immediate threats looming: Iran, with whom he had fought a bloody eight-year war in which Iraq had barely avoided defeat, largely due to its use of chemical weapons; and his own elites, whose temptations to unseat him were tempered by Saddam's reputation for ruthlessness at home and his fierce defiance of enemies abroad. Revealing to Iran and to domestic rivals that he had caved in to pressure to destroy Iraq's WMD might put Saddam in a precarious situation. Under the circumstances, a policy of equivocation—trying to provide the U.S. with enough WMD inspection compliance to stave off an attack, while leaving enough uncertainty to keep Iran and would-be successors at bay—made sense. The challenge for analysts was to step outside their familiar cultural perspectives and see things from an Iraqi vantage point.

¹² "The Paradox of Russia's Support for Trump," Wilson Center, November 10 2016, <https://www.wilsoncenter.org/article/the-paradox-russia-support-for-trump>

¹³ "Chinese Cyber Espionage," Testimony of James C. Mulvenon before the Congressional-Executive Commission on China hearing entitled "Hearing on Chinese Hacking: Impact on Human Rights and Commercial Rule of Law," 25 June 2013, accessed at <https://www.cecc.gov/sites/chinacommission.house.gov/files/CECC%20Hearing%20-%20Chinese%20Hacking%20-%20James%20Mulvenon%20Written%20Statement.pdf>

¹⁴ "The First Cyber Espionage Attacks: How Operation Moonlight Maze made history," July 7 2016, accessed at https://medium.com/@chris_doman/the-first-sophisticated-cyber-attacks-how-operation-moonlight-maze-made-history-2adb12cc43f7#.h6bot1rzo

¹⁵ "Don't be so sure Russia hacked the Clinton emails," James Bamford, Reuters, 2 November 2016, accessed at www.reuters.com/article/us-russia-cyberwar-commentary-idUSKBN12X075

¹⁶ "Report to the President of the United States," The Commission on the Intelligence Capabilities of the United States Regarding Weapons of Mass Destruction, March 31, 2005, p. 180.

Applying this lesson to the current situation, analysts must envision how the circumstances of the DNC operations might look to key Russian players, assuming Russians were indeed responsible. Would low-level Russian cyber operators have targeted the DNC without specific Kremlin authorization? To answer this question in the absence of direct evidence, one must necessarily engage in some informed speculation. But it is not hard to imagine that Russia's intelligence services have standing lists of subjects that are priorities for collection: the plans and intentions of various governments, the technical specifications of foreign military systems, the political successions in key countries, and so on. They might be given fairly wide latitude to collect information relevant to these topics, and rewards would flow to those who gather particularly valuable data. It is not improbable that the DNC intrusions had such mundane bureaucratic origins.

But how would things look after the cyber intrusions had uncovered a treasure trove of information about the Clinton campaign? Surely the Russian leadership would recognize that deploying that data publicly would cross a dangerous line separating common espionage from active and illegitimate interference in electoral politics? Here, it is important to consider the possibility that Putin and other Russian leaders believe the U.S. has itself habitually crossed that line, both in Russian elections and in numerous neighboring states. The Russians have repeatedly complained about such activities, at both the presidential and working levels.¹⁷ The publication in 2014 of a telephone conversation between U.S. Assistant Secretary of State Victoria Nuland and U.S. Ambassador to Ukraine Geoffrey Pyatt in which they revealed deep U.S. involvement in Ukrainian politics – a leak that almost certainly came from Russia—could be read as a sign that Moscow was frustrated that its repeated diplomatic protests had failed to quell what it

regarded as illegitimate U.S. practices.¹⁸ The temptation to give the U.S. a dose of its own medicine might have been great under such circumstances, even though few Russians believed Trump had any real chance of victory, and might have been rationalized as a way to press Washington to reconsider its involvement in the domestic affairs of Russia and its neighbors.

Lesson Four: High Stakes Require Great Caution.

Attempting to understand—not justify—the perspectives of the Russians is particularly important in light of press reports that the US is considering possible retaliatory steps against Moscow.¹⁹ Just as the flawed National Intelligence Estimate on Iraq WMD figured prominently in the arguments for going to war, analytic judgments about Russia's involvement and intent in the election intrusions are likely to be important variables in future U.S. policy decisions about dealing with Russia.

As Robert Jervis points out in his classic work, *Perception and Misperception in International Politics*, differing perceptions of an adversary's intentions are often at the heart of policy disputes. Some adversaries fall into the category of “vulgar minded bullies,” or what he calls the “deterrence model.” In these cases, the “submission to an outrage only encourages the commission of another one and a greater one.”²⁰ Their aggression must be resisted, often by force, or they will increase their aggressiveness. Nazi Germany is the textbook example.

Other states fit what he terms the “spiral model.”²¹ Their apparent aggression is motivated by fear and insecurity rather than ambition and aggrandizement. Deterrence and coercion, so appropriate when dealing with bullying states, become counter-productive in spiral model situations, because they exacerbate the insecurities at the root of the adversary's

¹⁷ “Vladimir Putin accuses Hillary Clinton of encouraging Russian protests,” Miriam Elder, *The Guardian*, 8 December 2011, <https://www.theguardian.com/world/2011/dec/08/vladimir-putin-hillary-clinton-russia>

¹⁸ “Ukraine Crisis: Transcript of leaked Nuland-Pyatt Call,” BBC News, 7 February 2014, <http://www.bbc.com/news/world-europe-26079957>

¹⁹ “White House says U.S. will retaliate against Russia for hacking,” Louis Nelson, Politico, October 11 2016, <http://www.politico.com/story/2016/10/white-house-russia-hacking-retaliate-229622>

²⁰ Robert Jervis, *Perception and Misperception in International Politics*, Princeton University Press, 1976, p. 65.

²¹ Jervis, p. 62.

aggression and trigger a dangerous escalatory spiral of hostility.

So in the case of Russia's role in the U.S. elections, are we dealing with a deterrence model or a spiral model? The answer is not immediately obvious. Yet answering this question correctly has important implications for the policies we adopt toward Moscow.

The stakes are high. The intrusions highlight the importance of addressing broader questions of how we protect the integrity of our political

system and deal with other cyber actors who might have an interest in intrusions. Retaliation could preclude working with Moscow against ISIL and other terrorist groups, encourage further cooperation between Russia and China against U.S. interests, and even escalate into kinetic warfare. Failure to draw a tough enough line, on the other hand, might invite even more damaging Russian interference in U.S. affairs. Crafting an effective policy depends to a great degree on a rigorous and objective analytic approach to understanding exactly what occurred and why.

Russian Cyber Operations: Four Realities, Two that Can Change

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Ever since the 2016 Presidential election in the United States questions and claims have swirled around the topic of Russian hacking and interference in the U.S. election process. Six months later, the debate over the level and intent of Russian involvement continues and Congressional investigations proceed. As part of the overall discussion it is useful to consider some of the broader realities of cyber operations in general and specific to Russia. Describing these realities will not answer any of the specific questions about the 2016 election hacking events, but they will help inform anyone interested in the broader context and should be useful to those charged with crafting cyber policy and strategy for the future. The first two realities regarding Russia are enduring because they represent a review of Russian actions and are unlikely to change soon. The last two more general realities may change, but only with concerted effort and cooperation. Understanding the relationship between these realities is important because it highlights the need for more progress.

The first reality is that cyber operations are simply the newest tool in the former Soviet Union toolkit of “active measures,” which Russians have used for over a century. Active measures are generally defined as using any tool of statecraft available, short of military forces, to

achieve national objectives. Samples of active measures include favoring plausible deniability, information operations, use of proxies, disinformation, propaganda, media manipulation and empowering friendly governments. These measures have been in relatively consistent use in Russia since the late 1800s. For example, as early as 1881 Russian agents worked to collect information as well as generate disinformation that could be used to foment distrust and discord among revolutionary organizations.¹

Following the Communist revolution and World War II, the Soviet Union applied active measures against Western nations with the objective of disrupting and discrediting Western democracies.² George Kennan, the former U.S. diplomat and scholar, captured the essence of Soviet practices used at the time. Kennan described all national ways and means available to help policymakers achieve geopolitical objectives *without* crossing the line into major conventional or nuclear confrontation as measures short of war.³ He further described how, by the late 1940s the Soviets had...openly embraced what they viewed as “imperialistic” measures short of war to avoid costly high-order combat. These measures included but were not limited to “persuasion, intimidation, deceit, corruption, penetration, subversion, horse-trading, bluffing, psychological pressure,

¹ Andrew Wilson, *Virtual Politics: Faking Democracy in the Post-Soviet World*, New Haven, Yale University Press, 2005, p. 2; Aaron Bateman, ““The KGB and Its Enduring Legacy”,” *Journal of Slavic Military Studies*, Vol. 29, No. 1, 2016.

² For example, in West Germany the KGB supported not only the Communist parties but also extreme right-wing groups. See “The motherland calls: Russian Propaganda is state-of-the-art again,” *Economist*, Dec 8, 2016, <http://www.economist.com/news/europe/21711538-1930s-moscow-beacon-international-movement-russian-propaganda>, accessed April 23, 2017.

³ George F. Kennan, in Giles D. Harlow and George C. Maerz, eds., *Measures Short of War: The George F. Kennan Lectures at the National War College, 1946–1947*, Washington, D.C.: National Defense University Press, 1991, pp. 4–14.

economic pressure, seduction, blackmail, theft, fraud, rape, battle, murder, and sudden death.”⁴

Even after the collapse of the Soviet Union there are examples of Russian use of active measures (or influence operations in modern terms) to pursue their objectives. One telling example from 2009: 23 central and eastern European leaders, including five former presidents, signed an open letter to president Obama cautioning against Russian revisionism and accusing Russia of attempting to intimidate and destabilize their countries. The letter stated, in part: “Russia is back as a revisionist power pursuing a 19th-century agenda with 21st-century tactics and methods. [...] It uses overt and covert means of economic warfare, ranging from energy blockades and politically motivated investments to bribery and media manipulation in order to advance its interests and to challenge the transatlantic orientation of Central and Eastern Europe.”⁵

Does Russia still use active measures to achieve its national objectives? Russian actions are often a reflection of behavior Russia attributes to the West. In 2012 Presidential candidate Vladimir Putin made the following statement: “The notion of “soft power” is being used increasingly often. This implies a matrix of tools and methods to reach foreign policy goals without the use of arms but by exerting information and other levers of influence. Regrettably, these methods are being used all too frequently to develop and provoke extremist, separatist and nationalistic attitudes, to manipulate the public and to conduct direct interference in the domestic policy of sovereign

countries.”⁶ Russia has a century-long history of using all means available to achieve national objectives and Putin’s words seem to provide motivation (at least to him) for Russia’s current actions.

The second reality is that cyber operations are not new—they have been in use by Russians for over three decades and have evolved over time. Early cyber operations were used in ways that focused on stealing information from adversaries. The earliest documented case of Russian-supported efforts to use cyber operations for espionage took place in 1986. Markus Hess, a German citizen, hacked into U.S. military, university and defense industry computers and sold the information to the Soviet intelligence agency, the KGB. Hess and his accomplices might have gone undetected if it were not for the groundbreaking work of Cliff Stoll, a systems administrator at the Lawrence Berkeley National Laboratory.⁷

In early 1998, the U.S. experienced the first case of cyber hacking directly attributable to the Russian state apparatus rather than to an individual. Over two years of hacking resulted in theft of over 5.5 gigabytes of sensitive but unclassified defense documents from numerous military installations in an operation the U.S. government called Moonlight Maze. An interagency investigation led by the FBI concluded that Russia was responsible for the hacking. In 1999, a Russian general admitted to a visiting U.S. delegation that the hacks were Russian, even showing the Russian hacking logs to the visitors and blaming the attacks on “those motherf***ers in intelligence.”⁸

⁴ Kennan, 1991, p. 8, cited in Ben Connable, Jason H. Campbell, Dan Madden, *Stretching and Exploiting Thresholds*

for *High-Order War: How Russia, China, and Iran Are Eroding American Influence Using Time-Tested Measures Short of War*, Santa Monica, RAND Corporation, 2016, p. 19.

⁵ An Open Letter To The Obama Administration From Central And Eastern Europe, *Gazeta Wyborcza*, July 16, 2009,

http://www.rferl.org/a/An_Open_Letter_To_The_Obama_Administration_From_Central_And_Eastern_Europe/1778449.html, accessed April 24, 2017.

⁶ Putin, Vladimir. “Russia and the changing world.” *Russia Today*. published February 27, 2012,

<https://www.rt.com/politics/official-word/putin-russia-changing-world-263/>, accessed April 26, 2017.

⁷ Stoll, Clifford. *The Cuckoo's Egg: Tracking a Spy Through the Maze of Computer Espionage*. Doubleday, 1989.

⁸ Kaplan, Fred. “How the United States Learned to Cyber Sleuth: The Untold Story.” *Politico Magazine*,

<http://www.politico.com/magazine/story/2016/03/russia-cyber-war-fred-kaplan-book-213746?o=0>, accessed April 24, 2017.

The transition from cyber operations for espionage to their use for information operations was logical for Russia. Russian geopolitical analysts use information war practiced by the West as an explanation for the failure of the Soviet Union. Some even assert that the Soviet Union collapsed not because of failing economic, cultural and social policies, but “because of ‘information viruses’ planted by Western security services through Trojan-Horse ideas such as freedom of speech (Operation Glasnost) and economic reform (Operation Perestroika).”⁹

President Putin prioritized Russia’s information operations upon taking office in 1999 and he has institutionalized those operations, which include both cyber and network operations, within Russian policy, structure and doctrine. As a result, Russia probably has the most coherent state plan integrating private and government cyber sectors. The Russian information operations system, combined with the Russian form of centralized government control, allows greater speed, agility, and brazenness than is possible in the West.

Early in his first term as President, Putin approved a new National Security Concept that alluded to “information warfare” and the potential disruptive threat to information, telecommunications, and data-storage systems. Later the same year the Russian Ministry of Defense issued a new Military Doctrine discussing hostile information operations conducted through either technical or psychological means. Soon after, the Russian security council issued the first authoritative summary of the Russian government’s views on information security in the public, government, and military sectors. The document also provided the strategic plan for future legal, organizational, and economic developments.¹⁰

Since 2000, Russia has modified its laws to allow greater government control and oversight of information (including cyber) capabilities. One example of the progress and implications of Russia’s focus on cyber operations occurred in Estonia in 2007. Russian propaganda and state-controlled nongovernmental organizations set the stage for local Russian-speakers to protest the Estonian decision to move a Soviet-era war memorial informally known as the Bronze Soldier from the center of Tallinn, the capital of the country. Russia reportedly fomented the crisis by encouraging anti-Estonian protestors. Estonia experienced multiple, advanced distributed denial of service (DDOS) cyber-attacks that coincided with the protests. While most experts agree there was never any direct link of the attacks made to the Russian government, the decision of Russian officials to not pursue individuals responsible—a treaty obligation—indicates that Russia at the very least protected illegitimate cyber actors.¹¹ Further, within a year of the Bronze Soldier incident, Russia passed a law effectively prohibiting Russian internet service providers and telecommunications operators from passing data to foreign law enforcement agencies investigating cyber crimes or DDOS attacks. By controlling the information they choose to release, the Russian government can now claim legal grounds for protecting Russian cyber operations from investigations by foreign states.¹²

The two realities discussed thus far cover environmental factors generally outside the control of the U.S. or other Western nations. Given the decades of Russian distrust of the West, it seems unlikely that there is little that the Western nations can do to change the Russian philosophy regarding measures short of war or cyber policies, structure or doctrine. So, what can Western states do? The following two

⁹ Pomeranzev, Peter. “Can the West respond to Moscow’s information attacks without using the same tactics?” Coda, *Disinformation Crisis, Information War*, published December 8, 2016. <https://codastory.com/disinformation-crisis/information-war/separating-fact-from-fiction-in-russia-s-information-wars>, accessed April 25, 2017.

¹⁰ Carr, Jeffrey. *Inside Cyber Warfare*. O’Reilly, 2011.

¹¹ Clarke, R.A., Knake, R.K. *Cyber War: The Next Threat to National Security And What To Do About It*. Harper Collins. 2010.

¹² *Inside Cyber Warfare*, p 309.

realities address areas where there is potential to improve the situation.

The third reality is that the lack of a common understanding and set of standardized definitions for cyber operations, within the United States and internationally, confuses the issue and impedes progress. Policy makers, commentators and the interested public regularly confuse the various forms of cyber operations and apply incorrect terms to actions.

There is no universally accepted definition of cyber warfare and there is also a lack of common terminology for various cyber operations. The Cooperative Cyber Defence Centre of Excellence (CCD COE) is a NATO-accredited knowledge hub, research institution, and training and exercise facility. It is arguably the organization that has made the most progress on cyber research and standardization. The CCD COE states: “There are no common definitions for cyber terms—they are understood to mean different things by different nations/organizations, despite prevalence in mainstream media and in national and international organizational statements.”¹³

Common definitions for cyber terms are important because they remove barriers to appropriate international norms and standards that are the core of the final reality.

The fourth reality: the current lack of universally accepted international norms for cyber operations facilitates malign behavior.

There has been some progress towards understanding how international law applies to cyberspace. In 2009, the NATO CCD COE invited a team of legal scholars and experts to produce a manual on the application of international law to cyber operations. The effort

led to the publication, in 2013, of the Tallinn Manual on the International Law Applicable to Cyber Warfare. The first edition provided analysis of how existing international law applies to cyber operations, focusing on those that violate the prohibition of the use of force in international relations, entitle states to exercise the right of self-defense, and/or occur during armed conflict. The Tallinn Manual 2.0, published in February 2017, expands on and replaces the first edition. The second edition covers the full spectrum of international law as applicable to cyber operations, ranging from peacetime legal regimes to the law of armed conflict.¹⁴ It identifies more than 150 rules governing cyber operations and provides extensive commentary on each rule.

While a very useful and important summary and resource well worth referencing, Tallinn Manual 2.0 has its limitations. First, it is an expression of the views of its authors, and not those of NATO or any other State or organization.¹⁵ Second, while including a diverse mix of nineteen experts (including one from China) and the unofficial input of many states and over fifty peer reviewers, it does not include the views of all interested nations, including Russia. Finally, even with the smaller sample set of international experts, the team could not reach agreement on how international law applies in specific situations, such as the Democratic National Committee hack and subsequent information release.¹⁶

There are more expansive United Nations efforts to examine the existing and potential threats from cyberspace and possible cooperative measures to address them. In December 2013, after ten years of negotiation, the UN Group of Governmental Experts on Developments in the Field of Information and

¹³ NATO Cooperative Cyber Defence Center of Excellence, Resources, Cyber Definitions, <https://ccdcoe.org/cyber-definitions.html>, accessed April 25, 2017.

¹⁴ Tallinn Manual 2.0 on the International Law Applicable to Cyber Operations, https://ccdcoe.org/sites/default/files/documents/CCDCOE_Tallinn_Manual_Onepager_web.pdf, accessed April 25, 2017.

¹⁵ Schmitt, Michael N., project director. Introduction. *Tallinn Manual 2.0 on the International Law Applicable to Cyber Operations, 2nd Edition*. Cambridge University Press, 2017, pp. 1-7.

¹⁶ Marks, Joseph. “There’s Cyberwar and Then There’s the Big Legal Gray Area.” Nextgov, cybersecurity, published February 9, 2017. <http://m.nextgov.com/cybersecurity/2017/02/theres-cyberwar-and-then-theres-big-legal-gray-area/135298/?oref=m-ng-channelriver-all>, accessed April 27, 2017.

Telecommunications in the Context of International Security (GGE) established a consensus that international law applies to cyberspace. The follow-on GGE produced a consensus report in 2015 on norms, rules or principles of the responsible behavior of States in the cyberspace. The findings state, in part: “In their use of Information and Communication Technologies, States must observe, among other principles of international law, State sovereignty, the settlement of disputes by peaceful means, and non-intervention in the internal affairs of other States.”¹⁷ The UN General Assembly language “calls upon” states “to be guided in their use of information and communications technologies by the 2015 report.”¹⁸ This language is useful but the GGE reports are *non-binding*. In addition, the 2015 report failed to address the issue of the use of information and communication technologies in conflicts, although the mandate specifically noted it. Even in the U.S. debate continues about how exactly cyber operations should be viewed ethically and legally.¹⁹

It seems unlikely the West can change Russian views or habits. The editor of the Tallinn Manual 2.0 and a law professor at both the University of Exeter and the Naval War College may have said it best: “The Russians are masters at playing the ‘gray area’ in the law, as they know that this will make it difficult to claim they are violating international law and justifying responses such as countermeasures.”²⁰

Therefore, it is important that the priority should be placed on standardizing national and international cyber terminology, norms and laws. The United States can, and should, advance the debate on national law governing state behavior in cyberspace by more clearly establishing its own national definitions and interpretations for cyber operations. These steps are important because they provide a foundation for national policy and the further work necessary to eliminate the gray area in the law, motivating cyber operations attribution. With national definitions, norms and laws there is a basis for consequences for cyber actions against the U.S. This national approach will allow the U.S. to help advance the laws of allies and those truly interested in binding cyber norms. It is possible that proactive work on the part of the United States could catalyze a push for greater binding norms in Europe, through the Organization for Security and Cooperation in Europe, for example.

National, and ideally global, definitions and norms are important because they provide a legal basis for responses to cyber malfeasance that have tangible costs for the perpetrators of cyber operations. Tangible costs are important because history has shown that, without consequences for actions, malign actors will continue and even intensify their behavior in pursuit of their objectives.

¹⁷ United Nations Office for Disarmament Affairs, Developments in the field of information and telecommunications in the context of international security, <https://www.un.org/disarmament/topics/informationsecurity/>, accessed April 25, 2017.

¹⁸ Korzak, Elaine. “Cybersecurity at the UN: Another Year, Another GGE.” *Lawfare*, Cybersecurity, published December 10, 2015. <https://www.lawfareblog.com/cybersecurity-un-another-year-another-gge>, accessed April 26, 2017.

¹⁹ Fidler, David P. “Just and Unjust War, Uses of Force and Coercion: An Ethical Inquiry with Cyber Illustrations.” *Daedalus*, Volume 145, Number 4; Fall 2016, pp. 37-49.

²⁰ Tucker, Patrick. “Did Russia’s Election Meddling Break International Law? Experts Can’t Agree.” *Defense One*, published February 8, 2017. <http://www.defenseone.com/technology/2017/02/did-russias-election-meddling-break-international-law-experts-cant-agree/135255/?oref=d-river>, accessed April 27, 2017.

Did the Sanctions Work?¹

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The sanctions introduced three years ago by the European Union and the United States on Russia for its aggression in Ukraine had three goals: to force the Kremlin to change its course in Ukraine, “to continually raise the costs for Russia of their actions” in Ukraine, and to demonstrate a common Western approach to Russia’s military actions.

Any Influence on Russia’s Foreign Policy?

The biggest debate among politicians and experts concerns whether sanctions have been able to stop Russian aggression and more broadly to affect Russia’s policy in Ukraine. The hard truth is that Russia has achieved its goals in Crimea and created a hotbed of tension in the eastern region of Ukraine, allowing the Kremlin to destabilize its neighbor at any time. Meanwhile, the West has been unable to compel Moscow to fulfill the Minsk-2 agreements or even to acknowledge its direct participation in the conflict.

Western conventional wisdom says that the July 2014 wave of sanctions stopped Russia from escalating the conflict into a large-scale military operation and from occupying a significant part of Ukrainian territory (e.g., carving out a land corridor to Crimea along the Black Sea).² And it may be true that sanctions, combined with Russian military casualties, had limited Putin’s plans for the use of military force in Ukraine.

Yet, it is a war nonetheless. Over the last

two years—and since the signing of Minsk-1—Moscow has taken more than 500 square kilometers of additional Ukrainian territory in small increments. In February 2015—and after the signing of Minsk-2—separatists supported by the Russian military captured a logistically important city, Debaltseve, in a major battle. Static sanctions have not prevented this type of “nibbling away,” and the West has been reluctant to add additional sanctions for Russia’s constant incursions.

Likewise, the West has not publicly reacted to the other forms of hybrid warfare that Russia wages against Ukraine, mostly in the economy and trade. Russia terminated a free-trade agreement with Ukraine and imposed tariffs and other restrictions on imports of Ukrainian goods. Since July 1, 2016, Russia has *de facto* banned the transit of Ukrainian goods through its territory to Central Asia, by forcing them to enter Russia via Belarus. Russia also banned the supply of diesel fuel to Ukraine in September 2016.

Crimea became Russian. De facto...

The success of the Crimea sanctions has been mixed. On the one hand, they have stunted Crimea’s economic growth under Russian occupation and have prevented some firms from operating there. Tourism, one of Crimea’s largest industries before the annexation, lost 15–20 percent of visitors and has not rebounded. Many industrial and agricultural companies were affected by cancellation of water and electricity supply from Ukraine. As a result, Crimea

¹ This article is a shortened and updated version of the report “Evaluating Western Sanctions on Russia” published by the Atlantic Council in December 2016 (ISBN: 978-1-61977-458-2)

² But this view does not take into account the necessity for Russia if this scenario is realized to deploy a huge occupational army in order to keep control over this territory — the size of the land corridor to Crimea along the Black Sea could be three times bigger than the occupied territory of Donbas.

became a greater economic burden to Russia. On the other hand, the Russian government has found ways to circumvent financial sanctions and to prop up the Crimean economy by investing in infrastructure, defense, and military sectors.

Russia has swiftly moved to integrate the peninsula, introducing Russian law, replacing the Ukrainian hryvnia with the ruble, and pouring billions of dollars into higher wages and pensions, social services, and industrial infrastructure.

Further, while many Russian state companies are reluctant to work on the peninsula lest they fall into the sanctions net, Russia props up defense companies in Sevastopol with military orders and boosts employment with stepped-up infrastructure construction. Western sanctions hinder the activity of big Russian banks in Crimea but fifteen small- and medium-sized Russian banks run their business operations there, while only five of them are included on the U.S. sanctions list. The Russian government has also established methods and institutions to ensure that banking and credit transactions conducted in Crimea are registered in Russia and therefore are not blocked by Western sanctions.

Have Sanctions Hurt the Russian Economy?

“Russia is isolated with its economy in tatters,” President Obama proclaimed in his January 2015 State of the Union address. At the time, many believed him. Russia’s currency was in free fall, its budget revenues declining, its government spending reserves it had taken years to accumulate.

Although Russia plunged into a recession that lasted for seven consecutive quarters, the real scale of economic shock was less significant; GDP fell by 2.8 percent in 2015, and another 0.2 percent drop in 2016. Recovering oil prices have allowed the ruble to stabilize, and a 15 percent fall in private consumption has not led to any visible increase in social tension nor

has it weakened Putin’s approval rating or support for his aggressive foreign policy.

Even as the U.S. and the EU introduced more severe financial and sectoral sanctions from July through September 2014, they stayed away from the most painful sanctions used against Iran and Libya, a boycott of the country’s hydrocarbons and a freeze on all of its foreign assets, including those of the central bank. The outcome was predictable: Western sanctions have had some effect, but it was much less than the impact of collapsing oil prices.

Financial Sanctions

The impact of financial sanctions, prohibiting Western banks and companies from providing capital and loans to certain Russian banks and companies, is the easiest to measure. Though they cover very few (mainly state-owned) banks and companies, these sanctions have become de facto comprehensive. Few Russian banks and companies were able to raise capital within the last two years, and in May 2016, the Russian government itself was unable to place its Eurobonds in Western markets, as both European and American banks declined to participate in the placement.

Since 2005, the Russian economy has relied heavily on foreign borrowing. In autumn 2014, many Russian banks and companies were shut out of refinancing by sanctions and were forced to repay old loans. Consequently, the volume of foreign-loan repayments in late 2014 to early 2015 was enormous. According to the Bank of Russia, the quarterly debt repayment in this period amounted to approximately 10 percent of GDP. Those repayments, along with declining oil prices and financial sanctions, destabilized Russia’s foreign exchange market in November and December 2014. Banks and companies that wanted to repay their loans were looking for hard currency, just as export proceeds were declining because of the fall in oil prices and, as usual, the ruble exchange rate followed the oil (see Chart 1). The situation was exacerbated by mistakes made by the monetary authorities.

All combined: falling oil prices, debt repayment pressures, policy mistakes, and lack of access to foreign credit markets created a perfect storm for the Russian financial market in mid-December 2014, resulting in the collapse of the ruble, which lost 50 percent of its value from the beginning of the year. This created the impression that the entire economy was collapsing.

But afterwards the Central Bank of Russia had conventionalized its policy (increased the interest rate, stopped refinancing the banking system in rubles, and started to provide dollar-denominated loans to exporting companies for debt-repayment), and the situation started to improve. In the beginning of February 2015, oil prices rebounded and by May that year, the ruble had regained 40 percent of its value.

Meanwhile, since the second quarter of 2015, the debt repayment schedule has eased, along with the pressure on Russia's balance of payments, thus diluting the impact of the financial sanctions. Since the end of 2014, the relative pressure of declining oil prices on the Russian balance of payments grew steadily, while that of Western financial sanctions (foreign debt repayment) declined. From \$35 billion to \$38 billion in the last quarter of 2014 and the first quarter of 2015, the debt repayment fell to slightly more than \$10 billion per quarter on average in the following four quarters. At the same time, losses in export earnings due to declining oil prices rose from \$16.5 billion in the last quarter of 2014 to more than \$40 billion per quarter in mid- to late-2015, and up to \$45 billion per quarter in 2016 (all of those compared to the average of seven previous quarters, Q1/2013–Q3/2014).

Overall, this suggests that the storm on the Russian financial market in late 2014–early 2015 was caused by a set of factors in which sanctions played an important but not decisive role. Moreover, with time, the impact of Western financial sanctions has declined significantly and in their current form they will never be felt as keenly as they were in late 2014.

According to the Central Bank of Russia

projections, in the next two years the repayment of foreign corporate debt will not exceed \$20 billion per quarter. The permanent repayment of foreign debt creates pressure on the economy, forcing the government to reduce domestic consumption and investment, thus slowing economic growth. In Russia, however, this pressure is alleviated by the decline in capital outflow: ironically, many business people and wealthy families, frightened by the possible extension of financial sanctions and the freezing of all Russian assets abroad, have transferred their cash assets inside the country.

In September 2016, the Russian Federation and many Russian companies, which are not under sanctions, discovered that the outgoing U.S. administration was not sending any negative signals to the markets and regained access to Western financial markets being able to raise capital. In the last quarter of 2016 and in the first quarter of 2017 the Russian economy continued to borrow from the West and amounts raised have compensated the repayment of the old debts. That means financial sanctions stopped to influence the Russian economy.

Sectoral Sanctions

Oil & Gas

Western bans on exporting equipment and providing certain services to the Russian energy industry did not touch either power generation or the gas sector because of the EU's dependence on Russian gas imports. Though the U.S. has imposed financial sanctions on Gazprom, the Russian-state-owned gas giant that has been one of the main weapons in Russia's economic war against Ukraine in the past decade, the EU has not joined in. Moreover, Gazprom has been able to raise capital in Europe.

As for the oil industry, sanctions prevent Western companies from providing technology or know-how for Arctic or deep-water oil exploration and for the exploration or production of shale oil, so the participation of Western major oil companies was frozen in six projects—all in the research stage. This did not affect

current hydrocarbon production.

Russian companies have benefited from the ruble devaluation and managed to ramp up production and exports each quarter since 2014. They have also made comprehensive investments in refining that have allowed them to increase the refining depth and thus significantly boost the production and export of oil products and increasing export proceeds (see Chart 2). Three Russian state-owned companies, Rosneft, Gazpromneft, and Bashneft, have further expansive plans for investment in oil refining until 2020, and all of those investment projects rely crucially on Western technology.

Defense: Missing Pieces

Stepped-up restrictions on the sale of defense technology to Russia came in the midst of an eight-year program to retool the country's armed forces. Some experts estimate that about 8–10 percent of Russia's massive arms industry relies on foreign components, including some manufactured in Ukraine (making Ukraine the sixth-largest arms exporter in 2012-2013). That's a relatively small share, but it tends to be concentrated in the most technologically advanced areas.

Deputy Prime Minister Dmitry Rogozin in May 2015 has said that by 2018, Russian production will replace the NATO- and EU-sourced components, mostly electronics and optics, in nearly 90 percent of the 640 pieces in which they are now used. In April 2017 president Putin identified a new target—85 percent by 2025.

A much more serious problem for the Russian defense industry (and industry as a whole) is its dependence on the import of machines—according to expert estimates Russia imports more than 70 percent of the machines needed for the technological renovation of the defense industry, with two-thirds of that coming from six countries participating in the sanctions, Germany, Japan, Switzerland, Italy, the U.S., and the Czech Republic. The Russian government has poured tens of billions of rubles into Rostec, the state-owned corporation that

oversees defense and other high-tech production and which has promised to launch production of machines shortly. But, it will be a tall order to close the technological gap with the West and to solve a problem that the USSR/Russia has not been able to solve for decades.

Considering all that has been stated above, it's too early to determine how seriously sanctions will hit the Russian defense industry. In the coming years, we should expect either to see evidence of their deleterious effects on production or the fruits of Russia's "import-substitution" drive.

Political Costs

However, we should not overlook another effect of sanctions that cannot be measured by statistics, at least in the short run. While financial sanctions have inflated the cost of capital for the Russian economy, the political pressure on Russia has dramatically increased the political risks of doing business there for foreign businessmen. Indeed, the flow of Western investment projects and innovation into Russia has slowed to a trickle. This lack of access to technologies and human capital is much more sensitive for the Russian economy in the medium- and long-run. The country's industrial and technological infrastructure will require massive innovation if the economy is to become competitive. Historically, Russia (and the Soviet Union) has relied on imports of technologies to all industries except defense. The Kremlin's dream of huge investment in the development of technologies and import substitution requires massive financial resources, which are unlikely given the budget constraints, as well as development time, with no guarantee that the resulting products and technologies would be operative, let alone competitive outside Russia.

This combination of Western sanctions and increased political risks, together with the Kremlin's aspiration to build an economy independent of the outside world will inevitably lead to the growing isolation of the Russian economy, a widening technological gap, lagging

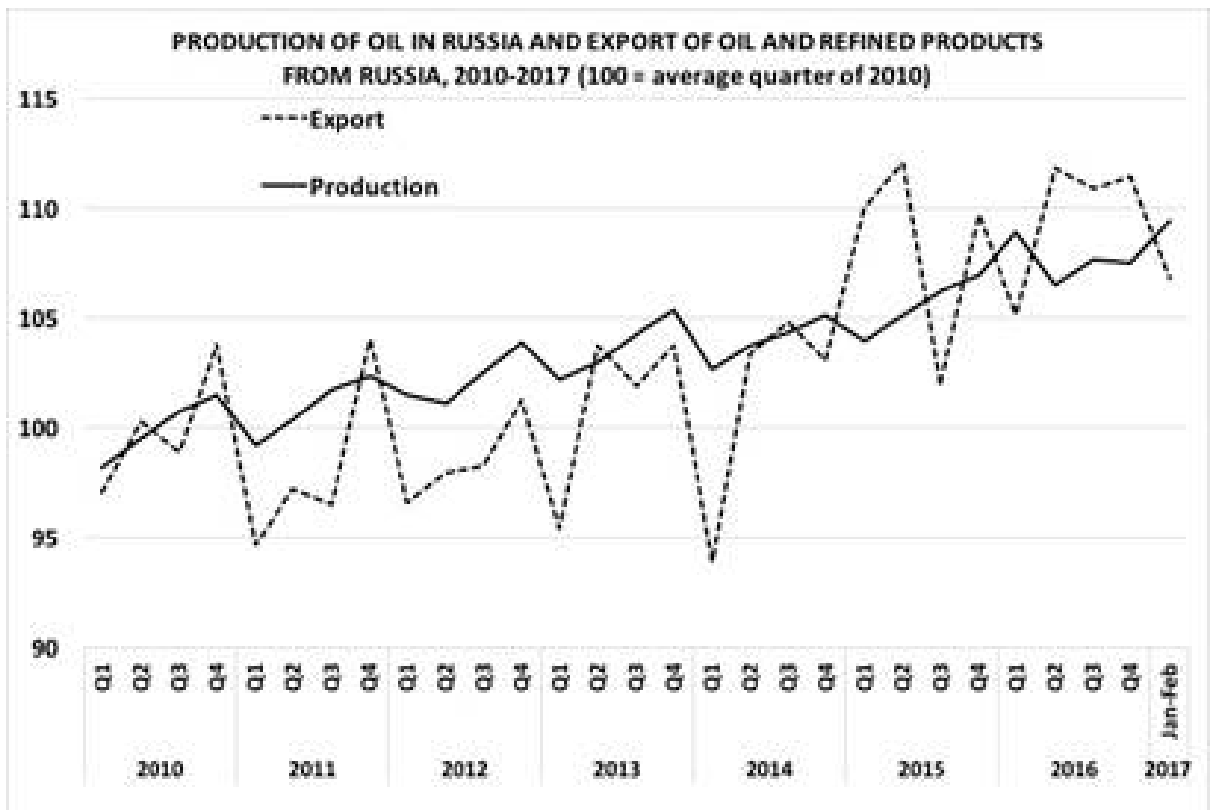
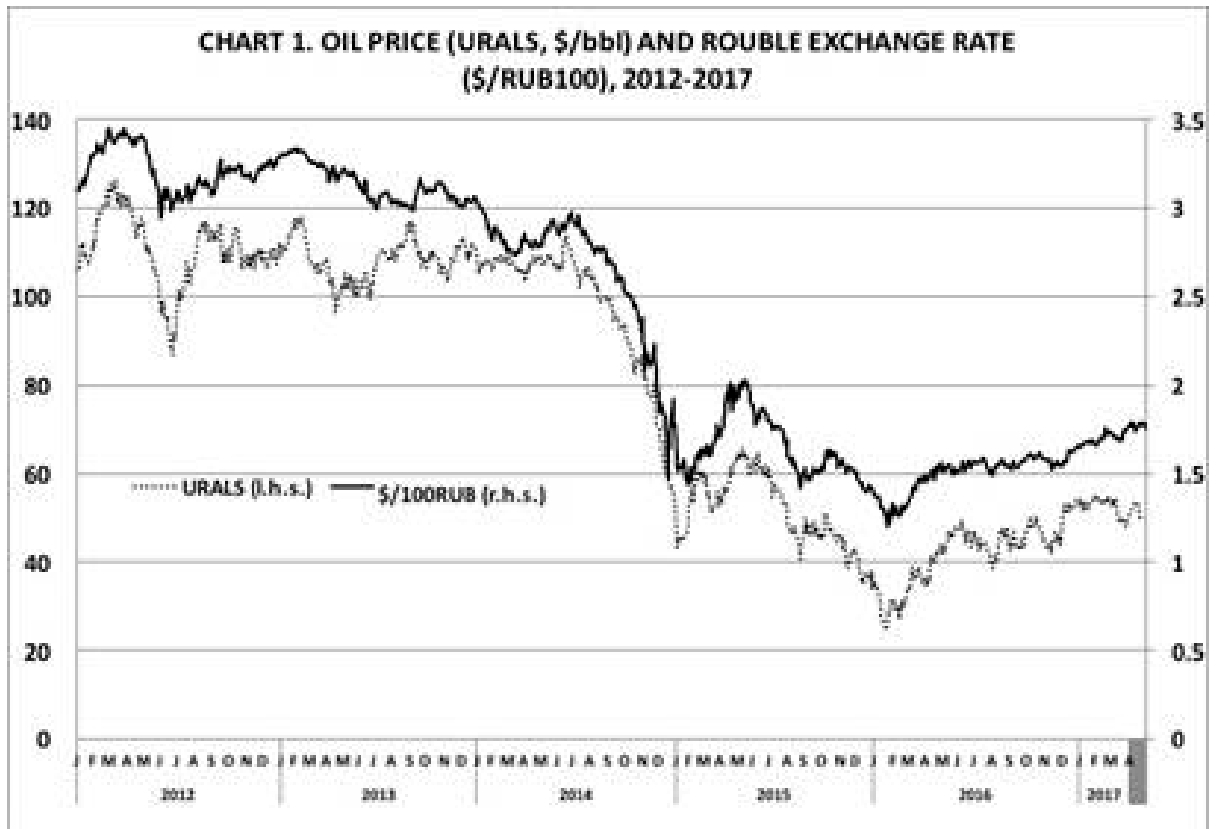
competitiveness, and slower growth. Those effects are not visible now but in five to seven years, if sanctions are not removed, they will become the main legacy of sanctions and will exact a heavy cost on Russia's economy.

Conclusion

Relations between Russia and the West are at a standstill without a clear way forward. Still, Western leaders must not be content to maintain the status quo in eastern Ukraine, which could set a dangerous precedent for further unilateral changes of international borders by other states.

If the West cannot compel Russia to fulfill the Minsk-2 agreement in the near future, military force will again become an acceptable

instrument of foreign policy, ready to be used by countries around the world. The political instruments used by the West to pressure Russia have had little effect and have not changed Putin's aggressive policies. Sanctions designed in mid-2014 did not significantly increase the costs of Russian foreign policy and did not affect the Kremlin's behavior. If sanctions remain unchanged (let alone partially removed or loosened), their effectivity will fade, and this will demonstrate the West's inability to impede a serious crisis provoked by Russia. If, however, the West wants to demonstrate that sanctions can be a valuable and important instrument in foreign policy, then it needs to escalate the scope of sanctions and their pressure on Russia and to significantly increase the costs of Putin's aggressive policy.



Russia's Economy Under Sanctions & Weak Oil: Surviving, But Far From Thriving

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"Reserving judgements is a matter of infinite hope"

F. Scott Fitzgerald, *Great Gatsby*

- **Return to growth.** Russia's economy has emerged from recession. The recession was mostly caused by the oil price collapse in the third quarter of 2014 while the impact of sanctions has been modest.
- **Recovery is not uniform.** Households are still struggling and consumer sectors remain in recession. The recovery is being driven by sectors benefitting from the weak ruble.
- **Problem pre-dated sanctions & oil.** The pace of growth was slowing before 2014. The old (oil based) model had become less effective since mid-2012, even with a \$110 per barrel oil price.
- **Change or stagnate.** It means that the government must now find a new or supplementary driver of growth to avoid a multi-year period of low growth or stagnation.
- **Localization is the new mantra.** Localization aims to create self-reliance in strategic sectors such as food, medicines, machinery, and to both grow and diversify exports.
- **Reliance on oil has fallen.** The adoption of the Fiscal Rule, plus the weak ruble, means the budget should break even at \$40 per barrel oil in 2020, having required \$112 in 2013.
- **Sanctions.** Sanctions have had little direct impact on the economy. Oil output looks sustainable at a post-Soviet high for years and the technology ban has been side-stepped.
- **But ...** It will be impossible for the localization strategy to work effectively without a big increase in Foreign Direct Investment (FDI). Many strategic investors will wait until the start of a staged reduction in financial sector sanctions. The other sanctions don't matter.
- **Big opportunities for U.S. companies.** Russia still has the potential to have the biggest economy in Europe. Its diverse and large resource base will ensure continued good cash flow while demographics have stabilized. It is also the key link in China's One Belt, One Road trade expansion strategy. Localization depends on Western investment and expertise.

Summary

Economy pulls out of seven-quarter recession. Russia has adapted to some extent to life with lower oil tax revenues and is coping under sanctions, especially the food counter-sanctions. The table below shows that the recession was actually relatively shallow and the recovery over the medium term will also be modest, certainly compared to what the country needs.

Weak ruble saved the economy. The main reason for both the shallow recession and why the economy has returned to growth is because of the decision to let the ruble free-

float and, therefore, sharply weaken against the U.S. dollar. This effectively saved the country.

Counter-sanctions boosted agriculture. The other reason is because of the food counter-sanctions which initially caused some hardships because of shortages and a spike in inflation in the first half of 2015 but which have led to a major effort to boost domestic sectors such as agriculture and manufacturing. That combination of weak ruble and counter-sanctions is the main reason why Russia was the world's biggest wheat exporter in 2016 and, for example, sold over \$1 billion worth of confectionary to China.

Russia: Macro Trends & Medium Term Forecasts

	2012	2013	2014	2015	2016E	2017E	2018E	2019E
GDP, US\$ bln	2,010	2,000	1,850	1,315	1,300	1,490	1,554	1,627
Growth, real % YoY	3.4%	1.3%	0.7%	-2.8%	-0.2%	1.0%	1.5%	2.0%
Inflation - year-end, % YoY	6.6%	6.5%	11.4%	12.9%	5.4%	4.0%	3.8%	3.6%
Real disposable income, % YoY	7.3%	4.8%	-1.0%	-6.5%	-5.9%	1.0%	2.0%	3.0%
Unemployment, % EOP	5.7%	5.6%	5.3%	5.6%	5.3%	5.5%	5.4%	5.3%
Budget, balance % of GDP	0.0%	-0.5%	-0.5%	-2.4%	-3.5%	-2.3%	-1.5%	0.0%
RUB/US\$, year-end	30.8	32.9	61.4	73.5	61.3	62.0	64.0	66.0
Urals, US\$ p/bbl, average	\$110	\$108	\$100	\$54	\$45	\$54	\$65	\$75

Source: State Statistics Agency, Central Bank, Macro-Advisory estimates

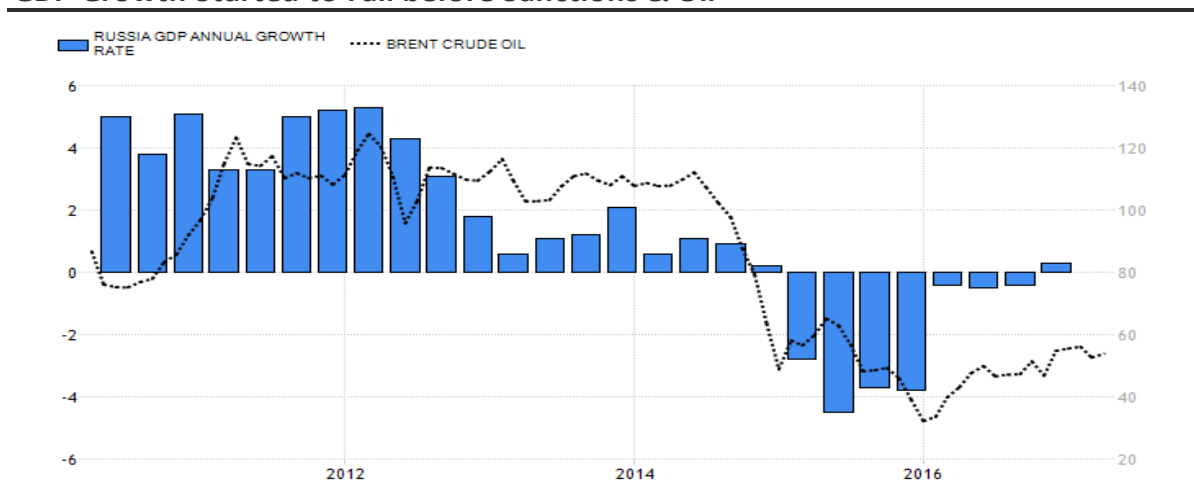
Oil collapse inflicted the greater damage.

The main cause of the slide into recession was the oil price collapse from August 2014 in combination with the broader damage to investment and trade as a result of the financial sector sanctions. But it is very important to place these events into the context that the economy was already starting to slow from mid-2012. The old model, which delivered the boom from 2000-12, during which the value of Gross Domestic Product expanded from \$199 billion to \$2.0 trillion, had started to be less effective. The base effect (from the poor 1990s) had ended and oil revenues were

no longer rising steeply even though the price of Urals crude averaged \$110 in 2012 and 2013.

This crisis has forced a reality check. To that extent, this crisis has forced the government to realistically start addressing the more fundamental issues in the economy, something it talked about in the previous fifteen years but was able to ignore. That is no longer a luxury it can afford without risking a lengthy period of stagnation which, in turn, would raise the risk of a public backlash and, eventually, social and political changes.

GDP Growth Started to Fall before Sanctions & Oil



Source: Trading Economics

Localization. What is starting to emerge as the strategy to create a new supplementary future growth driver is referred to as localization. This is partly to increase investment in sectors of the economy (including food, medicines, machinery, technology, etc) so as to improve self-sufficiency and to create new products for exports. It is also part of the effort to continue weaning the country off oil (and gas) dependency and to create greater diversification.

Need to boost investment. Russia will need to boost investment into the targeted sectors and to attract more foreign capital and expertise. The start of a staged reduction in financial sector sanctions will be important to reduce voluntary sanctions and the perception of Russia investment risk, but it also means the government will have to be much more effective in creating a favorable business environment and competitive economic conditions than it has in the past.

No reason for another crisis ... but stagnation is a risk. Without progress in localization, the economy will still be able to maintain modest growth of 1-2% and the government will be able to fund the budget. That assumes no change in sanctions and oil trading close to the current average. But to achieve the targeted growth of 3.5-4.5%, then localization will have to work and FDI will have to continue rising.

Opportunity for Western companies. Localization offers a very significant opportunity for U.S. and other international investors. The crisis has set the economy back but it is still very capable of being the biggest economy in Europe. The demographic trend has started to improve (table below) and the country's huge resource base will ensure continued good cash flows. The only question is how long it will take to achieve its potential?

Reasons Why the Crisis was Not Worse

Scary scenarios avoided. It was widely predicted that the impact of sanctions and the weaker oil price would lead to a much steeper and prolonged crisis in the economy while several commentators predicted that the country, and/or several of the biggest corporations, would go broke without access to financing. Clearly, those scenarios have not happened. The reasons for that include:

- **The government has been a lot more flexible and reactive than expected.** The single-most important action was to let the ruble free-float in the first quarter of 2015. That effectively saved the economy and financial reserves (see comment later).
- **Spending discipline was maintained.** Many had thought that the Kremlin would use its (still high) financial reserves to boost social spending or to try and stimulate some investment, but it chose not to and to instead focus on stability and avoiding the risk of running out of money.
- **Unemployment stayed low.** This is a key difference between Russia and, e.g., some of the EU states which saw protests against economic conditions. Russia employs well over 10 million migrant workers from Central Asia, Ukraine and other states. When the recession hit, it was in this category that people lost their jobs. They went

home rather than onto the unemployment register. Also, Russian companies have a culture of saving jobs by reducing salaries and placing staff on reduced hours.

- **There was no public backlash or social instability because of the crisis.** Partly this was because the message in the mass-media was that Russia was under economic attack from the West and not because of a failure of government policies, helping create a sense of unity.
- **Shortages of food and the spike in prices were relatively short-lived.** That was because Russia was able to find alternative suppliers (Turkey, Latin America, Asia) for important goods and to start producing domestic alternatives.
- Even though households did feel (and in many instances still are feeling) the financial pain of the crisis, they were still able to avoid an even worse situation. Russians still have relatively low debt and mortgage penetration is negligible (houses were allocated free in the early 1990s). This means the reduced incomes led to a drop in expensive durable goods (e.g. cars) and in discretionary spending (e.g. holidays) but people are still able to afford food and other basics.
- **CBR.** The Central Bank (CBR) has been very effective in managing the monetary fallout and ensuring there was no loss of confidence in the currency or in the banks. The Central Bank also allowed access to its reserves to companies facing external debt repayments. This eased pressure on the Foreign Exchange (FX) market and ensured no defaults.

Economy & Balance Sheet are in “Relatively” Good Shape

Good enough to survive and show modest growth. Despite the seven consecutive quarters of recession, lower oil and sanctions, the economy and the national balance sheet are still relatively good.

- **Modest growth.** This year the economy should grow by approximately 1.0% (1.5% is possible), although the consumer sectors are lagging those which are benefiting from the weak ruble and sanctions (e.g. agriculture). The main

danger comes from the high real interest rates, which means it is near impossible for small and medium-sized entities to borrow and speculators are keeping the ruble too high and that may slow recovery to less than 1.0%

- **Inflation.** One of the biggest successes has been the reduction in headline inflation from almost 20% in the first quarter of 2015 to just above 4.0% at the end of the first quarter of this year. This at least sets the stage for further interest rate cuts.
- **Incomes are growing.** Real incomes, which fell 6.5% and 6.0% in 2015 and 2016, have now started to grow, albeit at a modest 1.0% year-on-year in the first quarter of this year. It is at least a turning point.
- **Low debt.** Russia's total sovereign foreign debt is only \$45 billion, or 3% of the current year's GDP. Total government debt (foreign and domestic) is at 15% of GDP. Total external debt (banks + Industrial companies + state) equals \$495 billion or 32.5% of GDP.
- **Foreign currency reserves are rising.** The value of the foreign currency reserves and gold equals \$400 billion.
- **Budget is covered.** The Reserve Fund had \$15 billion at the end of the first quarter and the Wellbeing Fund totaled \$75 billion. That means if oil averages \$53 p/bbl this year then the Reserve Fund will cover the rest of the budget deficit. If the oil price is lower funds from the Wellbeing Fund can be used or borrowings increased. The Reserve Fund was set up to provide funds to cover any budget short-fall while the Wellbeing Fund is supposed to fund national development projects and infrastructure.
- **Low debt service.** Because Russia was forced to repay external debt because of the financial sector sanctions (external debt fell from \$740 billion to \$495 billion), the cost of debt service fell from \$65 billion in 2015 to \$35 billion last year.
- **Capital flight.** Capital flight, ie, companies and individuals taking money out of Russia to invest elsewhere, has ended. The total net capital outflow in 2014 was \$150 billion of which approximately \$75 billion was flight capital. Last year the

total capital outflow was only \$15 billion with zero "flight capital."

- **Budget & oil.** The federal budget needed \$112 p/bbl to balance in 2013 and over 50% of budget revenues came from oil and gas taxes. This year the budget will balance at \$65 per barrel and oil & gas taxes will be approximately 40%.
- **Banks have cash.** The big banks have plenty of cash. Most are state-controlled and subject to sanctions. But this has not proven to be a problem as liquidity has built up. It also means the state can raise money via domestic debt issuance if it needs to.

Problems

Structural and attitude. There are of course some very evident problems which, while not preventing the economy from returning to growth, will have to be dealt with before we can be optimistic about sustainable longer-term growth. These include:

- **State dominance.** The state sector accounts for approximately 55% of the economy while Small and Medium sized Enterprises (SMEs) account for less than 30%. For a normal economic growth model the ratio should be the other way around.
- **Policy disagreement.** President Putin governs by consensus, meaning he will not impose policy without consent within the different factions at the top of government, in case it leads to instability. Currently, the liberals are pushing a conservative budget agenda (low debt, budget reforms, fiscal rule), while the state sector is advocating debt and deficit expansion to increase state spending. There is a real danger of the gap between both sides remaining wide at the start of the next government and nothing changing. That would risk stagnation.
- **Low confidence.** Russians have taken approximately \$900 billion out of the country over the past twenty years. There is little evidence they have any confidence to start bringing that back to invest in the future. It means that the economy will remain reliant on both state investment and foreign investors for many more years.
- **Poor perception.** The country suffers from a very poor perception amongst foreign investors, partly for reasons

which have changed and partly for valid reasons. This will take years (of doing the right things) to change.

- **Real interest rate.** Real rates are too high. The Central Bank's key rate is at 9.25% (1 May), while inflation was at 4.1%. But banks typically charge SMEs closer to 15 or 16% for new loans. The high interest real rate is also attracting speculative investors which is keeping the ruble higher than the government would like.
- **Lack of diversification.** The government's new plan is based on diversification in both the economy and in exports. But that is the future plan and depends on a number of difficult changes being made. Meantime, the economy remains vulnerable to commodities and to the external environment generally.
- **Poor efficiency.** Russian industry suffers from poor management, aging equipment and low-efficiency standards. Part of the new way forward is to tackle these problems more effectively but, for now, these are plans. Integrating foreign investors, including with joint venture programs, is critical.
- **Attitudes.** It is difficult to push changes in the government and within the bureaucracy. Vested interests and ingrained lethargy are problems as is resistance to change for ideological reasons. It means that changes within the state sector, when they occur, happen slowly.
- **Budget.** Far too big a percentage of budget spending is allocated to the state sector to subsidize inefficient industries and activities. There is real opposition to efforts to reform the budget and that is unlikely to change for many years.

Role of Sanctions

Complicated picture. It is difficult to isolate the impact of the sanctions imposed against Russia in 2014. That is because sanctions are only one factor which hurt the economy and caused the slide into recession, other reasons include:

- Growth in the economy was already slowing from third quarter of 2012 as the old model, based on double-digit growth in the consumer, services and construction sectors plus annually rising oil revenue, started to have less

of a positive effect on the expanding economy.

- Russia's counter-sanctions, imposed as a reaction to the sectoral sanctions in August 2014, which banned food imports from the U.S. and EU (plus some others) was a major reason for the spike in inflation from later that year until mid-2015. The official peak rate was close to 30% at end of the first quarter of 2015. That was also a contributory factor to the high interest rates which caused broad damage to the economy in 2015 and 2016.
- The oil price collapse from late August 2014 had a much bigger impact and was the main reason for the collapse of the ruble and the slide into recession.

The new normality. It is correct to say that Russia has largely adapted to the sanctions regime, i.e. the fact that the economy has returned to modest growth and confidence is growing is proof of that:

- The Crimea-related sanctions (imposed in the first quarter of 2014) have no discernable impact on investment or the economy. It is assumed these sanctions will remain indefinitely by both the U.S. and the EU.
- The dual-use technology ban has had no major impact as yet. Russia has been able to source some of the affected equipment from non-sanctioning countries, e.g. in Asia, and to develop domestic alternatives. Longer term the effect is harder to predict as the country will have to extensively modernize manufacturing equipment, processes and software in the coming decade if the targeted growth is to be reached and sustained. The sanctions ban, if it remains, will make that more difficult, more costly and slower.
- The ban on equipment and Joint Ventures (JVs) in the Arctic, other off-shore sites and in shale has had no impact on the oil (or gas) sectors. Russian oil output is at a post-Soviet high (see table in next section) and there is no reason whatsoever to assume there will be another record output this year or next, i.e. subject to the terms of the joint Russia-OPEC production deal.
- Financial sector sanctions have caused damage, not because they have

squeezed available capital or caused problems for the banks affected, but because this sanction led to a widespread voluntary ban on Russia investment and trade by Western institutions and companies. In other words, the perception was created that it had become too risky to invest in Russia or to deal with Russian companies. That drop in investment spending, in particular, was a contributory factor in prolonging the recession.

What Happens Next?

No problem accessing capital. The only existing sanction is that blocking the state banks from accessing international credit with a 30-day, or greater, duration. The reason is not the ability to access capital, e.g. the Finance Ministry easily issued Eurobonds last year and is planning more this year, but because this sanction causes the perception of Russia risk and a still widely held voluntary ban on investment into Russia.

The voluntary effect has been more damaging. That has not prevented the economy from pulling out of recession and is not causing any financial strains for the government or the major corporations, but it is an important factor which may lead to continued slow investment into the economy, i.e. under the localization strategy, and thus lead to the economy remaining at a relatively modest growth level for much longer.

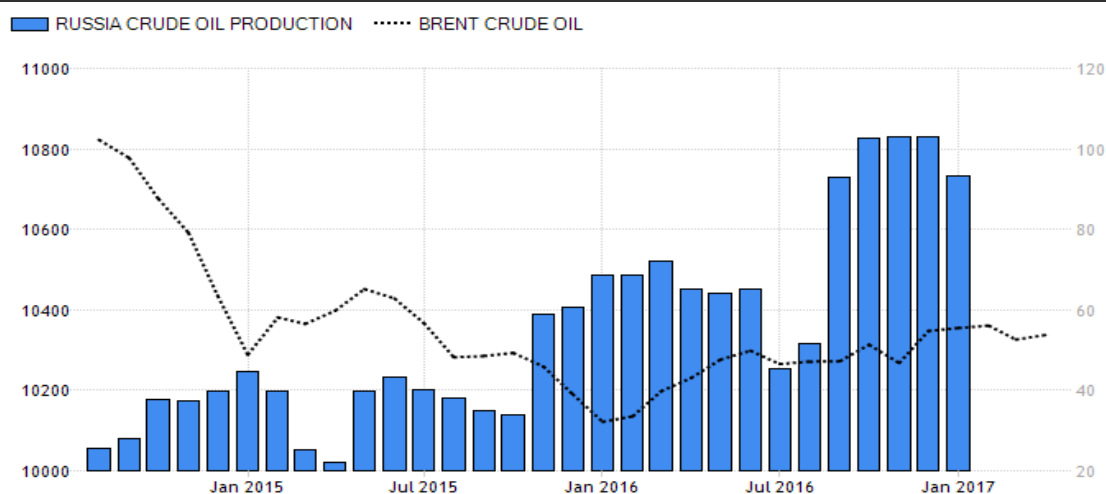
Oil Sector & the Role of the Oil Price

Oil output has continued to rise. The graph below shows that the Russian oil sector has not been impacted by the sanctions imposed in August 2014. The current output is near a post-Soviet high and has only recently slowed a little in compliance with the deal agreed with OPEC last November. There was a fear that the restriction on access to capital (Rosneft is banned from raising capital on Western markets) would cause a slowdown in spending and in output but that has not happened because:

- The collapse in the ruble exchange rate dramatically cut production costs in dollar terms and allowed the oil companies to remain very profitable with free-cash flow for investment.
- Rosneft sold equity participation in some of its big fields, e.g. the Vankor field, to the ONGC firm of India for “several” billion dollars.
- Chinese bought oil forward from Rosneft, which helped it repay debts to Western banks.
- Russian oil producers have had to focus more on efficiency since the oil price collapse. They previously had not been as efficient as Western majors but that has, and is, changing.

Gas. The gas sector is not included in any sanctions.

Rising Oil Output - Despite Sanctions & Weak Oil Price



Source: E.I.A.

Friend or Foe, Putin's Making the Most of Trump

Jill Dougherty

Former CNN correspondent;
Global Fellow, The Wilson Center

For weeks after Donald Trump's election, "Trumpomania" ruled the Russian airwaves.

State-controlled media were besotted with the rich American who didn't insult their President or lambaste their country for human rights violations -- who actually thought it would be "nice" if Russia and America "got along."

Russian TV carried more news about Trump than about Vladimir Putin. It seemed only a matter of time before Trump would lift economic sanctions on Russia and join hands with Putin to fight terrorism.

But the sanctions stayed in place. Trump started Tweeting about winning an arms race. His UN ambassador condemned Moscow for annexing Crimea. Then came "KremlinGate."

In Moscow, the love affair is cooling. State media are dialing down the temperature on Trump -- fast. Whole newscasts go by without a word about him. Like a spurned lover telling a friend how it all went wrong, Kremlin spinmeisters are trying to make sense of it all for Russian viewers.

They're not blaming Trump, yet, although hints of dissatisfaction at his management style sometimes creep in. Instead, they're reaching back in their propaganda playbook for some tried-and-true tropes about the United States.

Master media showman Dmitry Kiselev, in his weekly TV program "News of the Week," gave a textbook vision of why Trump isn't delivering on his promise to improve the relationship with America.

The "oligarchic media" -- the same ones Trump has called "enemies of the American people," Kiselev noted -- are at war with the new president, determined to bring him down.

"Radical liberals" won't accept the results of the election and are "plotting a revolution". Even a mention of Russia by Trump or his administration carries "high political risk."

If this sounds vaguely familiar, that's because you have heard it before. Soviet Cold War propaganda employed similar themes. Exploiting America's real faults, like racial and economic inequality, it depicted the United States as a hell-on-Earth for poor people and minorities. The country was run by the rich, usually depicted as fat men in top hats and striped pants. America's proletariat had no chance to change the system.

True, fitting Trump into this picture takes some creative cutting and pasting. After all, he is rich and so are most of his top officials. So the Kremlin has had to redefine who runs America. Mr Moneybags is out; the "oligarchic media" is in. Cribbing a word usually used to describe billionaire Russian businessmen, the Kremlin-controlled media now quote Trump and his favorite phrase "fake media."

The Kremlin's media messaging is borrowing other expressions from the US President.

Putin spokesman Dmitry Peskov decries "media hysterics" in the United States. Dmitry Kiselev says "radical liberals" are working against the President.

Why is the Kremlin so interested in US democracy? Like their Soviet ancestors, it's a way to kill at least two birds with one stone.

Moscow gets to criticize the United States as a fake democracy. Like Trump during the presidential campaign, it can call it a rigged system. Any lessons about democracy the United States wants to teach the world are bogus. The US media are "enemies of the people" -- ironically, a phrase used from the earliest days of the Bolshevik revolution.

The Russian state media's persecution of Trump theme also gives the Kremlin a chance to warn Russian citizens that it could happen at home.

We've heard before about radical liberals want to bring down Vladimir Putin. Divided societies are doomed. Enemies are out to rock the boat and carry out a silent coup.

All this is playing out in Russia against the backdrop of its own political drama: the 2018 presidential campaign, in which Vladimir Putin is expected to run again.

Trump isn't Putin. The Kremlin knows that only too well. Trump's lack of discipline, his unpredictability, his incapacity to grab the reins and run the United States the way he wants to do not bode well for attaining Russia's objectives.

But, at this point, Trump's travails can serve the Kremlin's ambitions: a message to the world that the United States is a shambles, a message to the Russian people that the only way to ride out the coming storm is to stick with Putin.

This piece originally appeared on CNN on March 7, 2017.

The Entitled: Why the Kremlin Had Such Big Expectations From a Trump Presidency

Maxim Trudolyubov

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The Trump administration's relative popularity in Russia owes much to the Kremlin's concerns about its own standing in the world.

Attitudes to President Donald Trump in Russia changed from a euphoric support to an utter disappointment in the space of the new U.S. president's first 100 days in the White House. I do not remember any other instance in which Russian elites and the general public would experience such an emotional overload in trying to determine their position about a foreign leader.

The reasons for the misunderstanding lie deeper than immediate politics of the past months. The relationship between the United States and Russia is like no other. It is heavily invested with both the gravest issues of international security and the most volatile political fancy. As opposed to the U.S.-China interdependent rapport, the U.S.-Russia story has almost no economic dimension. Therefore, it is not anchored in national vested interests and is open to exploitation for immediate political gain. This is why emotions can run high. The share of Russians polled by the All-Russia Center for Public Opinion who said they had a positive opinion of President Trump went from 38 percent to 13 percent immediately after the U.S. military strikes in Syria on April 6. The number of Russians who had a negative opinion of Trump went up from 7 percent to 39 percent on the same date.

Back in November 2016, almost half of those polled expected the U.S.-Russian relationship to improve after a Trump win. Only 34 percent thought so recently, and 82 percent said that the relations were “negative.” To understand these wild swings, one has to go back to the roots of U.S.-Russian relations.

Equal Stakeholders

In my secondary school years in the late 1980s, “Deployment of New Missiles in Europe Must Stop,” “Moscow Pulls Out of the U.S. Olympics,” and “Reagan's Great Lie in the Sky” were the kinds of news stories one had to present in front of the class after spending an evening sifting through the newspapers. We had weekly “political information” classes back then, and these headlines come back to me whenever I remember those times.

The acrimony of Soviet television and newspapers was so habitual that it did not strike one as truly biting. It was just the way the world was: they called us “evil,” we called them “imperialists”; they were running their part of the world, we were ruling ours. Underlying all the media noise was a notion firmly held by both sides that they were equals, each power holding a 50 percent stake in the world's ultimate security joint venture. The Soviet bloc and other socialist-leaning countries were not called “the second world” for nothing.

After the collapse of the Soviet Union in 1991, Russia sought to consolidate its former international status. Moscow made sure the Soviet nuclear arsenal was on Russian territory, took up responsibility for the Union's debts, inherited its permanent seat on the United Nations Security Council, and claimed the former republics' largest foreign assets. By virtue of this transition, the Russian elites have always considered themselves entitled to the Soviet Union's stature in the world.

Americans thought otherwise. U.S. politicians—starting with George H.W. Bush, who in 1992 declared that “the Cold War didn't end, it was won”—tended to see Russia's stake in the world diminish. Of course, it was a viewpoint, not a document. The standoff between the powers of the capitalist West and the socialist East had been

very real, but no capitulation treaty in was signed at the end of the Cold War because the war itself had never been formally declared. The same goes for the Soviet-American security “joint venture”: it has never been instituted on paper and could be easily diluted.

Or so it feels now. “The collapse of the Soviet Union was unique in the pace with which the country’s international status crumbled,” Fyodor Lukyanov, editor-in-chief of the journal *Russia in Global Affairs*, wrote in *Vedomosti* at the end of January, not long after President Trump’s inauguration. “In November 1991, the USSR was one of the two pillars of the world order. (Mikhail Gorbachev served as one of the two principals, with Bush, of the 1991 Madrid Conference, an attempt to revive the Israeli-Palestinian peace process.) In December of the same year, the newly independent Russia was receiving humanitarian aid from its former adversaries—no military defeat suffered!”

Destination West

This is today’s vision. I am not sure that many, even among the top officials, felt so strongly about the loss of Russia’s international status back in the 1990s. The overwhelming concern was to make sure the transition was peaceful. “The Soviet Union had more than five million soldiers deployed from Budapest to Vladivostok, and hundreds of thousands more troops in the KGB and interior ministry battalions,” the historian Stephen Kotkin wrote in his aptly named book *Armageddon Averted*. “It experienced almost no major mutinies in any of these forces. And yet, they were never fully used.”

The transition was peaceful for a reason. The dissolution of the Soviet Union and a breakneck privatization of the assets created by generations of Soviet engineers, workers, and prisoners was an opportunity of a century. The people who understood this were very much interested in keeping the peace. The elites concentrated on their family’s economic survival or, if the opportunities presented themselves, future prosperity. Taking care of the former Soviet Union’s stake in the global security architecture was not Moscow’s priority at the time. It is for future historians to establish, but my take is that the trade-off between the great-power status on the one hand and the prosperity of the chosen few on the other was quite

conscious. Today’s narrative of a great nation robbed of its former glory was not there yet.

President Vladimir Putin and his circle watched their peers enriching themselves up close. It was a Darwinian struggle of the fittest just to stay in one piece and siphon off the proceeds. Putin and his friends may have hated what they saw, but they were not opponents of the policies of Russia’s then president Boris Yeltsin, either. Meanwhile, the second half of the 1990s and the first half of the 2000s saw a major expansion of the American-backed institutions of the West: NATO and the European Union. Moscow never loved this expansion, but also never protested forcefully against it until a certain point. As late as the early 2010s, the working plan that Moscow seemed to be following was for Russia to be part of a Greater West, a loose community of nations that were too divergent economically and politically to fit the European Union, NATO, or even the Organization for Economic Cooperation and Development, but were still parts of a value-based whole.

It was because of this understanding that Moscow tolerated the expansion of the West: it was thinking of itself as an aspiring part of the West, too.

Unfinished Business

When it became obvious that this plan had not worked out, nostalgia for the Soviet Union’s status as an equal to the United States went into full blossom. The story of a great power deceived by its scheming partners became one of the dominant narratives developed by Russia’s state-run media.

“We all had illusions. We thought that even after Russia, voluntarily and consciously, undertook absolutely historical limitations to its territory and manufacturing capacity,” Vladimir Putin said in a documentary released in 2015. “As the ideological component was gone, we were hoping that ‘freedom will greet us at the door and brothers will hand us our sword.’” These words—a quote from the Russian poet Alexander Pushkin—are remarkable not just because of a reference to a Russian Romantic poem and a sword but also because of the conditional character Putin ascribes to the dissolution of the Soviet Union.

Moscow's sense of entitlement to great-power status began to grow exponentially. Following the 2011–12 protests, Moscow reconceptualized the so-called “color revolutions” as being not just hostile acts but weapons of political warfare deployed against Russia. Under the circumstances, it was merely one way that Russia's leaders could read the events in Ukraine in early 2014 when then President Viktor Yanukovich fled the country following mass protests. The Kremlin read it as a prelude to a Western-led regime change in Moscow. As a response, Russia broke out of the post–Cold War security agreements and annexed a territory of another post-Soviet state, the peninsula of Crimea, a region of Ukraine. The events that followed the annexation and the war in Ukraine—the expulsion of Russia from G8, the introduction of American and European sanctions, a steep economic decline caused mainly by a coinciding oil plunge—brought U.S.-Russian relations to a deep freeze. But Moscow never meant to reach a point of no return.

When acting aggressively, Russia was acting in the belief—a belief that Putin reiterated on many occasions—that the past show of weakness was the cause of Russia's troubles and the present show of strength will bring back what was lost. By its use of force in Ukraine and later in Syria, Moscow was seeking to reinforce its negotiating position for a reinvigorated international status. The Obama administration, in Moscow's view, did not understand the proposition—and so, the thinking went, a new administration would. A new president in Washington was Russia's hope for a turnaround in an argument that had been left unresolved for the two-and-a-half post–Cold War decades.

Margarita Simonyan, editor-in-chief of RT, Russia's government-owned television channel that broadcasts in foreign languages, welcomed the Trump win on election night and immediately suggested that she would retire as soon as “Trump recognizes Crimea as part of Russia, strikes a deal with us on Syria, and frees Julian Assange.” This was the list of immediate political talking points that Moscow wanted to address when Trump was elected. Of course, Margarita Simonyan did not have to retire. It quickly became clear that those wishes would not be granted fast. But the real expectations were that the new administration would sit down with Moscow and make good on a debt that, Moscow thought, Washington owed it.

We still do not have a definitive answer to the question of whether Moscow managed to interfere with the 2016 U.S. election, but the Kremlin was invested in it in the sense that it did expect a lot from the outcome. We do not know all the tools that may have been used; even if we learn more about them, this information will be technical. The nontechnical and fundamental part is that Moscow developed a sense of entitlement to a better representation in the world and tried to push for this entitlement to be recognized in Washington. I would not be surprised if Moscow did use some old tricks in trying to help the new administration move in the desired direction. What still surprises me is the kind of approach that Moscow has taken if indeed the idea was to get back to a conversation about Russia's desired role in the world. A country cannot trick others into recognizing its worth.

The two sides' divergent perspectives on Russia's standing in the world originate at the very beginning of a long drama of the U.S.-Russia post–Cold War relationship. The notion of Russia being a major stakeholder in the world persisted on the Russian side and disappeared on the American side. For a long time, Russian society did not care about its loss of status, but it was reminded of such problems relatively recently by the state-run media, and only because some profound disappointments the Russian elites had experienced over the past decade or so.

For the elites, it turned out that being personally rich was not enough, and the riches themselves were transitory given the precarious state of a barely modernized, heavily oil-dependent economy devoid of any consistent rules, let alone the rule of law. It is a society that must feel strong, not just its elites. Even if the Kremlin rulers sincerely believed that the West had tricked Russia out of the status it truly deserved it should have recognized that pure deception is never enough: one needs substance to show for it. The Russian economy and trade were to be the Kremlin's main concerns if it wanted Russia to be recognized again as a major world power. To secure that recognition, the Kremlin would better engage in a relationship with the U.S. that would be beneficial to Russia's businesses, scientific and scholarly communities on top of the inevitable security agenda that will always remain a U.S.-Russia subject.

The piece appears in the spring issue of the Wilson Quarterly.

A Permanent State of Sanctions? Proposal for a More Flexible EU Sanctions Policy Toward Russia

Sabine Fischer

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German Institute for International and Security Affairs

Sanctions seem to have become a permanent element in relations between the EU and Russia. They have contributed to curbing the war in Donbas but are not capable of forcing Russia to return Crimea to Ukraine and implement the Minsk agreements. In 2017, consensus within the EU on sanctions against Russia is more fragile than it has been previously. As a result, therefore, the EU needs to consider now what strategic steps it should take next.

In recent years, sanctions have profoundly affected relations between the EU and Russia. They are an expression of the worst crisis in Russia's relationship with the West since the end of the East-West conflict and reveal the extent to which the European security order has broken down. They are also part of the blocked peace process in Ukraine.

The EU closely coordinated its sanctions policy with the Obama administration. The election of Donald Trump as U.S. President has raised concerns among the U.S.'s European allies that Washington could withdraw from the Western sanction mechanism and allow it to collapse. There are currently no signs that the Trump administration is planning to withdraw any punitive measures. However, the sanction mechanism could unravel at the European level, too, as a result of parliamentary and presidential elections in some EU Member States.

EU sanctions against Russia

The restrictive measures imposed by the EU on Russia are based on a three-stage sanction mechanism which heads of state and government adopted in early March 2014. It includes diplomatic sanctions (Level 1), measures, such as visa bans and asset freezes targeting specific individuals or legal entities and organizations

(Level 2) and economic sanctions targeting specific economic sectors (Level 3).

The EU can adopt such restrictive measures based on a Common Foreign and Security Policy (CFSP) decision by the Council which occurs at the behest of the High Representative for Foreign and Security Policy. A Council regulation, prepared by the EU's External Action Service and the Commission, is required if assets are to be frozen and economic and/or financial sanctions imposed. Council Decisions and Council Regulations come into force once they are published in the Official Journal of the European Union. The EU officially informs individuals and organisations affected by sanctions about which steps it has taken and why. Restrictive measures are reviewed at least every 12 months and extended by Council Decision. The Council may at any time decide to amend, extend, suspend or repeal the sanctions.

The diplomatic measures against Russia (Level 1) came into force on March 6, 2014 through the decision of the heads of state and government to adopt the three-stage plan. Since then, negotiations on a new partnership agreement between the EU and Russia have been suspended. Visa liberalization and visa freedom are no longer being negotiated and EU-Russia summits are no longer taking place. Many thematic working groups have been suspended as well.

In response to the annexation of Crimea, the EU adopted the second stage of its sanction mechanism and initially imposed visa bans and asset freezes on a very limited number of actors who were directly involved in the events. By December 2014, it had suspended all forms of economic interaction with Crimea and Sevastopol. Since then, the two annexed territorial units have been both economically and politically isolated from the EU.

The EU also imposed restrictive measures on individuals and organizations involved in the destabilization of Eastern Ukraine from April 2014. The list of affected actors has since grown to a total of 150 individuals and 37 organizations and includes a number of high-ranking Russian government representatives and confidants of the Russian president. The EU finally activated the third stage of its sanction mechanism in response to the escalation of the war in Donbas during the summer of 2014 (the shooting down of the Malaysian Airlines passenger aircraft MH17 in July and the invasion of regular Russian troops in August). It imposed an arms embargo and restrictions on the trade in dual-use goods and equipment needed for crude oil exploration and production. It also restricted access to the EU's capital market for a group of Russian banks and companies. At the same time, it refrained from imposing more disruptive measures, for instance, excluding Russia from international payment transactions (SWIFT). The EU reacted to a renewed escalation of the armed conflict in January 2015 by extending the list of sanctioned individuals but did not adopt new economic sanctions. The restrictive measures it imposed as a result of the war in Donbas have also been gradually adapted in the past two years, but have not been tightened. They were extended every six months. In March 2015, the European Council decided to bundle the sanctions imposed on Donbas and agreed to make their suspension conditional upon the full implementation of the Minsk agreements from February 2015. The next decision on the Donbas sanctions is due on July 31, 2017.

The EU coordinated closely with Washington on the form and content of its restrictive measures. The U.S. list of sanctions includes more and more prominent individuals from Russian President Vladimir Putin's inner circle. U.S. financial sanctions—unlike those of the EU—also have an impact outside its borders. The suspension of U.S. coercive measures would reduce the broad impact of Western sanctions. It would be a strong incentive for political and economic actors within the EU who are critical of sanctions to further question the already fragile consensus in favour of sanctions.

Russian sanctions against the EU

In response to Western sanctions, Russian President Vladimir Putin ordered an import ban on many agricultural products from the EU and the U.S. on August 6, 2014 (decree no. 560). For this purpose, a federal law from 2006 authorizes 'special economic measures' to ensure the security of the Russian Federation (e.g. breaches of international law or hostile acts by other states against Russia). The import ban concerns a number of meat and sausage products, dairy products, varieties of fruit and vegetable as well as fish and crustaceans. Other products, such as baby food, certain animal products and live animals or lactose-free milk and dairy products, were exempt from the embargo. These Russian sanctions have been extended several times since August 2014 and also extended to third countries that had signed up to the EU and U.S. sanctions. The list of countries affected now includes Canada, Australia, Norway, Albania, Montenegro, Iceland, the Grand Duchy of Liechtenstein and Ukraine, in addition to the U.S. and EU Member States. In May 2016, Moscow eased the ban on imports of beef and poultry meat as well as some vegetable varieties because these products are needed for the production of baby food. The Russian sanctions were last extended in June 2016 for the period up until December 31, 2017. They are a reaction to the sanctions imposed by Western states. As a result, their suspension depends on the future sanctions policy of the EU, the U.S. and the third-party countries involved—without it being explicitly stated in the relevant legal documents.

Furthermore, since March 2014, Russia has kept a list of 89 political actors from various EU Member States who are refused entry into the Russian Federation. Unlike the EU, the Russian list has neither been officially adopted nor published, nor has any reason been given as to why the politicians on the list are affected by the measure. Instead, the list was leaked to Western media in May 2015 after the Russian government had unofficially sent it to the EU.

Whether and when the travel bans for those affected are cancelled is, therefore, even more dependent on the political will of leaders in Moscow than is the case with the Russian food embargo.

The impact of sanctions

The ‘impact of sanctions’ in the following means the overall implications of the sanctions on both sides as well as on their relationship to each other. In the three years they have been imposed, the punitive measures have had a broad impact. The impact of the sanctions is not, however, identical with their effectiveness in the narrower sense, i.e. the question as to whether the sanctions have achieved their intended objectives.

The impact of sanctions and counter-sanctions on the Russian economy:

The impact of EU sanctions corresponds to the intention of targeting individuals, organizations or sectors. As a result, sanctioned actors had to accept financial losses, such as the Rotenberg brothers or Gennady Timchenko, three influential oligarchs in Putin’s inner circle. Most sanctions on economic sectors have largely had a medium to long-term impact: the export ban on dual-use goods excludes the Russian armaments industry from long-term access to high-technologies from industrialized countries which could have a negative impact on Russia’s ambitions to modernize its armed forces. The export ban on technologies in the area of oil exploration and production is limiting Russia’s ability to develop new oil fields and keep production levels stable. The sanctions have also made cooperation with Western energy companies more complicated. However, this is not the case for all cooperation projects, since contracts already concluded may still be implemented despite EU sanctions (e.g. Nord Stream 2, Statoil cooperation). The impact of these sectoral economic sanctions is, therefore, indirect and dependent on the development of other factors. Consequently, some experts are questioning whether they will ever have an impact at all.

Restrictive measures in the financial sector have the most direct influence, limiting access to Western financial markets for the affected Russian banks and companies. The Russian government has, therefore, had to give financial support to several companies hit hard by the sanctions.

In 2014 and 2015, the Russian economy experienced an acute recession but has stabilized since 2016 albeit at a lower level. Western and Russian experts agree that sanctions are only one, and by no means the most important, reason for the recession. The oil price decline in 2014/15 had a much stronger impact on the resource-dependent

Russian economy. Both Russian and non-Russian experts estimate the impact of sanctions on the entire economy at 0.5 to 1 percent of gross domestic product (GDP). Beyond these specific implications, the mere existence of the sanctions and the political crisis in Moscow’s relationship with the EU and the U.S. have led to a general deterioration in the business climate and increased risk for foreign investors. In the medium to long term, these trends will adversely affect the urgent need to modernize the Russian economy.

The consequences of the import ban on food from the EU, the U.S. and other third-party countries were ambiguous for the Russian economy. On the one hand, in 2014/15, this measure led to a massive increase in food prices (up to 50 percent for some product groups) and pushed up inflation. This, and the disappearance of coveted goods from supermarket shelves, had a direct negative effect on Russian consumers. On the other hand, the Russian agricultural sector benefited from the absence of often higher-quality Western goods and was the only economic sector to grow in the 2014/15 recession.

The Russian political leadership countered the impact of sanctions with a package of measures. As mentioned previously, companies approaching insolvency were given support in the form of financial aid and large-scale public contracts enabling them to compensate for losses incurred due to the sanctions. From 2014 onwards, Russia also tried to rapidly intensify its economic relations with China—with moderate success. Moscow is now working even more resolutely to strengthen the role of the state in its economy and is yet more relentless in its drive for protectionism and import substitution.

Impact of sanctions on the economic situation in the EU:

The economies of EU Member States are affected by the mutual sanctions in three respects. Firstly, the EU’s restrictive measures prevent certain interactions in the armaments industry, in high technology and the energy sector. Secondly, some Member States have suffered declines in their agricultural exports due to the Russian import ban. And thirdly, the recession and the concomitant weakening of Russian purchasing power had a negative impact on EU companies active in Russia. Calculations by economists conclude that the sanctions will have only a very limited long-term impact on the EU economy as a

whole (considerably below 0.5 percent of GDP). However, the effects are distributed very unevenly due to varying degrees of economic interdependency. As Russia's most important European trading partner, the Federal Republic of Germany, for example, is hardest hit by the EU sanctions. France had to halt the sale of two Mistral-class helicopter carriers. The French banking sector is exposed to risks from particularly high lending to Russian companies. Others, mostly Eastern Central European countries and Finland, are strongly affected by the Russian agricultural embargo.

The negative consequences of sanctions are not existential for EU Member States, but they cannot be ignored in view of the already tense economic situation in the EU. Back in 2014, the Commission launched a series of steps to counter the negative effects. These included measures to stabilize the EU's agricultural market and attempts to open up new markets within the EU or in third countries. Therefore, re-focussing on other markets, such as Belarus, could largely offset Russian market losses.

In 2014, the EU sanctions were deliberately designed in such a way as to not endanger its close energy relations with Russia in the medium to long term, especially in the natural gas sector. However, efforts to diversify EU natural gas imports were in place long before the outbreak of the Ukraine crisis. The primary and secondary implications of the sanctions imposed in 2014 have led to unbundling tendencies in various sectors on the EU side.

The effectiveness of sanctions in the EU-Russia relationship

When international actors impose sanctions they usually want to punish the action of another actor and make it change its policies. They can use sanctions in a variety of ways to either coerce their counterpart to change their course of action against their explicit will or convince them of the meaningfulness of political reorientation. They can also use sanctions to send a signal to a counterpart, but also to other target groups, such as their own citizens or the international community. The harshness of the punitive measure depends on the intention (to coerce, convince or send a signal). However, the relative strength of the sanctioned actor also determines which of the three options the sanctioning party chooses.

The EU restrictive measures were adopted against Russia in 2014 "with a view to increasing the costs of Russia's actions to undermine Ukraine's territorial integrity, sovereignty and independence and to promoting a peaceful settlement of the crisis". The decisions to establish the sanction mechanism and to activate the three levels were each taken in phases as the conflict escalated. Their aim was to de-escalate the war but also to create a political environment in which it would be possible to peacefully resolve the conflict and restore the territorial integrity and sovereignty of Ukraine.

The EU responded to the annexation of Crimea with weak sanctions. EU decision-makers were surprised by the rapid speed of developments there. In the spring of 2014, a number of Member States, including Germany, were still rejecting full implementation of the three-tier sanctions mechanism. As a result, the EU's response was to signal their disapproval of Russian (and also Ukrainian) policy. The additional costs incurred by the sanctions had no impact on Moscow's decision to annex Crimea and to persist with this action.

A different assessment can be made of the effectiveness of Western sanctions with regard to the escalation of the war in Eastern Ukraine. The decision to fully activate the sanctions mechanism and impose sectoral economic measures may well have influenced the course of the armed conflict in Donbas. After September 2014, it did not expand much beyond the conflict line established during the Minsk negotiations. Russia re-calibrated its support for the separatists and disempowered the most radical actors among them. The chronology of the conflict suggests that the imposition of painful economic measures, which made the threat of more serious measures credible, restricted Moscow's actions and curbed further escalation of the war. The simultaneous debate taking place in the West on possible military support for the Ukrainian army may have played a role here. The sanctions were, therefore, quite effective. They convinced Russia of the necessity to moderate their acts of war, without having been able to force them to end the conflict completely.

The sanctions have not changed the basic orientation of Russia's policy on Ukraine which is to maintain influence through controlled instability. The annexation of Crimea has become such an important part of the Russian identity discourse that the political leadership cannot reverse it without endangering itself. A large

majority of the Russian population continue to support the government's position on Ukraine. In addition, hopes that targeted restrictive measures could lead to dissent and resistance in the ranks of the political and economic elite have not come to fruition. The EU has not had access to Russian society and its elite for some years which would be a requirement for exerting any influence of this kind. The majority of Russians still believe the West bears full responsibility for the crisis; approval ratings for foreign policy and for the president remain high.

The European Council has 'misappropriated' the sanctions in its package solution from March 2015. Their goal is no longer restricted to de-escalation but is aimed at fully implementing the military and political provisions negotiated in Minsk. The Minsk process, on the other hand, has been blocked since 2015 because the parties are calling for contrary sequencing of the Minsk agreements. Russia (with the separatists) insists that the political provisions must be implemented before the military provisions, while Kiev is demanding security and control over its borders before it can or will implement the political provisions. The sanctions have become part of this blockade. They do not offer Moscow any incentive to change their policies. Furthermore, the 'package solution' makes the lifting of sanctions also dependent on Kiev's policies. Russia has repeatedly complained that while it suffers from the sanctions, it is actually Ukraine that is not fulfilling its obligations under the Minsk agreements.

Russia has hitherto been less successful with its sanctions than the EU and/or Western actors. EU Member States have decided to continue the sanctions at regular intervals since 2014. It should be pointed out that there is no causal link between the extent to which a Member State is affected by the mutual sanctions and its critical attitude to sanctions: of those Member States in favor of a severe course of sanctions, Poland, the three Baltic republics and the Federal Republic of Germany are the hardest hit economically.

The debate on punitive measures against Russia has already taken several turns. The consensus on sanctions was first put to the test when Russia broke out of its international isolation for the first time in the autumn of 2015 with its military intervention in Syria and the EU was, simultaneously, under pressure from the increasing number of refugees. One year later, on the other

hand, it was the Russian-Syrian bombardment of Aleppo that prevented a critical discussion of sanctions at EU level.

While the impact of the 'Trump factor' is as yet unknown, shifting forces in favor of populist and anti-EU movements in important elections in European countries could jeopardize the consensus on sanctions throughout the course of the year. Given the key role that cooperation between Berlin and Paris has played and still plays in both negotiating sanctions and in the Minsk Process, the acid test in this context could be the presidential election in France.

Contrary to reducing Western opportunities to influence Russian opinion-shaping and decision-making processes, Russia, for its part, is currently influencing political developments in EU Member States through various means. If, in the upcoming elections, political forces succeed in removing the basis for the sanctions mechanism by withdrawing their consent, Russia's overall strategy (counter-sanctions and political influence) will have proved successful at a stroke.

What next?

EU sanctions against Russia were not ineffective as is repeatedly claimed. In view of Western efforts to end the crisis in Ukraine, they should be viewed as a partial success because they have

- expressed the EU's protest at Russia's violations of international law;
- helped curb armed conflict in Eastern Ukraine in the summer/autumn of 2014 and spring of 2015;
- helped prevent Russia and the separatists from expanding the war.

However, the sanctions did not

- reverse the annexation of Crimea;
- end the war in Donbas;
- lead to full implementation of the Minsk agreements.

They also had some unintended effects. For example, processed accordingly by the Russian state media propaganda machine, they contributed to consolidating the authoritarian Russian regime. The coincidental timing of sanctions and the decline of the oil price and the economic crisis in

2014/15 reinforced the impression among the Russian population that the sanctions were aimed at worsening their socio-economic situation. In addition, compensation, the reorientation of foreign trade and, in part, efforts to circumvent the sanctions on both sides, have led to a certain habituation effect in bilateral economic relations. In view of the general weakness of the Russian economy, it is also questionable whether an end to the sanctions would rapidly restore economic relations to levels before 2014. In turn, this reduces the already low incentive capacity of the sanctions.

The Western consensus on sanctions appears to be less stable in early 2017 than in previous years. The worst conceivable scenario is an uncontrolled collapse because EU Member States can no longer agree on the sanctions and transatlantic cooperation fails. This course of events is very likely if Marine Le Pen wins the French presidential election. However, even if the Front National does not win elections in France, a development of this nature cannot be ruled out. It should be prevented in all circumstances because it would:

- revive uncertainty and the risk of escalation in Eastern Ukraine;
- confirm to Russia that there is sufficient scope for a policy of military influence in its neighbourhood;
- signal to all parties that the EU is incapable of taking action.

To date, Russia has not given the West any reason to consider lifting sanctions. No change to Russia's Crimean policy is expected under the current political leadership in Moscow. The Crimea sanctions should, therefore, be maintained in any event.

With regard to Donbas, consideration should be given to unbundling the sanctions package and linking the gradual lifting of sanctions to the implementation of security provisions. This applies in particular to the ceasefire (item 1), the withdrawal of heavy weapons (item 2), effective monitoring and verification of the ceasefire regime by the OSCE (item 3), guaranteeing access for humanitarian aid (item 7) and the withdrawal of foreign armed groups (item 10). The EU could provide additional incentives for implementation alongside the gradual lifting of sanctions, including the European Bank for Reconstruction

and Development (EBRD) resuming its activities in Russia.

At the same time, pressure on the Ukrainian side would have to be increased considerably in order for it to meet its security provisions. The EU would have to make it more clear to Ukraine than it has in the past that it should also expect negative consequences if it were to contravene these provisions or even escalate the conflict. The EU should urge the Ukrainian leadership to set up a coherent reconstruction program for the destroyed parts of the Donbas, and also support it generously. In addition, Kiev urgently needs to abandon its current policy of socio-economically isolating separatist-controlled areas.

This last point is particularly important. Unresolved conflicts over Transnistria, Abkhazia, South Ossetia and Nagorno-Karabakh in the last 25 years have shown that implementing ceasefires and, at the same time, politically, economically and socially partitioning the conflict parties leads to the formation of de facto states and decades-long blockades of peace processes. It is only now that attempts are being made to break down the isolation of the conflict areas and counteract this highly advanced development through a policy of engagement and non-recognition. The EU should now insist that this mistake is not repeated in Donbas.

From a Russian perspective and from the perspective of critics of moderate sanctions in the EU, the proposed flexibility would make an end to the sanctions more tangible and this end would no longer depend on Kiev implementing the political provisions. At the same time, Ukraine's comprehensible need for greater security could be taken into account before political obligations are met. The Minsk negotiations and the accompanying international process (Normandy format) should certainly continue and be used to discuss further political steps.

The sanctions have proved to be an effective means of curbing the war in Donbas. They should be linked to this objective again. The prospects of this approach being successful also depend on the political will of the conflict parties. This will is not currently present on either side. Sanctions will, therefore, have to remain a permanent condition for the time being. However, with the step proposed here, the EU would be proactively demonstrating its willingness to be more flexible in its approach. It would, therefore, be better prepared for a future turning point where the

conflict parties signal genuine interest in a sustainable solution to the conflict.

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**U.S.-Russia Relations:
Policy Challenges in a New Era**
May 29 – June 4, 2017
The Aspen Institute Congressional Program

MONDAY, May 29:

American participants depart the USA

TUESDAY, May 30:

All participants arrive in Berlin

Pre-Dinner Remarks

EUROPE, THE UNITED STATES, AND RUSSIA: CHALLENGES TO GLOBAL STABILITY

Baroness Catherine Ashton, former European Union High Commissioner for Foreign Affairs

Working Dinner

Seating is arranged to expose participants to a diverse range of views and provide opportunity for a meaningful exchange of ideas. Scholars and lawmakers are rotated daily.

WEDNESDAY, May 31:

INTRODUCTION AND FRAMEWORK OF THE CONFERENCE

Dan Glickman, Executive Director,
Aspen Institute Congressional Program, Washington, DC

U.S.-RUSSIA RELATIONS: PERCEPTIONS AND INTERESTS

U.S.-Russia relations appear to be at their lowest point in decades, with little prospect of improvement in the near term. Yet the relationship between Moscow and Washington is arguably the single most consequential bilateral relationship for U.S. and global security. Are the two countries set on an inevitable “collision course” in their respective foreign policies, dictated by divergent national interests and worldviews, or is the current impasse more a function of specific policy disagreements and clashes of personalities and institutions?

- What are Russia's national interests? What are Russia's aspirations for its role in the world?
- How do Russia's perceptions of its national interests affect Russia's policy toward the U.S., the EU, and former Soviet states? Does Russia view the U.S. and its European neighbors as threats?
- What are the risks of continued or deepening U.S.-Russia conflict?
- Why is Russia perceived as the top threat to U.S. national security?
- What kind of U.S. policies are likely to lead to an outcome where Russia is less of a threat and/or adversary?

Dmitri Trenin, Director, Carnegie Moscow Center, Moscow
Elizabeth Wood, co-Director, MIT Russian Program, Boston

SETTING THE STAGE: ASKING ‘WHY?’

Matthew Rojansky, Director, The Kennan Institute,
The Wilson Center, Washington, DC

Working Luncheon

Discussion continues between members of Congress and scholars on the challenges for the U.S. policy regarding Russia.

Individual Discussions

Members of Congress and scholars meet individually to discuss U.S. foreign policy. Scholars available to meet individually with members of Congress for in-depth discussion of ideas raised in the morning and luncheon sessions include Matt Rojansky, Dmitri Trenin and Elizabeth Wood.

Working Dinner

Scholars and members of Congress will explore topics covered in the conference. Seating is arranged to expose participants to a diverse range of views and provide opportunity for a meaningful exchange of ideas. Scholars and lawmakers are rotated daily.

THURSDAY, June 1:

HOW GERMANY SEES THE U.S.-RUSSIAN RELATIONSHIP

Norbert Röttgen, Chairman, Foreign Relations Committee,
The German Bundestag, Berlin

NATO, EUROPEAN SECURITY, UKRAINE AND THE BALTICS: WHY ARE THESE NOW IN THE FOREFRONT OF US-RUSSIA TENSIONS?

The crisis in Ukraine is the latest and now the most acute consequence of the failure over a quarter century to establish an inclusive Euro-Atlantic and Eurasian security architecture within which both Russian and Western security interests can be accommodated. Russians assert that two decades of NATO enlargement have demonstrated Washington’s indifference to Russian concerns and objections. Meanwhile, U.S. NATO allies identify Russia as an acute threat to their security, and point to Russia’s intervention in Ukraine as proof of Moscow’s aggressive intentions.

- Why does Russia see NATO expansion as a threat?
- What is the risk of military conflict between Russia and NATO?
- How do European states closest to Russia (the Baltics, Poland, and the Black Sea region) think about their own security and the broader problems for the region?
- What is the motivation for Russia’s policy in Ukraine? How does it see U.S. and European involvement in Ukraine?
- Can the Minsk agreements be salvaged as a framework for managing and resolving the Donbas conflict in eastern Ukraine?
- How can Russia’s behavior be modified? What U.S. policies are likely to help lessen the Russian threat?
- Are U.S. and EU policies likely to aggravate Russia’s aggressive tendencies or reduce risks of Russian interference in the former Soviet space?

- What are the prospects for the dispute over Crimea? Will this be an indefinite obstacle to productive relations between Ukraine and Russia, and between Russia and the West?

Slawomir Debski, Director, Polish Institute of International Affairs, Warsaw
Mykhail Minakov, Associate Professor, Kyiv Mohyla Academy, Kyiv
Feodor Voitlovsky, Deputy Director for International Politics, IMEMO, Moscow

NUCLEAR WEAPONS ISSUES AND STRATEGIC SECURITY: UNDERSTANDING RUSSIAN AND AMERICAN MOTIVATIONS DRIVING POLICY DECISIONS

Russia and the United States together possess over 90 percent of the world’s nuclear weapons, and each has the ability to destroy the other in less than one hour. In their first significant phone conversation, Presidents Trump and Putin discussed the U.S.-Russia nuclear relationship, but despite early hopes, a return to arms control negotiations now seems unlikely. Both sides have committed to significant modernization investments in their nuclear arsenals. Still, Russians would like to negotiate constraints on rapidly advancing U.S. capabilities in anti-missile defense, space weapons, and high precision conventional weapons, while Americans are concerned that Russia is already violating the Intermediate Nuclear Forces treaty.

- Is it necessary to save the nuclear arms control regime?
- What are the prospects for additional negotiated or unilateral nuclear weapons reductions by the U.S. and Russia?
- How does each side think about “stability”? Is a strategically stable relationship between nuclear powers desirable, or even possible?
- What’s the significance of the relationship between offensive and defensive capabilities (such as Ballistic Missile Defense), and between nuclear and non-nuclear capabilities (such as space, cyber, long-range precision strike)?
- Does either side view the first use of nuclear weapons as legitimate? What is meant by the phrase: “escalate to de-escalate” doctrine?
- How does each side see the threat from North Korea’s ongoing nuclear activities? What are the American and Russian roles in the Iran nuclear deal? What can be done to address these threats?

Linton Brooks, CSIS, former administrator,
National Nuclear Security Administration, Washington, DC
Sergey Rogov, Director Emeritus, Institute for U.S. & Canadian Studies,
Russian Academy of Science, Moscow

Working Luncheon

Discussion continues between members of Congress and scholars on the challenges for the U.S. policy regarding Russia.

GERMANY’S APPROACH TO REFUGEES

Germany has taken an open door policy to dealing with refugees from the Middle East conflicts, accommodating over a million refugees from the Middle East, Afghanistan and North Africa in the last three years. We will learn about the rationale for this policy and how Germany is assisting with the refugees’ integration into Germany society. With the U.S. and Russia both involved in the conflict in Syria, a major source of these refugees, this will give participants from both the U.S. and Russia a chance to learn more about the impact of the refugee crisis in Europe and particularly Germany’s response.

Andreas Tölke, independent journalist and
Board member of the NGO “Be an Angel”, Berlin

Working Dinner

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FRIDAY, June 2:

A RUSSIAN PERSPECTIVE ON THE U.S.-RUSSIAN RELATIONSHIP

Konstantin Kosachev, Chairman, Foreign Relations Committee,
Russian Federation Council, Moscow

REGIONAL CONFLICTS & GEOPOLITICS: THE GREATER MIDDLE EAST, CENTRAL AND EAST ASIA

From Tripoli to Tehran, Russia is playing a more active role in a broader swath of the Middle East than it has for decades. At the same time, some Americans are questioning decades-old assumptions about U.S. national interests in the Levant and the Persian Gulf, and the Arab states themselves are concerned about the durability of their security partnerships with Washington. Likewise, U.S. allies in East Asia question whether the new U.S. administration will remain fully committed to their defense, especially in the face of a newly powerful and assertive China, and a recklessly aggressive North Korea. The former Soviet republics of Central Asia are stuck in the middle, facing pressures from Russia, China, and the tide of radical Islam flowing from Syria, Iraq and Afghanistan.

- How does Russia view its role in Syria and the Middle East? Why is Russia active in Syria and how long is it likely to remain?
- Should the U.S. and Russia cooperate more actively in the fight against ISIS?
- How should the U.S. and Russia respond to the ongoing humanitarian crisis in Syria, which is exacerbated by the ongoing conflict?
- What are the prospects for Russia's relations with Iran and Turkey and how do they fit with U.S. interests?
- What are the prospects for restoration of functional, stable governments in Iraq and Syria? Can these governments transcend sectarian divisions?
- How does Russia view China's "One Belt One Road" economic integration initiative in Eurasia? Are Beijing and Moscow inevitable rivals over influence in Central Asia?
- How does Russia perceive Chinese interests and capabilities and vice versa? Is the Putin-Xi friendship real? Will it last? Why is Putin so popular in China?
- Is a three-way dialogue among the world's three largest nuclear and military powers possible? If so, what should the goals be for such a conversation?
- Given the challenge posed by a rising and more assertive China, should the U.S. seek to bring Russia closer and balance Chinese power?
- How is Russia dealing with "isolation" from the West? What kind of partnerships has Russia pursued as a result and how robust or weak are they? Do these non-Western alliances pose a threat to Western-led institutions?

Matt Rojansky, Director, The Kennan Institute, The Wilson Center, Washington, DC
Dmitry Suslov, Deputy Director,
Center for Comprehensive European and International Studies, Moscow

CYBERSECURITY CONCERNS IN U.S.-RUSSIA RELATIONS

Allegations that Russia “hacked” the 2016 U.S. election have provoked an explosive and deeply divisive debate in Washington, and have significantly constrained the new U.S. administration in relation to Russia policy. Some Americans have called for further retaliation against Russia for its actions and individual Russian hackers have been charged with crimes, while the Kremlin still denies that it violated any laws or agreements on cyber security, or sought to sway the outcome of the U.S. election. Clearly, both countries have extremely powerful cyber weapons at their disposal, but neither seems prepared to acknowledge, much less constrain, their use as a weapon of war.

- Why is cyber intervention being used as a new form of aggression; and by whom against whom? Are intelligence assessments credible?
- How does each side perceive the role of “hacking” and “cyber attacks” during the 2016 U.S. election? Is this the “new normal” for democratic politics and free media?
- Can cyber attacks be deterred? To what degree can cyber attacks be prevented?
- Who are the major cyber actors globally? What are their interests?
- Is a treaty limiting the deployment or use of cyber weapons possible? Is it desirable?

George Beebe, former Chief of Russia Analysis at the CIA; former special advisor to Vice President Dick Cheney; President, BehaviorMatrix, Austin

Bruce McClintock, former U.S. Defense attaché in Moscow, former Special Assistant to the Commander of the Air Force Space Command; CEO, Zenith Advisors, Colorado Springs

Working Luncheon

Discussion continues between members of Congress and scholars on the challenges for the U.S. policy regarding Russia.

DIALOGUE WITH BUNDESTAG MEMBERS

We will have an informal dialogue with Members of the German Bundestag, followed by an educational tour of the facility which will also include explanations of how their parliamentary system functions. Bundestag Members participating in this dialogue are:

Marieluise Beck (Green Party), Committee on Foreign Affairs
Ute Finckh-Krämer (SPD), Subcommittee of Disarmament, Arms Control and Non-Proliferation

Jürgen Hardt (CDU/CSU), Spokesperson, Coordination for Transatlantic Cooperation

Tobias Lindner (Green Party), Budget Committee

Elisabeth Motschmann (CDU/CSU), Committee on Foreign Affairs

Omid Nouripour (Green Party), Committee on Foreign Affairs

Karl-Georg Wellmann (CDU/CSU), Committee on Foreign Affairs

Working Dinner

Scholars and members of Congress will explore topics covered in the conference. Seating is arranged to expose participants to a diverse range of views and provide opportunity for a meaningful exchange of ideas. Scholars and lawmakers are rotated daily.

SATURDAY, June 3:

ECONOMY, SANCTIONS AND ENERGY FACTORS IN U.S.-RUSSIA RELATIONS

Russia's economy contracted significantly over the past several years thanks to low global energy and commodity prices, Western-led international sanctions, and persistent lack of structural reform. Yet the Russian economy has already started the year 2017 off much stronger, and Russia's government has not suffered anywhere near the negative political consequences that many Western experts predicted at the start of the current downturn.

Although they have no love for corrupt officials and oligarchs, ordinary Russians do not seem to associate flat or declining wages and living standards with their own government's policies, much less with Mr. Putin personally.

- What is the current state of the Russian economy? What is the state of the federal budget? Is Russia in recession?
- Is Russia effectively isolated as a result of Western sanctions? How has it pursued non-Western economic relationships and developed new trading blocs as an alternative?
- What are Russia's strongest economic partnerships and how has Russia's trade progressed in the context of its isolation from the West?
- Is the state of Russia's economy a factor in Russia's foreign policy?
- How accurate are the frequent statements from U.S. leaders of both major political parties that Russia "doesn't make anything" other than natural resource exports? How dependent is Russia on commodity prices?
- How have sanctions, low energy prices, and structural factors impacted Russia's economic situation over the past several years? Are sanctions effective to impose significant "costs" on Russia?
- Have sanctions been a factor in Russia's increasing arms exports and civilian nuclear deals?
- To what degree is Russia dependent on energy exports for its stability?
- Is Russia a state in decline or a rising global power? What are Russia's aspirations regarding its role in the world?

Sergey Aleksashenko, former Deputy Chairman,
Central Bank of Russia, Washington, DC

Chris Weafer, Founding Partner, Macro Advisory, Moscow

DOMESTIC POLITICS IN THE U.S. AND RUSSIA: THE CONTEXT FOR U.S.-RUSSIA RELATIONS

In its first few months, the Trump Administration has not articulated a clear or comprehensive policy toward Russia, while statements from senior U.S. officials appear to contradict the statements and tweets of the President himself both during and after the campaign. Polling data indicates that Americans have become more hostile toward Russia across the board, but that Democrats are now more distrustful than Republicans, a reversal of the views held by each party at the time of the Obama Administration's "reset" policy. Russians, meanwhile, are watching the evolution of U.S. politics and public opinion with deep concern about the implications for U.S. policy.

- How should U.S. policymakers think about Russian politics?
- What is the explanation for Vladimir Putin's continuing high popularity? Is it appropriate to think in terms of the longevity of the Putin system?
- What is the national mood in Russia today, and what are people's main concerns?
- What is the state of the Russian media, civil society, and independent political activity?
- What is the role of nationalism and the politics of historical memory/mythology in Russian politics?
- What factor is U.S. public opinion in policies regarding Russia?
- Does an atmosphere of mutual distrust limit the potential for improved relations?

- Is an attitude of a return to the Cold War taking hold? If so, how does this frame policy choices?

Jill Dougherty, former CNN International Affairs Correspondent, Washington, DC
Maxim Trudolyubov, Editor, Vedomosti, Moscow

CONCLUDING OBSERVATIONS

Matthew Rojansky, Director, the Kennan Institute,
The Wilson Center, Washington, DC

POLICY REFLECTIONS FROM MEMBERS OF CONGRESS

Working Luncheon

Discussion continues between members of Congress and scholars on the challenges for the U.S. policy regarding Russia.

Individual Discussions

Members of Congress and scholars meet individually to discuss U.S. foreign policy. Scholars available to meet individually with members of Congress for in-depth discussion of ideas raised in the morning and luncheon sessions include Matt Rojansky, Jill Dougherty and Maxim Trudolyubov.

Working Dinner

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SUNDAY, June 4:

Participants depart Berlin; arrive in the USA

U.S.-Russia Relations: Policy Challenges in a New Era

PARTICIPANTS

May 29 – June 4, 2017
Berlin, Germany

Members of Congress

Representative Don Beyer
and Megan Beyer

Representative Diana DeGette

Representative Lois Frankel

Representative John Garamendi
and Patti Garamendi

Representative Jim Himes
and Mary Himes

Representative Nita Lowey
and Stephen Lowey

Representative Stephen Lynch

Representative Mark Meadows
and Debbie Meadows

Representative Don Norcross
and Andrea Doran

Representative David Price
and Lisa Price

Representative Tom Rice
and Wrenzie Rice

Representative Scott Tipton
and Jean Tipton

Representative Peter Welch
and Margaret Cheney

Representative John Yarmuth
and Cathy Yarmuth

Scholars & Speakers

Sergey Aleksashenko
Former Deputy Chairman, Central Bank of
Russia

Catherine Ashton
Former European Union High Commissioner for
Foreign Affairs

George Beebe
Former CIA Chief of Russia Analysis
President, BehaviorMatrix
Austin

Linton Brooks
Former Administrator, National Nuclear
Security Administration
Independent Consultant on
National Security Affairs

Slawomir Debski
Polish Institute of International Affairs
Warsaw

Jill Dougherty
Former CNN Correspondent
Global Fellow, The Wilson Center

Sabine Fischer
Head of Russian Research Division, German
Institute for International & Security Affairs
Berlin

Karl Heinz-Kamp
President, German Federal Academy for
Security Policy
Berlin

Konstantine Kosachev
Chairman, Foreign Relations Committee,
Russian Federation Council
Moscow

Anna Kuchenbecker
Deputy Director, Aspen Institute Germany
Berlin

Rüdiger Lentz
Executive Director, Aspen Institute Germany
Berlin

Kent Logsdon
Chargé d'Affaires, U.S. Embassy
Berlin

Bruce McClintock
Former U.S. Defense Attaché in Moscow
CEO, Zenith Advisors Group
Colorado Springs

Mykhailo Minakov
Associate Professor, Kyiv Mohyla Academy
Kyiv

Sergey Rogov
Director Emeritus, Institute for U.S. and
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Russian Academy of Science
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Director, The Kennan Institute
The Wilson Center

Norbert Röttgen
Chairman, Foreign Relations Committee,
The Bundestag
Berlin

Dmitry Suslov
Deputy Director, Center for Comprehensive
European and International Studies
Moscow

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Independent Journalist, Board Member,
Be An Angel
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Dmitri Trenin
Director, Carnegie Moscow Center
Moscow

Maxim Trudolyubov
Editor-at-Large, Vedomosti
Moscow

Feodor Voitolovsky
Acting Director for International Politics,
Institute of World Economy and International
Relations
Russian Academy of Sciences
Moscow

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Founding Partner, Macro-Advisory
Moscow

Elizabeth Wood
Professor of Russian History,
MIT Russian Program
Boston

Members of the German Parliament

Marieluise Beck (Green Party)
Committee on Foreign Affairs

Ute Finckh-Krämer (SPD)
Subcommittee of Disarmament, Arms Control
and Non-Proliferation

Jürgen Hardt (CDU/CSU)
Spokesperson, Coordination for Transatlantic
Cooperation

Tobias Lindner (Green Party)
Budget Committee

Elisabeth Motschmann (CDU/CSU)
Committee on Foreign Affairs

Omid Nouripour (Green Party)
Committee on Foreign Affairs

Karl-Georg Wellmann (CDU/CSU)
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