FORTRESS RUSSIA:

Political, Economic and Security Development in Russia Following the Annexation of Crimea and its Consequences for the Baltic States

Editor: Andis Kudors

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INTRODUCTION

The 'red fortress', 'the Soviet fortress', 'the nationalist fortress', 'the besieged fortress' — these are just a few terms used at various times to describe what was going on in Russia in its different historical epochs. The theme of a fortress is inseparable from the defence arena. If Russia has to defend itself, then who is the attacker? The TV channel RTR Planeta explained in their news of December 2015 that the Baltic States became militarised; NATO planes located in Estonia and Lithuania, therefore, could reach St. Petersburg in fifteen minutes… This context does not leave much room for surprise that amendments to the National Security Strategy adopted on 31 December 2015 formulated the approach of NATO close to Russian borders as a threat. Does Vladimir Putin really think that NATO plans to attack Russia? Presumably he does not. But this is not what really matters. The most important thing is whether Russian society will believe the stories regularly shown on TV, telling them Russia is a besieged fortress from enemies who do nothing else than forge plans to attack and divide the country. Vladimir Putin as the Prime Minister, back in 1999, said in a TV interview: "A constant pointing to the foreign countries as the source of all our negations is wrong; it is incorrect in its very essence. All the negations are within us. Everything derives from our own disorder and weakness." What has changed during those fifteen years of Putin's reign? Why is all the evil now coming from outside?

The 'coloured revolutions' of 2003–2004, the 'Arab spring' protests at Bolotnaya Square in Moscow 2011, economic stagnation in Russia, Ukraine's rapprochement to the European Union and falling ratings of Putin at the beginning of his third presidential term, are among the reasons that compelled the lord of the Kremlin to begin patriotic mobilization in 2012–2014. Russian elite were worried that they would have to compete in fair elections and found it unacceptable. Quoting President Lukashenka of Belarus: "We have learnt from Lenin that power must be held with hands that do not tremble". Regretfully the Russian political elite continues the Leninist tradition, i.e. standing for the rights of workers and peasants in words, but in practice treating people like 'masses' that may and must be manipulated. The number of Russian multi-millionaires has grown rapidly under Putin, so why risk political pluralism and lose the immunity of the elite? Let us persuade the commoners that they are besieged and must support the 'leader of the nation' Putin — as a security officer he will certainly know how to protect the fortress against the immoral and unspiritual besiegers... As Andrei Kolesnikov points out, Putin's ideological offer unfortunately has demands: "Demand for an eclectic brand of Russian national-isolationist ideology was delayed by the period of political and economic reforms in the 1990s, but Putin has managed to create a product that is in demand and can be easily and profitably sold, thus making it accessible to everyone.

Putin as a brand is also part of this product, this new ideology".[1] It is regrettable that a part of Russian society is open to lying back and drifting into an unfree state.

This collection of articles deals with political and economic processes in Russia from the annexation of Crimea until late 2015. The book is subdivided into four parts: "Ideology", "Politics", "Economy" and "Security". The part on ideology is the first because the walls of "Fortress Russia" is rather ideological than physical. Russian expert Dmitry Oreshkin draws attention to the duality of Russia's/Soviet ideology: one ideology for the elites, another for the 'masses'. He examines the 'mirage of Eurasianism' which served as an ideological justification for Russia's invasion in Ukraine. Oreshkin cautions that Putin's ideology and policy are steering Russia close to cataclysms that can be dangerous to neighbouring countries, too. The article by Ainārs Lerhis about specific interpretations of history in Russia and its use in politics, finds its place in the ideological chapter because historical myths play a major role in Putin's ideology. Lerhis analyses how the absence of a de-Sovietization process affects the perception of history and Russia's policies, where the idea of Russia as a great power is similar to both Soviet and Tsarist times.

Lithuanian researchers Simonas A. Spurga and Nerijus Maliukevičius study Russia's media policy before and after the annexation of Crimea. The Russian media have played a principal role in the aggression against Ukraine, because the information war is among key methods of the hybrid war. Maliukevičius and Spurga show that internal infringements of media freedom is taking place in order to not disturb Putin's regime. Still, cultivation of the besieged fortress ideas in Russian media plays out like a bad trick — when the population of Russia, afraid of the outer world, supports Putin's aggressive foreign policy they eventually antagonize the free world against Putin's revanchist regime and sometimes against Russia as a whole.

Sergey Utkin in his article looks back to Russia's historical choice between Western and Eastern directions. Russia frequently talks about Eurasianism and a new turn towards Asia but its thoughts and attention constantly return to Europe. Cooperation with China is a general prospect, however, there is no present evidence that it could compensate anytime soon for the damage Russia suffered by neglecting sustainable development and ignoring international law with regard to Ukraine. Part III "Economics" include articles from Roman Dobrokhotov and Liudas Zdanavičius who analyse the economic situation of Russia before and after the annexation of Crimea. L. Zdanavičius' article gives a detailed overview of the degree that the economies of the Baltic States have suffered from Russia's economic problems and sanctions.

The final part of the book deals with the security topics of Russia and the Baltics. Aleksandr Golts analyses the modernization processes of the Russian defence system which began with great ambition but is experiencing corrections in

[1] Andrei Kolesnikov, Russian Ideology after Crimea, September 22, 2015, http://carnegie.ru/2015/09/22/russian-ideology-after-crimea/ihzq.

2016 because of the economic recession. Defence expert Golts stresses the Kremlin has a specific understanding about Russia's security, which rather resembles "deterrence–parody game"; it gives Putin the possibility to demonstrate to Russian society that he can contain the US and NATO thanks to growing Russian military capabilities. Riina Kaljurand analyses in her article whether Russian foreign and security policy objectives have changed in general or specifically in the Baltic region after the annexation of Crimea. Baltic countries as Russia's neighbours are not in a position to guess whether the next military venture by the Federation could or would not take place on their territory, therefore they have seriously reconsidered their defence capacities and are taking active steps to decrease the risks.

What is the essence of Putin's ideology and where does it lead Russia? What kind of fortress is modern Russia? Is Russia's economic self-isolation possible? Can the Russian economy survive and be self-sustainable? What are the consequences of Russia's economic crisis in the Baltics? Will Russia's armament programme proceed as planned? What security measures should be implemented in Baltic countries to reduce the risks posed by Russia? Latvian, Lithuanian, Estonian and Russian researchers seek answers to these and other questions in this book.

On behalf of the authors I would like to thank the financial supporter Friedrich-Ebert-Stiftung in the Baltic States and its coordinator, Dr. Werner Rechmann, whose support has been vital for this work. We are grateful to the Regional Projects Manager of FES in the Baltic States Regīna Plīkša for her active contribution in the practical management of the project.

Andis Kudors,
January 2016

Part I: Ideology

PUTIN'S THIRD TERM IDEOLOGY

Dmitry Oreshkin

Ideology forms the system of values. Values define a hierarchy of priorities. Priorities dictate the choice of specific steps and decisions. Naturally, these connections are not strictly functional and have a more stochastic nature with a large number of degrees of freedom. However, they present a corridor of opportunities and the overall political development of large ideological systems — such as Putin's Russia.

Features of the leader's psychology and character are very important for the analysis of autocratic regimes, but the framework of socio-cultural and ideological space in which these features are implemented is even more important. Ideology and propaganda are the language in which authority explains and justifies its actions to the public. Knowing this language is key to understanding the Putinist system, its interior and exterior priorities; it helps to deal with the mystery of star ratings of the president and to assess its immediate prospects.

The article focuses on the following issues.

- Tradition and inertia of the socio-cultural background of Russia as the basis of Putin's ideology, including the Soviet and pre-Soviet period;
- A two-layer structure of the ideological space in Russia/the Soviet Union with an internal system of values 'for elites' and the outside one 'for the public';
- Defectiveness of the basic values system that puts the social myth (mirage) above the objective economic and social reality, pushing it into the background thus being doomed to stagnation;
- The functional structure of the 'ideocratic state' as a theoretical ideal of the Soviet and post-Soviet *nomenklatura* (the decision-making bureaucratic apparatus);
- The mirage of 'Eurasianism', which served as an ideological justification for the invasion of Ukraine, and — just as the result of its inherent inferiority — led to the exclusion and marginalization of Putin's Russia.

An analysis of Putin's vertical ideology which explains why post-Soviet Russia on a smaller scale (but at an accelerated rate) repeats the trajectory of the Soviet Union and approaches a natural final collapse — with perhaps much more dangerous consequences for its neighbours.

1. Soviet Roots

The ideology of Putin's Russia is a bright example of the *path of dependence*. In the USSR, ideology explained, the political reality is justified and structured;

without it, the system would not exist. At the same time, if you look at it from the outside, it remained a confused, bizarre set of dogmas and formulas, which were easy to flip upside down for the short-term interests of management. Nevertheless, the mechanism worked! At least, it sufficed for three generations.

One of the secrets of Soviet ideology's vitality lies in its twofold nature. There is an esoteric core of values for internal use, which is stored and transmitted among a narrow circle of 'friends' in the form of unwritten rules and priorities. They are not formally articulated — there is no secret charter, no secret oath, or even elementary corporate vision. Most likely it is because their carriers themselves vaguely feel the inadequacy of their goals in the modern world. Still, they have been reproduced steadily for decades. The rookie who does not accept these tacit norms, will not be admitted into the *nomenklatura*.

The core of values, established by Lenin and Stalin is pragmatic and consistent. It can be described with the term of the Soviet criminals' 'concepts' (*ponyatiya*): power and authority are above all else; he who is stronger, he is right; the power (target) justifies the means; law and morals are the fiction of cowards and weaklings; expansion is the embodiment of power (increment of the controlled territory, biting it off from neighbours); the populace is a mere material resource to be managed ('joskins' and 'underlings'); the personality outside the power hierarchy is negligible, etc.

Around this stationary 'nucleus' another changeable ideology at the second level was built — for external use. Here, on the contrary, the most unexpected *saltus mentis* are observed, tactically designed to serve basic interests. Today one thing, tomorrow another, depending on the current interests of the 'nucleus'. It was the idea of an irreconcilable class antagonism (when the previous government was overthrown) or the idea of a peaceful co-existence (when the power is won and must be retained). The intensification of class struggle while building socialism (when you want to exterminate the opposition) or the classless Soviet society (after the opposition is destroyed). First the internationalism and international solidarity of the working people (there is a hope for global expansion), then a hard core patriotism (when German workers on tanks suddenly appeared near Moscow).

Any external versions were presented as the only true ones, strictly scientific and profoundly Marxist. Everything that comes from the 'nucleus' is interpreted in the outer shell as the ultimate truth. Criticism and doubt are not permitted unless there are changes in the 'nucleus', and the shell receives a new 'chapeau' — even if it is a surprise, it is always binding. It reminds us of the rule of Ivan the Terrible, when denunciations on acting governors were severely punished as a challenge to the monarch's authority, but were very welcome *a posteriori*, when the Kremlin had internal reasons, and the governor was sent in disgrace or onto the chopping block. Then they were perceived as the expression of loyalty and additional confirmation of the sovereign's wisdom.

The total admiration of comrade Stalin's essays on linguistics was replaced by a total debunking of the cult of his personality. The corn was sown on all farms, then

all laughed at the 'maize' of Khrushchev. Everyone was building 'developed socialism' and then totally called it 'stagnation'. 'Perestroika and acceleration' was undertaken together accused Gorbachev-Yeltsin in treason... It should be noted, however, that from cycle to cycle the homicidal scope weakened — and this gives a reason for optimism. In parallel, the idea of State power weakened in the 'concepts' of the ideological 'nucleus'. Putin, being a typical carrier of Kremlin-Lubyanka 'concepts', stubbornly turns the process in the opposite direction. And, instead of social resistance he meets a Soviet-like excitement mixed with dread: the great power is growing, oh, there will be something! This kind of paralyzing horror-admiration is observed not only inside but outside Russian frontiers. It seems unfathomable irrationality. Actually, it is not.

The short-term effects of this reversal are obvious: mobilization, consolidation and militarization of the population against the background of its heavier exploitation; but resources are needed to strengthen the vertical of power. At the same time falsification and virtualization of reality increases the gap between propagandistic heaven and sinful earth. The ideological 'nucleus' based on the Soviet experience, knows: the less bread for the population, the more spectacles it needs. Or, in the language of criminals, more 'boast'.

The medium- and long-term consequences are less clear, especially given the conflict with the inertia of Europeanization accumulated over the past decade. It is clear that falling from heaven to earth is inevitable. Understandably, this will happen faster than in the USSR. But no one knows how will it be furnished (a coup? death by natural causes? suicide? civil war?), how loudly and how far the feathers will fly form the ideological Icarus. Or as it was eloquently put by Vladimir Putin, "from the 'dove of peace with iron wings'".

2. Controversy as the Norm

The ideal Soviet man as the object of propaganda manipulation should be without memory. Putin leads the post-Soviet man to this ideal. In theory, the communist revolution was to improve the lives of working people. In practice, the lives of workers deteriorated dramatically in Bolshevik Russia. No problem! The victorious 'nucleus' (of course, with the accompaniment of terror) was developed to forget this confusion, transferring promised benefits to a bright future and laying the blame on the dark past.

Perhaps any ideologist would behave in a similar way when forced to explain the failure of its programs. The difference between Soviet and European ('bourgeois') cognitive models is, firstly, the irrationality and, secondly, the totalitarianism. Totalitarianism means the destruction of alternative explanations. It emerges first as intolerance to opponents in theory, then as their physical destruction in practice. The irrationality places faith before the knowledge. Both correspond to the secret ideology of the Bolshevik 'nucleuses' with its setting on absolute control.

European rationalism breaks this model. Therefore, it was not welcome in the USSR. The welcome things were enthusiasm, a victorious faith in a brighter future and leaders who will surely lead their happy people to it.

From the standpoint of rationalism, the Soviet ideology is a continuous paradox. Marxism was postulated as the all-conquering scientific teaching. Okay, but why would science (especially the all-conquering) ostracize alternative concepts, not just the 'bourgeois', but also its own, proletarian? The works of Marxist Georges Sorel were freely translated and published in Tsarist Russia in 1906 and 1908, but never in the Soviet Union. Sorel's second edition in Russian had to wait more than 100 years, until 2011.[1] It is clear why: his rational analysis, built on empirical observations, described the mobilization mechanism for the ideological 'nucleus' too candidly. And thus brought it down from the heights of the exclusive 'only true doctrine' to the level of one of the many totalitarian sects, where Lenin differs little from Mussolini, and Mussolini from Marx. Communism, according to Sorel, is like fascism — just a kind of a social myth, which allows leaders with a strong political will (an appeal to Nietzsche follows here) to inspire and raise a wave of cleansing revolutionary violence... no science at all (which, by the way, Sorel genuinely despises as bourgeois doctrinarism); only a pure revolutionary spirit.

And it is true. Where is the scientific substantiation for one of the favourite Marxist thesis that the performance of socialized labour will certainly be higher than labour enslaved by the capital? Those Communists could not travel in time to see the bright future. There was no field experiment on the transfer of management to workers at the textile industry Friedrich Engels inherited from his family. Where then did this kind of faith come from? Well, from nowhere. Just they really wanted it! They believed in it, they considered it obvious, they were deeply convinced that was the only way to be. And that it certainly would be!

Excellent. Only, this is not proof, but preaching. Propaganda, calculated for the rustic souls of the lumpenproletariat. Lenin repeated more than once that class struggle (as, indeed, the doctrine of surplus value) was known before Marx.[2] The historic merit of Marx, in Lenin's opinion, was quite different: he scientifically proved the historical inevitability of escalation in the class struggle in the socialist revolution and dictatorship of the proletariat.

Scientific? Proved? Historical inevitability? Pick any other term, please: persuaded, inspired, fascinated... It will be closer to the truth but, alas! — a good deal further away from the victorious ideology — at least from its outer layer. The leftist manipulators willingly exploit the prestige of science when it is necessary to raise the masses to seize power. But they immediately abandon scientific objectivity

[1] Ж. Сорель "Социальные очерки современной экономики. Дегенарация капитализма и дегенерация социализма" М., КРАСАНД, (URSS), 2011, 376. Он же: "Размышления о насилии", М., URSS, 2011.

[2] В частности: Ленин В.И. Государство и революция. Соч., IY издание, т. 25. Гос. Изд-во политической литературы, Ин-т Маркса-Энгельса-Ленина при ЦК ВКП(б), 1949.

as soon as the time has come to compare the deplorable results with inspiriting promises thus confirming their real priority is power, and not a 'scientifically substantiated' improvement of the lives of the masses.

The dangerous specifics of the Soviet ideology is not that it is wrong (there are no infallible ideologies), but that it does not allow a rational verification of its postulates. For this reason, the model based on 'external ideology' cannot be optimized while remaining within it. It can be done just out from the centre, the 'ideological nucleus'. But modification entails risks of a weakening control which contradicts the objectives of the central *nomenklatura* and therefore usually remains an unwanted option for totalitarian regimes. In the case of Putin's 'nucleus' it is manifested in a deep aversion to Khrushchev and Gorbachev, who are treated in internal ideology as fools and losers, but in the external as traitors and agents of the enemy.

Putin's ideological system, like that of Stalin, can collapse entirely when faced with the depletion of its available technological, demographic, natural, organizational, intellectual and other resources. It does not accept a gradual modernization because modernization means competition, parting with a portion of its powers and delegating them down — and this does not only affect the interests of the higher members of the corporation, but, as it seems to them, poses a threat to the disintegration of the State. Quite right: in fact, it conceals this threat. But the preservation of the vertical makes this threat even more realistic and much more dangerous for the population as compared to the relatively peaceful collapse of the USSR. This is one of the many internal contradictions of the system.

Persistently calling themselves materialism and science, the Soviet ideology miraculously managed to build a system based on a true idealism and almost religious cult. The idea — in this case, the communist idea — defined the rules of the communal life, but even the textbooks said the opposite. The cult also turned out to be markedly more primitive as the deposed Orthodoxy. Which laid the purely mental (we're not talking about the material!) basis of the coming collapse.

The idea of the heavenly God is logically invulnerable, because it is able to improve itself in parallel with the development of society — including science. The barbarian attempt of earthly leader's deification (as well as building the kingdom of God on earth) is doomed in a world saturated with information. The great achievements and brilliant texts look pitiful outside the sect — especially over time. The only way to defend the greatness is to freeze the social and intellectual evolution within the sect and to limit access to the outer world as it has been successfully implemented by the Soviet leaders in the example of a single country with a well-known result to all (except for the members of the sect).

Putin's Russia is trying to revive this particular course. Only, unlike the Soviet Union, justifying the meagre present as sacrifices in the name of the bright tomorrow, today's ideologists appeal rather to the myth of the bright yesterday. It is weaker in terms of motivation and technologically difficult because it involves the removal of the vast array of facts with documentary evidence from the social

memory. Since the late 1990s, when the first signs of the military-bureaucratic nomenklatura's recovery became apparent, the Stalinist mythological past was fighting more aggressively for revenge. As it was not possible to protect it within rational knowledge (and, consequently, the vertical based on its glorification), 'external' ideology increasingly resorting to religious methodology.

As on the eve of the collapse of the USSR, there appears more and more religious terms such as 'blasphemy', 'mockery,' 'sacrilege' and so forth in the ideological mainstream. The terms 'heresy' and 'sedition' are not yet used (they were not used in the Soviet era either), but are successfully replaced by 'insulting' 'religious feelings', 'patriotic feelings', 'national feelings' and so forth.

It is difficult to deny within the framework of rational analysis that the Crimean irredentism has much in common with Hitler's Anschluss of Austria. But the convenience of the new ideology is precisely that no denial is required! It is enough to say (and prove it in court!) that this comparison can offend anyone's feelings, mocks the sacred memory of millions of victims of Hitler's Nazism and is made with a sacrilegious aim to destroy the spiritual ties of Russian people. That's all — the tactical problem is solved. However, in a strategic sense, Russia is paying for it with destruction of the remnants of humanities, language degradation and falling into the Middle Ages — but one should do everything for the sake of basic instincts of the nomenklatura kernel!

3. Still, Putin is Better. So Far

Stalin's Soviet Union was characterized by symptoms of a much deeper retracement to the primitive syncretism — in the practice of political management, as in the symbolic picture of the world. Living god/chief/priest of a pagan cult with numerous lifetime monuments; mummy of the deified ancestor as a sacred centre for ceremonies of initiation (admission to the pioneers' organization at the Mausoleum); a conceptual lexicon slipping to the tribal level: 'father of nations,' 'family of nations', 'people's leader', 'brothers and sisters', 'Motherland', 'brotherly nations'... The process was accompanied by the destruction of social institutions of a developed society: private property, personal freedoms, including the freedom of movement (introduction of residence permits binding farmers to the ground again like before 1861), an independent judiciary, media, science, separation of powers, independent trade unions and so forth.

The degradation of the worldview was accompanied by a vulgarization of the language for its description/explanation. The difference between such concepts as 'State', 'country', 'people', 'nation' seemed unclear, and even excessive for a Soviet person. People were taught to use a syncretic generalization 'we'. No wonder that one of the first political associations of youth, created by Putin's administration, is called 'Nashi' ('Ours') — a clear reference to the good old Soviet times. The mere thought that throughout hundreds of years there has been three different States on

the territory of the same country (the Romanovs monarchy, the communist USSR and the bourgeois Russian Federation) raises a protest and sincere irritation in many compatriots: No, they were all 'we', don't fool with our heads! And everything around was ours, owned by the people...

Hence the popular formula "Crimea is ours" (*Krym nash*) merged into a parody pattern 'krymnashizm'. Whose 'ours' is it — yours? Mine? Mr. Aksyonov's and Putinist nomenklatura's? Did something prevent you enjoying Crimea three years ago? Has it become more convenient to enjoy it now, when it is almost impossible to get there because of the collapse of the transportation system and considerably higher prices? Not to mention that only in 2015 at least 150 billion roubles out of general taxes were spent on the maintenance and subsidizing of this crisis area. Add another 100 billion for the construction of an emergency energy bridge bypassing Ukraine because of the blackout.

Oh, leave me alone. Do not insult me with rationalism, the high national and patriotic feelings. Crimea is 'ours' in a metaphysical sense, but it is the most important thing for Soviet people. We did not go there much previously and we will hardly do it in the future (because we cannot afford to), but what a deep sense of spiritual fulfilment!

The Soviet people lived, performed feats of labour and arms, and went from victory to victory mainly in the virtual space. "We defeated Hitler!", 'We' — who are they? The rational response — the anti-Hitler coalition, which includes, along with the Soviet Union, Great Britain, the US and a number of States. A rational response does not suit 'us' at all. But a triumphant propaganda cliché does: 'we' — is the great Stalin and the great Soviet people...

The "multinational Soviet people — a new historical community of people" was also largely a virtual phenomenon. Where is the 'historical unity'? Gone with its unifying myth.

The true essence of the party ideology was best articulated by none other than comrade Stalin personally. In a discussion with compilers of the work on his political biography on 23 December 1946 (notes of the conversation with all possible diligence was made by associate editor V. D. Mochalov; the text was first published by the famous Stalinist R. I. Kosolapov in the seventeenth volume of the works of the leader, p. 636)[3] he explains the real function of Marxism to the ideological associates from the ideological 'nucleus': "Marxism is a religion of class... We are Leninists. What we write for ourselves is obligatory for the people. For them it is a symbol of faith!"

Religion of class. Symbol of faith. I wonder if he read Sorel and realised with his own mind on the basis of practical experience. Of course, he would never have allowed himself such a statement in public. Only for his fellows. But for the outer ideological shell — science, materialism, hard facts.

[3] И. Сталин, Сочинения, т. 17. Тверь, "Северная корона", 2004, 677.

4. Europe, Asia, Eurasianism, Aziopstvo

Stalin's ideological syncretism largely revives a medieval picture of the Russian world with its black-and-white Manichaeism and Gnosticism.[4] It is hardly accidental. E. Radzinsky writes that the favourite historical hero of the leader was Ivan the Terrible.[5] His personal library preserved A N. Tolstoy's play "Ivan the Terrible", published in 1942, the cover of which has multiple inscriptions by the hand of Stalin — probably done in great contemplation: 'teacher', 'teacher', 'teacher'...

Indeed, Stalin took a lot from him in terms of mechanisms for strengthening personal power and control of the population. Ivan the Terrible, in turn, largely borrowed priorities and key management mechanisms from the khans of the Golden Horde. However, one should not forget that between the Terrible and Stalin with their obviously oriental trend, a Europeanized Romanovs' empire occurred with Peter I, Catherine II, the Tsarskoye Selo, Lyceum and University, Pushkin and St. Petersburg — all of what is glorious in Russian culture. Moreover, before the Terrible there was Gardarike of Pskov and Novgorod with a clear focus on Europe. Actually, the Terrible finished it off, completing the job started by Batu Khan.

A. G. Dugin, one of the developers of Putin's ideology, and writer and promoter of the mythological 'New Russia' (Novorossiya), disparagingly calls the period from Peter the Great to the Soviet Union era the 'Roman-German yoke'. Obviously, we are again dealing with faith: he likes to believe that Russia reached its true greatness, its historical mission and so on, when it turned away from Europe to face the East — that is, in the era of Ivan the Terrible and Stalin. And, of course, that of Vladimir Putin who is, however, somewhat weak and too dependent on corrupting Western influences.

But there is an opposite point of view (if you like — a formally unverifiable belief): the most glorious achievements the Russian Empire made only because of the implementation of European technology and values, initiated by Peter the Great. Coming back to Putin, it is easy to see that he really was torn apart between attraction to Stalin's version of full power and majesty (which implies the isolationism and turn to Asia) and practical needs in technology, currency and qualified personnel, the source whereof is in the West. This is the eternal Russian problem, personified in one bifurcated and duplicitous man.

Of course, neither the Terrible, nor Stalin was Manichaean or Gnostic. Maybe these words were not familiar to them. But their world outlook, objectives and the mechanisms chosen to achieve them (including the role of religion and attitude towards the people) were somehow prearranged by the prevailing socio-cultural background. On the other hand, their actions were creating and securing this

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[4] И. Г. Яковенко, А. И. Музыкантский, *"Манихейство и гностицизм: культурные коды русской цивилизации"*, "Русский путь", М., 2011.

[5] Э. Радзинский "Сталин. Жизнь и смерть". АСТ, Москва, 2007, 538.

background. Still, in the product at the output it is difficult not to notice the characteristics of Eastern religious practices condemned in Christian Europe.

The world is simple and monocentric: there is one exclusive source of Light and salvation (one God, one faith, one leader, one people, one country...) and the ugly Darkness swirling around. Pluralism means confusion and heresy. Authoritarianism is clarity and salvation. The similarity with the Manichean postulates is quite obvious.

It is hard to escape the feeling that the largest and most aggressive version of the Stalinist-Leninist Marxism came to fit Russia with thanks just to this cultural matrix, with its black-and-white thinking, the communality, and grafted with the Horde times mutual responsibility. In a more advanced Europe, where, thanks to European freedoms, Marxism itself was born — it did not succeed to overwhelm. Although founders of the doctrine expected the opposite: in Europe, where capitalism is more developed, it would rapidly reproduce the proletarian masses and the socialist revolution had to happen sooner than in mainly rural Russia. It happened quite the opposite. Apparently, ideological factors proved to be more important than economic ones. At least, for Russia. Stalin, as you have seen, understood this. It looks like Putin did understand, too.

Y. M. Lotman wrote about the Russian ideological rigidity[6], realizing the 'binary' nature of the national culture, unlike the multidimensional character of the European culture. Due to the diversification of economy, information transparency and freedom of movement, this simplified picture of the world is gradually being eroded and replaced with a more reconcilable and rational form.

The problem is that such a development by default is a drift toward a more competitive and open political system. That does not suit the carriers of eastern 'nuclear' values. They are doing everything they can to return to the 'binary' intransigence and a simple black-and-white world — away from Europe.

5. Reverse Cycle

It would be strange if something similar did not happen. It is easier to go down and back than up and forwards. One of the contradictions of Putin's ideology is that he formed his victorious-masculine image in thanks to moving along the established path, subtly guessing the subconscious expectations of the masses and pragmatic interests of the nomenklatura groups. The mental and material hardships of the transformation process pushed voters to seek virtual compensation for their loss of the (again largely virtual) greatness. Putin is willingly offering this compensation.

The bitterness of the loss of being a superpower was not relevant during the years of the Soviet collapse. According to Levada Centre rankings the worries of the population about the destruction of the State did not rise above fifth to seventh places; priority problems were scarcity, high prices, unemployment, domestic

[6] Ю. М. Лотман "Культура и взрыв". Семиосфера, С.Петербург, 2000, 12-149.

security, etc.[7] But in a relatively prosperous Putin era, when (largely due to strikingly unpopular reforms by Yeltsin-Gaidar) the problem of empty shelves, 'wooden roubles' and inefficient production were somehow resolved, nostalgia for bygone 'power' amplified incredibly. That was hardly spontaneously: in this mental point pragmatic interests of a neo-nomenklatural 'nucleus' crosses with a spiritual longing of mass consciousness for virtual victories. When 'we' as whole populace owned oil, gas and Norilsk nickel, crushed Hitler, caught up and overtook the US and wholeheartedly despised the soulless West mired in the general crisis of capitalism. Oh, what a time that was!

In all post-Soviet countries the difficulties of transition were counterbalanced by mental advantages associated with the acquisition of national statehood. The Russian people lacked this compensatory mechanism. In the contrary, in their mind, stresses from the socio-economic turmoil and the loss of the State they had been used to ('a mess', the parade of sovereignties, etc.) added up. In addition, the explosive transition from a simple to a more complex culture has been always perceived and explained by people within the former (the simple) cultural pattern. There is no other logical possibility.

The article of a famous patriotic journalist Ulyana Skoybeda "I no longer live in the conquered country"[8], written at the height of enthusiasm straight after the takeover of Crimea, illustrates well this one-dimensionality. At one end of the axis there are the good 'we', at the other — the bad 'they'; binary relations between 'plus' and 'minus' are possible only in a short-circuit. The journalist portrays family conversations with the child. Not too well — the text is more likened to an intimate conversation between a curious soldier of the Red Army, with a tired, but goodhearted political instructor in a camp after an uneasy military work — as it was portrayed in the Soviet newspapers. But it is precisely why Skoybeda is dear to the reader — a beloved pattern of the Soviet tale:

— "Mom, why did America attack Syria?

— And why are we always being told the dollar rate? Does a foreign currency exchange rate matter?

— Dad, why did the USSR collapse? Have you lived in the USSR? My grandmother told me that in the times of Soviet Union, the enterprises had been working and there was the aviation industry, but now…

We had to talk about the bipolar world, and the Cold War, the fifth column... It is difficult to talk about it in an accessible language because for a child every word provokes a new question: "Why was the state budget in Yeltsin's Russia approved at the IMF? And why…"

One day the husband broke down and shouted: "Because we were conquered!!!" Everything fell into place.

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7 Денис Волков, социолог "Левада-Центра", персональное сообщение.

8 Ульяна Скойбеда, "Я больше не живу в завоеванной стране", Комсомольская правда, 25.03.2014, www.kp.ru/daily/26210/3095671/.

That's it. In bourgeois Oblonskys' house from Leo Tolstoy's novel all mixed up, but in the proletarian family of Skoybeda, by contrast, a perfect order found place. Under Yeltsin 'we' were conquered, under Putin 'we' got liberated. Manichaean Light was separated from the Darkness. Let us all together enthusiastically take notes from the works of Marx, Engels, Lenin and Stalin. The Chief decisively leads the country out of the external controls and raises it from its knees. The might of defence is growing. *Krymnash*. The West sinks into the abyss of immorality, consumerism and lack of spirituality. What else is necessary for the happiness of the Soviet people?

6. Idiocracy

Mrs Skoybeda is as simple as the truth itself. However, her more sophisticated and ambitious ally A. G. Dugin intends to gain a deeper insight into events. He is not a consumer of ideology, but its creator. The social system based on the primacy of the Idea (he writes it with a capital letter) Dugin offers to call 'idiocrasy'.[9] The USSR, in his view, was a typical idiocrasy, but chose to hold on to the not so successful Idea of Marx and Lenin. It would be better to take another — Eurasian. But this is how it happened. Maybe Dugin is right — it would be better off with the Eurasian Idea. Or maybe not. How shall we, poor sinners, know? However, he knows exactly — in the sense of the limitlessness of his faith he is the true brother of Vladimir Lenin and Joseph Stalin.

But the question still remains: where does the State take the Idea from for its basis? There are two possible answers. Both fit well into the framework of the two-level picture of the world. The external, widely advertised version appeals to the vanity of the masses — the Idea is forged by the History, Tradition and of Her Majesty the Nation. Or, as in the old days, God sends it down. Like, for example, in Iranian or Taliban idiocrasies.

Internally, the secret version for the selected ones: the Idea is designed by the same creative esoteric, who later become idiocrats. This is in fact nothing new. It is the renowned Lenin's thesis that the working class is not able to forge itself an ideology; the services of professional revolutionaries are required, united in the proletarian party. And — and so be it! Who would undertake the heavy burden as organizers and instigators of working people's victories? That is, to grant to itself the right to manage the process. Idiocrasy in terms of Dugin. But, if so, who is entrusted to judge how far their power has advanced on the radiant path and are the losses not too much in comparison with the gains? Is it not the time (Lord, have mercy!) to change the path, the Idea, or at least the comrades who embody it?

It is clear the profane population cannot be entrusted with it. Only adapted members of the internal 'nucleus' have the right to talk about the Idea, who else.

[9] А. Г. Дугин *"Программа политической партии "Евразия""*, Москва, 2002, 90.

The priests. The population is regarded by them as a material resource to achieve the great objectives as pronounced by the demiurges. Hence democracy as a real mechanism in forming the ideological 'nucleus' is not valid in principle. It may be part of an "external ideology" to entertain the populace, to solve some grassroots issues, but in no way the fate of an idiocratic State and its leaders. With regard to the specific variety of the Soviet democracy, it had the right to decide on the thorny issue of socio-historical practice as a criterion of truth.

Once the revolutionaries were able to seize power, it means, that in practice they proved the truth and invincibility of the Teaching. Is it not so? Once Stalin was able to push through the collectivization, the correctness of this remarkable idea is proved. Is anyone willing to argue? Look, all the newspapers write that life has become better, life has become merrier. But leadership of the Central Office of National Economic Accounting at Gosplan from the USSR, was foolish enough to record in the 1937 popular census, after the collectivization, a shortfall of about 7 million people — so we will punish them. After that we will redo the census so it will not spread decomposing scepticism, but will inspire even more people to work and exploit in the name of the Idea and the leaders personifying it. The results of the elections will be redesigned, too. And verdicts of courts, and the fruits of the wise internal and foreign policy of the Party and the Government, through which Soviet Russia received the most destructive and bloody war directly on its territory, with the maximum loss from its own population, thus undermining the country's demographic base for generations to come…

So everything is all right with the practical (scientific) evidence of truth, wisdom and greatness of the Idea given to Russia by Lenin and Stalin. But how about the collapse of the USSR in 1991, which also seems to have taken place in practice? Oh no, this is not proof. It is, on the contrary, the result of criminal evasion from the only true line marked by Stalin; the fruit of betrayal, moral corruption of the ruling elites, blasphemous neglect to the precious precepts of our fathers and grandfathers who defeated Hitler.

In other words, Idiocrasy is indestructible as long as it controls the cognitive mechanisms of society. That is why it is so dear to the 'nuclear' staff servicing it. In fact, they do not care what kind of idea they service as long as a privileged social status and access to the budget is maintained. Few people in the Soviet Union 30 years ago could have imagined a rank of security officers lined up at God's temple with candles in their hands. Until recently they persecuted Orthodox-believers for undermining the faith in the only true materialist doctrine! But...

The concept of A. G. Dugin is ideal for nomenklatura. It allows you to link Soviet mythology to the pre-Soviet one (by swallowing centuries of the 'Romano-Germanic yoke' that fall out of Dugin's understanding of Russia). It helps to explain the transition from Marxist monism-Unitarianism, which no longer fit into the new realities of Russia, to monism-Unitarianism of the new Eurasian geopolitical type. Finally, it creates the illusion of an organic germination of Soviet and post-Soviet regimes straight from the traditions of the pre-Petrine Rus', allowing the ideological

'nucleus' to represent themselves as successors to the great Russian traditions of the East, and call their opponents Westerners Russophobes.

As with any good propaganda, Dugin's ideology has some truth. It's hard not to see the dotted line linking Putin to Stalin (the tradition of Lubyanka — KGB headquarters), Stalin to Ivan the Terrible (through *oprichnina* technology) and Ivan the Terrible with the Golden Horde (through mechanisms of territorial management, destruction of private property and self-governing cities). But this is not the whole truth, and not even the main part of it.

In fact, for the forcible return of a Europeanised Russia back to Asian priorities Lenin and Stalin had break it over the knee with huge blood loss. To repress the old intellectual elite. To set a regime of total terror for two generations, if not more. To destroy the base for population growth. To plunge the country into information isolation and barbarism — the reason why it passed over two technological revolutions. To break the pace of the pre-revolutionary industrial growth (which was in the post-reform Russia the highest in the world)[10] and the transport infrastructure. During Stalin's five-year campaigns the railway construction considerably — sometimes several times — lagged behind the standards set by the Russian Empire during the last three tsars. And there was a lot more harm done, some things that have not yet been realized by public opinion, for example, to undermine (if not entirely eliminate) work ethics and the ethics of family life.

There was no 'organic' transition from normal European capitalism back to the Asiatic mode of production and sultanic governance method. The ideology of Putin's Russia carefully disguises this obvious fact. Though, in the end the Kremlin falls into the trap of false priorities, which again, as in Soviet times, will lead to a rapid accumulation of errors and problems against the background of virtual achievements.

The year 2015 marked the beginning of a gradual rising rational awareness of this destructive process. But for this sake A. G. Dugin's Idiocrasy provides a mechanism prohibiting the general public to philosophize in vain. The concept directly requires a "return to the spiritual tradition, religious faith, considerate and thoughtful study of ancestral heritage, the great ancient civilizations, rediscovering the truths inherent in traditional society."[11]

It is also necessary to carry out "a thorough revision of the cultural heritage in order to identify the most valuable directions and move to the periphery of attention the secondary ones (the conformity with the spirit of the Traditions should serve as the criterion). In the field of culture the priority should be given to the spiritual, religious elements related to the concept of 'the sacred'. The proportion of denominational, religious principle in matters of culture should be substantially increased."[12]

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[10] Россия, 1913 год. Статистико-документальный справочник. Российская Академия наук, Институт Российской истрории. СПБ, "Блиц", 1995, 415.

[11] *Программа политической партии "Евразия"*, М., 2002, 78.

[12] "Программа…", 79.

But again, there is a simple question: who will determine the degree of "conformity with the spirit of the Tradition"? Who is allowed to decide what basically is the 'Tradition'? The semi-nomadic Golden Horde or those civilized in the European-mannered Petersburg of Catherine the Great? No problem. For this matter the smart A. G. Dugin has foreseen in the coming Eurasian super-State, the wise Geopolitical Administration, which will set the 'frontiers of freedom'. Putin's ideocrats are convinced that "all political trends and processes, all the political, social, communally, religious and national associations, aiming at the destruction of the geopolitical power of Russia (Eurasia), leading to separatism, should be outlawed."[13]

So, Dugin's Geopolitical Administration is *a priori* higher than human justice and even the judgment of God (not to mention science) — if it is entrusted to decide whether a particular religious or social movement is helpful or harmful for the power of Russia, and whether it stays within law. It would be strange if Putin's nomenklatura did not like such a completely hands freeing ideology, when they consider themselves something like a Geopolitical Administration.

A great invention. For the ideocrat Lenin *a priori* it seemed correct to shoot the priests and the bourgeoisie in numbers for the sake of the coming Communist grace. And it seemed right for the ideocrat Hitler to burn the Jews — to destroy the hideous ulcers on the body of the great German nation, whom he sharply noticed a curled larva in each small little Jew. And it seemed natural for the ideocrat Bin Laden to blow up infidels and crusaders, because they interfere with Islamic people's ways to gain spiritual strength and height. Although, admittedly, the final grace of Islamic Bin Laden was imagined a little differently than Dugin, Mussolini, Lenin or Hitler. And Putin, too.

Thus, an ideological doctrine is formed in Russia that exempts its carriers from all sorts of human chimeras (such as conscience, morals, rights and freedoms) and has an openly manipulative nature in relation to the population. Eurasian geopolitics are paramount.

7. Novorossiya

Before the beginning of the Ukrainian adventure, Putin willingly and often used terms and entire phrases from the publications of A. Dugin, including the concept of 'Novorossiya' (New Russia). Since the beginning of 2015, they disappear from his speeches. And Dugin himself — from the Kremlin's corridors. Leaving aside the ostentatious disregard towards international law (this is typical for the values of the geopolitical 'ideological nucleus'), let us consider a purely ideological failure of this epic.

This historical phenomenon of Novorossiya was formed during the era of the 'Romano-German yoke', when German-born Russian Empress Catherine the Great

[13] "Программа…", 17.

was consistently carrying out a policy of Westernization. European technologies, particularly in the military; European organisation of the army and navy; the flourishing of European-styled culture and science, academies and universities; European trade — all this, since the time of Peter I, allowed the Russian Empire to accumulate complete advantage over Turkey who was stagnating in a system of Asian values and its dependent periphery of the northern Black Sea coast. The conquest and development of land by St. Petersburg — despite all costs of the process and the era — has become part of a natural spread of the European system of values to the East. By the way, before the conquest by Catherine, Crimea was regarded as part of Asia by default; Tsarist Russia with its capital city, standing at the 'window to Europe' coped with the role of a transmitter as long as the Bolsheviks did not shut the window and did not return the capital back to the east to Moscow.

By the end of the nineteenth century the densest transport infrastructure node in Russia was formed on the territory of Novorossiya with active European capital involvement, construction of private railways and development of the coal and iron ore industry. The city Donetsk was founded by Englishman John Hughes (1814–1889) and during the first decades of its existence, was called Yuzovka. Cities of Novorossiya such as Odessa, Ekaterinoslav (Novorossiysk, aka Dnepropetrovsk), and Kharkiv developed equally as quickly in the European context, but each in its own way.

The arrival of the Bolsheviks was accompanied by a remarkable reduction in the population and the destruction of industrial capacity. Later, growth in the Donbass recovered — but only in a quantitative sense. Indicators of labour productivity, technological upgrading, and structural change began to lag behind their foreign competitors. But not in propaganda. It took an incredible breakthrough but due to falsifications the heroic miner Stakhanov exceeded production quotas 14 times — and the Soviet people believed it.

Only through poisoning their own propaganda and the having a habit of living in a parallel reality can explain the absurd idea that the phenomenon of Novorossiya, which arose due to the Europeanisation of Russia, can be deployed for the benefit of a Putin-Stalinist Asiatic revenge. In fact, everything turned out the opposite. Much of the population, and, especially the regional elite, perhaps even without realizing it clearly, has long been groping in a straight and organic way towards the European choice as more effective and natural for them. As in 1917, Dugin-Putin's rhetoric was met with understanding mainly in the social bottoms and corrupt nomenklatura associated with criminals.

The 'New Russia' has failed. Over the past two years, Putin in a purely 'geopolitical' sense irretrievably lost Ukraine, received a total blockade and practically lost control of Transnistria ("the outpost of Russia in Europe", "an oasis of socialism", "the industrial heart of Bessarabia" — as the patriotic panegyrists wrote 20 years ago almost in the same words they are now using to write about Donbass), weakened his positions within the Euro-Asiatic Economic Union and Customs Union and with the noticeable retreat of Belarus and Kazakhstan could

not keep Georgia from turning towards NATO. Instead of Transnistria-1 leaving for the West he receives Transnistria-2 (Donbass) with the same insoluble problems, only 900 kilometres to the east and closer to Moscow and in addition, sanctions, rising prices, international isolation. Did you want to call it a victorious expansion of Eurasian values? It does not quite seem so.

If there is a gain, then it is only in a propagandistic sense. And a short-term one. Every month the frustration of the elites and population will grow. He will have to press harder.

8. It is Worse Than a Crime. It's a Mistake

The Putinist ideology is trying to solve an insolvable (at least in the long term) task: on the basis of the Soviet mirage which brought the Soviet Union to collapse, to build a successful and influential State system. Futility of the venture can be masked, while high prices for natural resources allow a maintained economic prosperity, bypassing a key factor of the Western model — competition and economic motivation of an individual to a higher labour quality and efficiency.

The Soviet 'nuclear' ideology instinctively believes the acquisition of territory with the expectation of their subsequent administrative use must strengthen the strategic and economic positions of the State. In reality, it weakens them — in complete contradiction to the ideological pattern. Not only because of international sanctions, but much more so because of the contradiction between ideological postulates and real-life practice. In today's world a substantial investment is needed for a territory to be profitable. Investments need to have an attractive climate. Climate, in turn, depends on the ideological system. If rulers come with a presumption that citizens should tighten their belts and leave their property for some higher goals, (i.e. for the benefit of nomenklatura), then it is difficult to count on a long-term positive effect. There can be only propagandistic victories in this situation. The territory can be expanded like it was expanded under the Mongols but it is not developing.

Annexation and the subsequent war was ventured "for the protection of the Russian population". However, the quality of life and security of the Russian population in Crimea, DNR and LNR after two years has hardly improved. Quite the contrary. But what did you expect? Around 2.5 million refugees have left Donbass according to the UN. Most of them are Russians. About half of them went to Ukraine. And what did those who stayed receive? A purely ideological satisfaction. Lawlessness, patriotic destruction and outright criminals in power. Another October Revolution on a smaller scale.

As was written on propaganda posters in annexed Crimea, "Now the stones can even fall from the sky. We are in the homeland!" The problem is the mythological image of the homeland in confrontation with reality will inevitably fade. The stones from the sky will become more and more. Already a significant number of

programmes planned for Crimea are not able to be funded by the federal budget and had to be postponed.[14]

The only thing left for Putin's regime in this situation is to use Soviet patterns and strengthen ideological indoctrination (fortunately not too expensive), tighten censorship and revive the 'defence consciousness', which, as in past glorious times, gives an explanation to the population about the need for austerity. All this implies an escalating of repressions, search for external and internal enemies (the 'fifth column' and 'national traitors', which is essentially equivalent to the 'pests' and 'enemies of the people' of the Stalin era), and, when necessary, further suppress private initiatives and alternative sources of growth. It is again a crater of degradation.

The lush idea of 'Eurasian civilization' with mythologised geopolitics as a vision of the future cannot withstand a collision with reality. Where are the promised victories?! Mainly on TV, as it was in the great Soviet past. Against the background of violent expansionist rhetoric, willingly swallowed by the mass thinking in Russia, an objective and natural reduction of the Kremlin's real sphere of influence is taking place. Moscow tries to cover it up, snapping, scaring neighbours and looking for the weakest link where they could show their virtual power. But it is in fact fiction. The actual interest of Putin's 'ideological nucleus' is merely reduced to retaining power. This means the real vector of his policy is directed inward rather than outward, becoming isolationist and clearly more defensive in nature. Putin has found real rivals for himself: Ukraine and Turkey; and was not able to overcome either of them. What a hero.

What's next? First a standstill, then a catastrophe. Russia's largest cities — primarily Moscow and St. Petersburg, look to Europe's direction. Peripherals — where, due to dormant civil society and rampant unfettered 'administrative resources' Putin manages to secure a falsified electoral support, feel an Asian pull. The best example — Chechnya, where Kadyrov during the last presidential election drew for his boss a purely Soviet-style result: 99.8 percent "pro" at a turnout of 99.6 percent. However, for such support the Kremlin has to pay Chechnya about 1 billion dollars a year from the federal budget — with no means to control the expenditure of these funds. It can last for quite a long time — but 1 billion is not a lot of money for the world's leading oil and gas exporter. Still, it won't be forever because the money (as well as sponsoring other territorial acquisitions) does not bring economic development but is spent mostly on buying corrupted loyalty. At the same time the regions of Russia proper, as in the Soviet era, experience an acute shortage of funding and are immersed in the defaulted State. The country is facing growing tensions leading to disruption, including those ideological and values-based.

If this is an empire, then turned inside out the metropolis does not receive resources from the colonies but is instead pumping them in there, taking away from its own civilization centre just to keep the myth of a united and powerful

[14] "Крымская правда", 13 октября 2015 г. http://c-pravda.ru/news/2015/10/13/sroki-realizacii-fcp-pereneseny.

Russian State, 'Russia-Eurasia'. It cannot continue this way for long. Unlike Hitler and Stalin, who strengthened their idiocratic regimes during the global industrial growth after the recession of the 1920s and 1930s, Putin has managed to engage in a similar story against the backdrop of the global downturn in raw material prices. His game with ideology will be shorter and more tragic.

This does not mean he is not a source of danger. On the contrary, feeling the ground is slipping from under his feet, he can throw himself into any adventure to save face and his power status. However, number one among his chief political instincts is that of self-preservation. Therefore, aggression will be directed inward rather than outward. He retreats when encountering serious resistance. His speciality is to scare. The most correct policy in this case is not to be afraid but to prepare for resistance.

Conclusion

Putin is not so much a creator as a slave to his ideological paradigms. Based on perverted Soviet patterns, he sets false objectives. They cannot be achieved in reality — only in the propaganda space. He can annexe a territory by military force, but not improve its social and economic situation. This pursuit of geopolitical phantoms from the nineteenth century costs real budgetary resources, human lives and an integral lagging behind competitor countries.

The value system of Putin idiocrasy, borrowed from the Soviet Union is, first, unnatural, second, along with this erroneous essence self-contradictory, and third, aimed at satisfying not so much the interests of Russia but the 'ideological nucleus' of nomenklatura which controls the country. Therefore, the results of two years of a Ukrainian epic in dry matter can hardly be called anything else but a total failure. Moreover, Russia undermined the basis of economic prosperity, the country is in international isolation, and even her closest satellites like Belarus disassociate. Key social institutions are destroyed or discredited, the capital of the social trust is exhausted, and it is replaced by clericalism. The only positive thing is Putin's personal rating which is supported by continuous injections of more and more aggressive and vulgar propaganda. But, even in terms of the rating for virtual victories the possible maximum has already been reached — if not overcome. There is too little real success and too many problems. The disparity is growing. The way ahead leads down. The loss of position can only be prevented through a new iron curtain, censorship, and a more or less systemic repression.

Putin becomes especially dangerous on the descending branch of his political trajectory because he is most afraid of losing power, which for him is synonymous with security. The worse the situation is, the more frightening it is to step down. The key word is unpredictability. At the same time, one should not overestimate his real potential; bullying is a routine part of his ideological and political tool-kit. Faced with serious resistance, he retreats.

BACK TO THE USSR: A SELECTIVE APPROACH TO RUSSIAN HISTORY

Ainars Lerhis

Introduction

One may argue that history shapes the national identity of the individuals of a nation, therefore its psychological impact on the processes of formation of the values the individual sees as binding should also be assessed. The process of learning the details of history may contribute to or undermine societal integration and unity. Problems related to learning these details emerge when history is being employed for political purposes, i.e., used for mobilizing society for political support and popularity. Thus, due to subjective and objective circumstances, the interpretation of history turns into tools of societal "patriotic" mobilization in domestic and foreign policy. The interpretation of history is targeted at strenghtening convictions of a desirable drift within a target audience. New values, truths, views, etc. are being constructed.

It is stressed more and more that Russia's interests and values are fundamentally different and contrary to Western interests and values. It is stressed that Russia is a self-sufficient country which has to defend these differences and the country's different "way of history". To reduce the "sense of danger of siege" and strengthen its position, Russia expands its activities in neighbouring countries, among others, in regards to historical issues.

In recent years Russian authorities have spread profusely information about Russia's humanitarian impact in its neighbouring states, those former republics of the USSR, and Latvia is one of them. One strategic aim of the policy of humanitarian impact is to re-unite the space of the former USSR in terms of informative, political and cultural aspects. Therefore, the humanitarian impact is being targeted at the society of the afore-mentioned countries in order to achieve changes in the identity of inhabitants which favour the strategic interests of Russia. In order to accomplish the desirable change of identity, a change of attitudes in the societies of corresponding states needs to be accomplished first; a "revision of values" has to take place in relation to the people and the history.

The National Security Strategy of Russia (until 2020), under the section "Culture" states the negative impact on Russia's national security in the sphere of culture is being caused by incentives to review the considerations on Russia's

history, its role and place in the history of the world.[1] Thus, one can see that the matter of history is being raised to a level of national security.

In the Foreign Policy Concept of Russia 2013, Russia states as one of its aims "an active counter-action to the manifestations of extremism, neo-Nazism, any kind of racial discrimination, aggressive nationalism, antisemitism and xenophobia, as well as to efforts to re-write history with an aim to cause confrontation and facilitate revanchism in international politics, to re-write the outcome of the Second World War, to facilitate the depolitization of discussions on history, to direct them solely in an academic channel".[2]

Only since the collapse of the Soviet Union, has the opportunity for researchers from independent republics of the former USSR been opened to judge the history of their countries from their own perspective, and not from the one dictated by Moscow. Policies regarding historical memory and renewal of justice, adopted by other former states of the USSR, receive harsh criticism from Russia if they differ from the position of the latter. "Rewriting history" in neighbouring countries and other countries of Eastern Europe is often invoked by Russia, and the politicians, as well as historians representing Eastern Europe are most often "blamed" for that. The compatriots in Russia, however, are not as often invoked in this respect. The above-mentioned countries receive reproaches for implementing a special "policy of history" targeted against Russia. Russia is the only country which systematically and on a regular basis, on an official level, questions the view developed by former USSR countries regarding their history.

Nevertheless, one can argue whether Russia implements such a policy of history. There is a profound idea about "a new reading"of history. This denomination is in many respects being attributed to revision of the reading of history predominating the Soviet Union during Mikhail Gorbachev's and Boris Yeltsin's era, regarding crimes committed by Stalinism against the peoples of the USSR, as well as other countries and peoples of the world. The idea is being put forward as a necessity of developing an "unconflicting approach to the common history"[3] in the space of CIS. It is argued that a common textbook in history should be written for all CIS countries in which the afore-mentioned "common history" would be reflected.[4] In February 2013, Vladimir Putin noted the united conception of history of Russia

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1 Стратегия национальной безопасности Российской Федерации до 2020 года. http://www.scrf.gov.ru/documents/99.html. (last accessed on April 23, 2015.)

2 Концепция внешней политики Российской Федерации. Утверждена Президентом Российской Федерации В.В. Путиным 12 февраля 2013 г.; http://archive.mid.ru//bdomp/ns-osndoc.nsf/e2f289bea62097f9c325787a0034c255/c32577ca0017434944257b160051bf7f!OpenDocument (last accessed on November 10, 2015.)

3 Неконфликтное прочтение совместной истории — основа добрососедства; 21.10.2010.; http://www.apkpro.ru/content/view/2840/114/ (last accessed on September 14, 2015.)

4 Единый национальный учебник по "несфальсифицированной" истории в ее московском варианте создает МГГУ им. М. Шолохова; 08.03.2011.; http://net.abimperio.net/node/1695 (last accessed on September 11, 2015.)

must envisage a united logic of Russia's continuous history, as well as a mutual interconnectedness of all its stages, and respect towards all Russia's episodes of the past should be shown.[5] That means that CIS member-states should join Russia's view regarding matters of history, and other alternatives are not supported.

During recent years, Russia spread its humanitarian impact in neighbouring countries and wants all former republics of the USSR to share its view in terms of historical matters; Russia strives to inspire new values. Otherwise, conflicting situations are being created and deliberately facilitated. In the former republics of the USSR, such situations contribute not to discussions on history, but to the formation of divisions. History as one of the components in the formation of Russia's identity, is regarded as substantial. The matters of history are politicized and presented as topical depending on the political advantageousness.

The aim of this article is to analyze how the refusal to appraise the history of Communist totalitarianism in Russia gradually lead to a return to the idea of great power. A return to the glorification of the historical legacy of the Russian Empire and the USSR, promoted by the political leadership of Russia, is being studied as well. The particular manifestations of this process and influence borne by the political elite in Russia with current regard to matters of history is being explored. What is the vision of history offered by Russia to other former republics of the USSR for a re-integration of the post-Soviet space?

1. A Road Back to the Glorification of the USSR

During the era of Gorbachev and Yeltsin, many formerly unknown episodes of USSR history revealing crimes committed by the Communist regime towards people of the USSR, were brought out to the Russian society. For many in Russia these were unpleasant and unacceptable insights. As the USSR collapsed, Russian society experienced large-scale social transformations within a short period, and a number of formerly approved social constructs collapsed.[6]

Since the beginning of the twenty first century, a counter reaction has persisted in Russia towards the fact that too many negative aspects have been voiced in 1990s regarding the Soviet era and the history of Russia, that the "humiliation" of Russia as a great nation and great State has taken place, and that the national interests of Russia have been violated. The 1990s are considered short-term weakness for Russia. State government structures have not yet made clear to the inhabitants why the USSR collapsed, therefore a great deal of society members lack comprehension

[5] Гладилин И. Единый учебник истории: могут ли историки прийти к консенсусу? 28.02.2013.; http://www.km.ru/v-rossii/2013/02/28/shkolnoe-obrazovanie-v-rossii/705124-edinyi-uchebnik-istorii-mogut-li-istoriki-p (last accessed on July 2, 2014.)

[6] Алексей Левинсон: Нельзя кричать: "Россия сдурела". 05.11.2014.; http://www.novayagazeta.ru/politics/65985.html (last accessed on November 7, 2015.)

regarding the matter. The collapse of the USSR is still regarded as a result of an impact from "external forces" and injustices committed towards Russia.

Since Putin came to power the necessity to respect the national interests of Russia has been re-emphasized. As is frequently stated — it is a break with the compliant policy practicized by Gorbachev and Yeltsin. That is why numerous assessments of history are being reconsidered, according to "Russian national" interests. In 2001, the melody of the anthem of the USSR by Alexander Alexandrov was revived using re-written lyrics by Sergei Mikhalkov. The far-reaching meaning of this symbolic step was to prepare society for associating contemporary Russia with the era of mightiness of the USSR. These were times when the world took the Soviet Union seriously. The revival of the anthem marked a symbolic reanimation of the USSR.

During the last 10 to 15 years, the view has been employed that Russian people, due to the collapse of the USSR and formation of new independent States in the territory of the former USSR in the 1990s, was "pressed down on its knees" but is now recovering from that humiliation in terms of culture, language, religion, and other aspects.

In April 2005, Putin, in his address to the Russian Parliament, labeled the collapse of the USSR as "the greatest geopolitical disaster of the twentieth century".[7] On 10 May 2005, he declared that any changes in the boundaries of the European States are unacceptable; as a result of the collapse of the USSR, Russia (sic!) has lost a number of territories.[8] Here the widespread view persisting throughout Russian society was reflected — that during the USSR era not only the Russian Soviet Federative Socialist Republic (RSFSR) as one of 15 Soviet republics, but the whole Soviet Union was Russia. This was clearly stated by President Putin in October 2011 when he argued that the USSR was Soviet Russia, although under a different name.[9] Therefore, all historical merits of the USSR, Russia now attributes to itself.

Old Symbols with New Purposes

Symbols of the USSR have been preserved in Russia. The red flag has remained the symbol of the Russian army.[10] The facades of the building of the State Duma,

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7 Послание Президента Российской Федерации Федеральному Собранию Российской Федерации. Послание Президента России Владимира Путина Федеральному Собранию РФ. 25.04.2005. https://www.consultant.ru/document/cons_doc_LAW_53088/ (last accessed on November 12, 2015.)

8 Пресс-конференция по итогам встречи на высшем уровне Россия — Европейский союз. 10 мая 2005 года. http://archive.kremlin.ru/appears/2005/05/10/1823_type63377type63380type82634_88013.shtml (last accessed on November 13, 2015.)

9 Путин: "Советский Союз — это и есть Россия. Только называлась по-другому"; 21.10.2011.; http://argumentua.com/novosti/putin-%C2%ABsovetskii-soyuz-%E2%80%94-eto-i-est-rossiya-tolko-nazyvalas-po-drugomu%C2%BB (last accessed on November 12, 2015.)

10 Желенин А. Почему вспомнили о Дзержинском; 27.06.2015.; http://www.rosbalt.ru/blogs/2015/06/27/1412918.html (last accessed on July 3, 2015.)

the main building of the Lomonosov Moscow State University, the Ministry of Foreign Affairs building, and a number of others are still adorned with the Soviet State Seal. The sickle and hammer is still a logotype of air operator "Aeroflot", but the red star serves as an emblem of the Russian Armed Forces.

In February 2007, in a forum devoted to security matters, Putin delivered a speech in which he marked Russia's return to a position of the USSR.[11] Russia's political leadership was increasingly inclined to show Russia as a State willing to revive the former positons of the USSR in the world, despite the fact that contemporary Russia possesses much less economic and military potential in comparison with the Soviet Union.

Russia bitterly objects to the comparison of two totalitarian regimes, i.e. Communism and Nazism. It protests the view the Stalinist regime of the USSR and Nazi Germany should be held as equally responsible for bringing about the Second World War and condemnation of both totalitarian regimes. At the end of August 2009 President of Russian Federation Dmitrii Medvedev sharply criticized the afore-mentioned stance adopted by the Parliamentary Assembly of the Council of Europe.

Today, a bulk of the myths from the USSR era are being revived in Russia. A nostalgia for USSR times is being promoted, mainly relating to stability of the stagnation period of Leonid Brezhnev. As the USSR period moves more into the past, it has a tendency to be regarded in a more positive way, as after this era society experienced hard times during the post-Soviet era and "wild capitalism" with crises and other challenges accompanying it.

A new generation enters the social life of Russia and other former republics of the USSR. Its members have not experienced the hardships of the Soviet era, and can be instilled with a positive view on those times. Supporters of the USSR stress social protection and conviction for their State and its future as being framed during the Soviet era.

Following 2013 a number of decisions, initiatives and other measures can be observed as giving evidence for efforts to revive traditions during the USSR. Various titles from the era are being renewed. In January 2013 the Council of Volgograd adopted a decision which envisages that six days a year Volgograd is called Stalingrad.[12] On 14 May 2014 the Exhibition of Achievements of National Economy regained its name from the Soviet era.[13] From 1992 to 1 October 2014 Russia's Information Agency acted under the name ITAR-TASS. It had thus preserved the abbreviation applied during the Soviet era as part of the title of the

[11] Минеев А. Что поставлено на карту Украины? 10.02.2015.; http://www.novayagazeta.ru/politics/67204.html (last accessed on November 10, 2015.)

[12] Фарг Ш. Россия постепенно возвращается к имперскому прошлому. 14.08.2013.; http://www.inosmi.ru/russia/20130814/211896420.html (last accessed on November 6, 2015.)

[13] ВДНХ, вперед! http://vdnh.ru/about/history/vdnkh-vpered/ (last accessed on November 6, 2015.)

institution. However, since 1 October 2014 the agency fully returned to TASS, the title it had during the Soviet era.

One can even find positive assessments about the GULAG. At the beginning of 2013, in Solikamsk, the 75th anniversary of one of the first GULAG camps, Usollag, was commemorated, by focusing not on the pertinence of Stalinist repressions, but the great contribution given by the camp to the Oblast of Perm.[14]

At an official level, aggression against other countries is justified by the historical situation and geopolitical conditions. One example comes from March 2013, when Putin initiated a plan to compose a history textbook which would provide a unified vision on the history of Russia, no differences in its interpretations. By putting forward this idea, sitting with members of the Association of Russia's War History, Putin tried to justify the aggression committed by the Soviet Union towards Finland in 1939–1940.[15] Nevertheless, in August 2014 it became evident that an idea of a unified history textbook was renounced, and common standards introduced instead.[16]

Different Soviet-style measures and traditions are being restored, however. In March 2013 Putin put forward an idea to renew the normative programme of physical training from the Soviet era, known as GTO (ready for work and defence of the USSR).[17] In summer 2013, a decision was made to renew and reinstall a memorial plaque for USSR former General Secretary Brezhnev in Moscow.[18] According to the law of 1 July 2014 "On Strategic Planning", Russia decided to go back again to planning the economy according to a five year cycle, in a like manner, as it was during the Soviet era.[19] There was a proposal to reintroduce "politinformations".[20] Then in November 2014 Putin congratulated Marshal of the USSR, Dmitri Jazov, at the occasion of his 90th birthday. Mr. Jazov took part in the coup in August 1991.[21]

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[14] В Прикамье отметили юбилей одного из старейших лагерей ГУЛАГа и восхвалили мужество его руководителей. 04.02.2013.; http://www.newsru.com/russia/04feb2013/gulag.html (last accessed on November 10, 2015.)

[15] Putin: Winter War aimed at correcting border "mistakes"; 15.03.2013.; http://yle.fi/uutiset/putin_winter_war_aimed_at_correcting_border_mistakes/6539940 (last accessed on March 18, 2013.)

[16] Единый учебник истории не появится. 27.08.2014.; http://tvrain.ru/articles/edinyj_uchebnik_istorii_ne_pojavitsja_-374613/ (last accessed on November 8, 2015.)

[17] Ķezberis U. Putins lūko atjaunot padomju tradīcijas. 18.03.2013.; http://www.diena.lv/pasaule/putins-luko-atjaunot-padomju-tradicijas-13998992 (last accessed on July 4, 2014.)

[18] Maskavā atjaunos Brežņeva memoriālo plāksni. 27.05.2013.; http://www.tvnet.lv/zinas/arvalstis/465719-maskava_atjaunos_brezneva_memorialo_plaksni (last accessed on July 4, 2014.)

[19] Левыкин Ю. Россия стремительно возвращается в СССР. 03.07.2014.; http://www.centrasia.ru/news.php?st=1404377520 (last accessed on July 3, 2015.)

[20] "Хотим вернуться в нормальное время — к Андропову". Депутат Госдумы рассказал "Ленте.ру" о возвращении политинформации и патриотического воспитания в школы. 19.08.2014.; http://lenta.ru/articles/2014/08/19/politnifo/ (last accessed on November 10, 2015.)

[21] Путин наградил главу ГКЧП маршала Язова орденом Александра Невского; 08.11.2014.; http://www.kasparov.ru/material.php?id=545E18CDD8092 (last accessed on November 8, 2015.)

Some ideas have been expressed to restore Soviet-time institutions and organizations. In 2015 MP of the State Duma, Tatyana Moskalkova, proposed renaming the Ministry of the Interior for the State Extraordinary Committee, returning to its first historical name of "Tscheka".[22] Six MPs of the State Duma indicated to the President of Russian Federation to reinstate the denomination persisting during the USSR era, "Mother the Hero".[23] A proposition has also been voiced to form a pan- Russian patriotic organization for children (similarly known as the Pioneer organization from the USSR era).[24]

In a poll carried out regarding renaming the metro station "Voikovskaya", the majority of respondents were of the opinion that the current name which is a tribute for the bolshevik Pyotr Voikov, one of the organizers of the assassination of the tsar family and its executors, should be maintained.[25]

2. The Topic of the Second World War, and May 9 as the Main Holiday in Russia

Victory in the Second World War is the cornerstone of the "national idea" of Russia. Victory in the Great Patriotic War serves as proof for the mightiness of the Soviet State, and it is being skillfully cultivated. This is also related to efforts of by State powers to deepen the unity of the nation. The mightiness of Russia as heir of the USSR is being emphasized with an aim to impact Russian society.

The Day of Russia is 12 June, but 9 May has become the main celebration day in the Federation. In an address delivered on 9 May 2014 in Moscow, Putin said: "May 9 was, is, and will be our main celebration. This is the day of commemorating national triumph, national pride, mourning, and an eternal remembrance".[26]

Fascism and Nazism is being looked for in neighbouring countries; in former Soviet republics now independent countries, in the Baltic States in particular. Charges are being raised against several republics of the former USSR for Nazism in their past and "revival of Nazism" in the present for its heroization.

Russian power institutions consider history an effective tool of foreign policy used by the power structures of a number of Eastern European countries when seeking to accomplish aims targeted against Russia. Therefore, in 2009, under the auspices of the President of the Russian Federation, Medvedev, a "Commission

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[22] Депутат Госдумы предложила переименовать МВД в ВЧК; 22.04.2015.; https://meduza.io/news/2015/04/22/deputat-gosdumy-predlozhila-pereimenovat-mvd-v-vchk (last accessed on November 8, 2015.)

[23] В Госдуме просят Путина возродить звание "Мать-героиня"; 28.05.2015.; http://grani.ru/Politics/Russia/Parliament/Duma/m.241398.html (last accessed on November 5, 2015.)

[24] Милонов предложил охомутать детей георгиевскими лентами; 28.08.2015.; http://www.kasparov.ru/material.php?id=55E017171DF77 (last accessed on November 8, 2015.)

[25] Тихомиров В. Зачем власти нужно беречь память о мародере и убийце царской семьи?; 19.11.2015.; http://www.istpravda.ru/opinions/14783/ (last accessed on November 14, 2015.)

[26] Выступление Президента РФ Владимира Путина на Параде Победы. 09.05.2014. http://www.1tv.ru/news/social/258306 (last accessed on November 12, 2015.)

for Averting the Attempts of History Falsification Against the Interests of Russia" was formed. The political interest of Russia is also being proved by the fact that only three of 28 members in the commission were historians, while the rest represented security institutions such as the External Intelligence Service, Federal Security Service, and the Russian Armed Forces. The aim of the commission was to spread the interpretation of history supporting ideas about the positive role of the USSR and advantages of its system. Russia, by choosing its views on heroes and victors, strives to change the value system and at the moment is shaping national identity in neighbouring countries which used to be republics of the USSR. A few years later, the commission ambiguously appraised in the society of Russia, was abolished.

At the beginning of May 2014, President Putin signed a law establishing criminal penalties for the public rehabilitation of Nazism, as well as for "deliberately propagating false information on the activities of the USSR during World War II". It envisages imposing penalties for justifying war crimes committed by Nazi Germany stated by the Nuremberg tribunal, as well as accusing the Soviet Union of such crimes.[27] During the debates a "memory law" was called for in order to protect the Soviet version of events in World War II from revisionist interpretations.

The idea of supporting Nazism is being knitted together with national policy which secures the view on language and history held by titular nations in former USSR republics. Clear evidence for that was calling Ukrainians fascists after the Ukrainian government issued instructions soon after the Maidan developments related to strengthening the Ukrainian language. This was undertaken with an aim to provide opportunity for Russia to interfere in the domestic affairs of neighbouring countries. Russian activists worked out the justification for Russia's invasion in Ukraine — Ukrainians have to be set free from Nazists, it was claimed.

3. The Efforts and Failure of De-Sovietization and De-Stalinization

In the 1990s the past of the Soviet era was often judged from the point of view of crimes committed by the Soviet system, and this matter was widely and openly explored. Since the beginning of the 1990s, public calls were voiced to remove the remains of the founder of the USSR, Lenin, from his mausoleum.

Since 1991, each year on 30 October, a day of remembrance for victims of political repressions is celebrated in Russia when events of remembrance take place. Since 2007, according to the "Memorial" initiative, near the Solovec stone in Moscow as well as in other cities of Russia, an event called "Reneval of names" is organized in which names of the repressed are read aloud. In 1992 the Russian parliament adopted a law on the rehabilitation of victims of political repressions. In

[27] In Russia, the part of the Second World War which the Soviet Union took part in.

July 1994 former Prime Minister of Russia Viktor Chernomyrdin signed a decision regarding compensation payments for victims of repressions.

As Russia experienced intensifying authoritarianism trends in domestic policy and in efforts to implement the interests of the great power in foreign policy (since the beginning of 1990s), the processes of de-Stalinization, democratization and openness, stopped. Russia as heir of the USSR avoids appraisals of Stalinist crimes at a political level. Learning about and evaluating the consequences of Stalinism are also obstructed by Russia's state government structures.

Since 2000 the role of Stalin as victor of the war has been increasingly emphasized. It has been stated that the Soviet period of Russian history may not be reflected as a chain of crimes. History must serve the patriotic education of youth. This idea resulted in a new line prescribing keeping silent on crimes throughout the Soviet period.

Russian political scientist Elizaveta Pokrovskaya when analysing the current situation regarding the matter of condemning the communist regime, invoked the necessity to "heal with the truth". She acknowledged that many have "skeletons in their closet", and almost everybody has suffered repression or lies; she invited opening the archives and to initiate lustration.[28] In practice, there are no discussions initiated with society on what should be maintained from the Soviet system, and what should be condemned.[29] Unlike Nazi Germany, Russia had spent a considerably longer period under a totalitarian regime. New generations were born, and besides, the totalitarian regime in Russia did not fall due to military defeat.

Initially the revival of the myth of Stalin, including erecting monuments, in the period after the collapse of the Soviet Union still met obstacles. Condemnation of the guilt of the dictator on the vast number of victims in war, and the aggressive foreign policy did not become the official line. Although concealed, the myth of Stalin remained. A widespread belief persists that the USSR became the most mighty State of the continent under the leadership of Stalin, after the war.

Minor steps are being made by Russian State government structures in assessing the history of Russia. Let's take a look at a couple of statements by Russian high officials on the condemnation of Soviet crimes. Prime Minister Putin in his address in Gdansk, September 2009, condemned the mistakes of the foreign policy of the USSR. One such mistake was signing agreements with Nazis, he argued.[30] In his announcement of 30 October 2009, President Medvedev encougaged the crowd to not justify Stalinist repression and stressed that memories on national tragedies are

[28] Покровская Е. Исцеление правдой? 08.06.2015.; http://www.kasparov.ru/material.php?id=557674F11C465 (last accessed on November 10, 2015.)

[29] Самодуров Ю. Почему народ не верит антисталинистам. 10.09.2015.; http://www.kasparov.ru/material.php?id=55F01738316A3 (last accessed on November 8, 2015.)

[30] Выступление Владимира Путина на официальной церемонии в Гданьске. 01.09.2009.; http://www.ng.ru/newsng/2009-09-01/100_putin.html (last accessed on November 8, 2015.)

as sacred as memories on the Victory.[31] After this announcement, it was expected the way to de-Stalinization would open.[32]

On the eve of 65th anniversary of the end of World War II Medvedev declared his condemnation of Soviet totalitarianism in 2010, and also voiced a willingness to open the archives of the USSR's history. On 8 May the Russian President handed to Poland 67 volumes from the criminal case of the Katyn massacre. At the same time, Medvedev voiced his intention to make the USSR archives available for researchers and private persons representing any country.[33] The rest of the volumes of the "Katyn case" were not delivered to Poland.

On the other hand, in September 2004 the Main War Prosecutor's Office of Russia decided to close investigations in the "Katyn case", as all guilty persons were dead. The decision was only made public in March 2005. State government structures for Russia made several announcements on the guilt of the Stalinist leadership in repressing citizens of Poland in 1940 (e.g. the announcement of the State Duma, 26 November 2010 "on the Katyn tragedy and its victims"). Russian historian Nikita Petrov in his article "Katyn — Kremlin's Double Game" voiced a view that a nostalgic idealization of the socialist past was promoted for "domestic consumption", i.e., for the inhabitants of Russia. This was the case also regarding the matter of the Katyn tragedy.[34]

In an interview with the newspaper *Izvestiya*, Russian president Medvedev acknowledged the price paid by Russian people for the victory in the Second World War was too high due to the crimes of Stalin. There was a hope that the condemnation voiced by Medvedev for Stalin's crimes against Soviet and European people would provide further positive changes in Russia's relationships with Eastern European countries and, hopefully, facilitate a just re-evaluation of history in Russia. Later, the movie by Polish producer Andrzei Wajda "Katyn", was shown three times on Russian television (later, the Russian side mentioned the reason for showing the film was an example of progress related to activities for the Polish–Russian Joint commission on "difficult historical issues"). Nevertheless, no substantial steps followed in terms of de-Stalinization. Russia repudiates the possibility of paying any compensation to the countries who suffered from the actions of the USSR. It demonstrates how complicated and ambivalent the process is of assessing Russia's history.

The non-governmental organization "Memorial", concerned with exploration of the legacy of Communist totalitarianism receives no financial aid, and a number of obstacles have originated because of its activities. An investigation was being

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[31] Д. Медведев: Нельзя оправдывать тех, кто уничтожал свой народ. 30.10.2009. http://www.rbc.ru/society/30/10/2009/341699.shtml (last accessed on November 8, 2015.)

[32] Medvedevs plāno "destaļinizācijas" kampaņu. 26.11.2010.; http://diena.lv/lat/politics/arzemes/medvedevs-plano-destalinizacijas-kampanu (last accessed on November 29, 2010.)

[33] Laganovskis G. 12.05.2010.; http://lv.lv/index.php?menu=doc&sub=&id=209673 (last accessed on December 30, 2010.)

[34] Петров Н. Катынь — двойная игра Кремля. 12.04.2013.; http://www.novayagazeta.ru/gulag/57659.html (last accessed on November 6, 2015.)

carried out against Memorial[35] for its probable cooperation with foreign agents. In August 2015 the Russian government affirmed an initiation for state policy regarding memorializing victims of political repression.[36] Some see it as an orientation towards probable reconciliation between the "reds" and "whites", the supporters of different historical alternatives and political forces in Russia.

The program for memorializing victims of political repressions was offered to President Medvedev in 2011 for consideration, and later supported by President Putin as well. It was touched upon about the necessity for the State to deliver a judiciary assessment for crimes of the Communist regime, however no corresponding steps followed. No crimes committed by Soviet authorities have been officially acknowledged as crimes against humanity. On 21 September 2015, MP of the Federation Council of Russia's parliament Konstantin Dobrinin handed in a draft law for consideration titled: "On counter-actions to rehabilitation of the Stalinist totalitarian regime (Stalinism)".[37]

Putin took part in the commemorative event dedicated to victims of repressions committed by Stalin, while a historian representing those circles close to political leadership portrayed Stalin positively, as an "effective manager". Putin supported the initiative by the Gulag museum on erecting a monument for victims of political repression in Moscow.[38] In April 2015 he acknowledged the Soviet Union forcibly imposed upon Eastern European countries the Soviet development model after World War II.[39]

4. Attitude Towards the Heritage of the Monarchic Empire

The past of the monarchic (Tsarist) empire is also being exploited. People in Russia tend to regard those periods of history when Russia was an empire as "the golden ages".

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[35] Organization "Memorial" has received the prize named after the Soviet dissident Andrei Sakharov, for its studies on crimes of the totalitarian Communist period, inter alia, on settlement of people in Gulag.

[36] Сегодня в России День памяти жертв политических репрессий. 30.10.2015. http://www.svoboda.org/content/article/27334409.html; http://president-sovet.ru/presscenter/news/read/2644/ (last accessed on November 9, 2015.)

[37] Ян Рачинский о проекте закона против реабилитации преступлений сталинизма. 21.09.2015.; http://www.memo.ru/d/245687.html (last accessed on November 9, 2015.)

[38] Памятник жертвам репрессий и "одна лишняя Катюша" вместо Сталина и Дзержинского. Какие монументы могут появиться в Москве. 11.02.2015.; http://tvrain.ru/articles/pamjatnik_zhertvam_repressij_i_odna_lishnjaja_katjusha_vmesto_stalina_i_dzerzhinskogo_kakie_monumenty_mogut_pojavitsja_v_moskve-381805/ (last accessed on November 10, 2015.)

[39] Putins negaidīti atzīst, ka PSRS ar varu uzspieda savu attīstības modeli Austrumeiropai. 16.04.2015.; http://apollo.tvnet.lv/zinas/putins-negaiditi-atzist-ka-psrs-ar-varu-uzspieda-savu-attistibas-modeli-austrumeiropai/688964 (last accessed on November 5, 2015.)

The cornerstone of the ideology of Russian nationalists is the following thesis. Along with members of the titular nations of the former USSR republics, Russians are also regarded as the indigenous people of these countries, and moreover, these countries have been Russian lands since ages past. This ideology is still maintained. Those Russian and Soviet leaders under the leadership of whom Russia was bound to comply with territorial issues (Vladimir Lenin, Nikita Khruschev, Michail Gorbachev), receive mostly negative assessments.

In 2012, several landmark anniversaries were widely celebrated in Russia. For instance, the 400th anniversary of the liberation of Moscow from the Poles, the 200th anniversary of Russia's victory over Napoleon, and the 70th anniversary of the Battle of Stalingrad. In view of this festive atmosphere, it might have been expected the 400th anniversary of the Romanov dynasty would be solemnly celebrated as well, however, no large-scale tribute events were organized.

Imperial palaces are currently being reconstructed. In August 2013 Russian Prime Minister Medvedev made the decision to restore the previous name "Carskoye Selo" to the railway station "Detskoye selo", situated near St. Petersburg.[40] In 2014 the 200th anniversary of the Russian troops' invasion in Paris on 31 March 1814 was commemorated.[41] In October 2014 a monument was opened in Moscow to Alexander Gorchakov, Foreign Minister and Chancellor of Russian tsar Alexander II.[42]

On 1 August 2013 a Memorial Day for Russian soldiers of the First World War was celebrated for the first time in Russia. There is a widespread belief in Russia the heroes of this war have been undeservedly forgotten, thus it is sometimes called "the forgotten war". Honouring these tragic and glorious episodes in the history of Russia is quite a recent phenomenon.[43] In 2014 the centenary of the start of the First World War was marked when Russia intensified efforts to officially "rehabilitate" the First World War. On 1 August 2014 Putin opened a monument to the heroes of the First World War at Poklonnaya hill in Moscow.

In mid-July 2015 a monument to Nicholas II was opened in Livadia on the Southern coast of an occupied Crimea.[44] A member of the Federation Council of the Russian parliament targeted critical commentary at the Crimean prosecutors public statement made on 15 July 2015 stating the resignation act of Nicholas II

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40 Фарг Ш. Россия постепенно возвращается к имперскому прошлому. 14.08.2013.; http://www.inosmi.ru/russia/20130814/211896420.html (last accessed on November 6, 2015.)

41 День взятия Парижа. В ГД предлагают установить день воинской славы — День взятия Парижа. 27.03.2014. http://avmalgin.livejournal.com/4463040.html (last accessed on October 10, 2015.)

42 Агаев К. "Наследники" Горчакова. 31.10.2014.; http://www.kasparov.ru/material.php?id=5452B04B99CBE (last accessed on November 12, 2015.)

43 Лоськов В. Время собирать камни; 05.06.2013.; http://www.postkomsg.com/history/196521/ (last accessed on July 11, 2014.)

44 Поклонская: Отречение Николая II от престола не имеет никакой юридической силы; 15.07.2015.; http://www.rosbalt.ru/federal/2015/07/15/1419318.html (last accessed on October 30, 2015.)

has no legal force.[45] Later, one of the members of the State Duma said any attempt to legitimize the special status of descendants of the Romanov dynasty must be regarded as unconstitutional activity.[46] Analysis of various sources provides apt evidence that not only Soviet heritage is appreciated in Russian society. There are monarchic moods in a portion of Russian society, including high-ranked officials as well. However, the former prevails, and is being promoted by State authorities. In June 2015 there was a proposal to formalize the status of the Russian emperor's house. The above-mentioned Crimean prosecutor's statement implied, in essence, a calling into question the legitimacy of any kind of political power established in Russia from February 1917 onwards.[47]

Russia's political leadership not only displays neo-Sovietism, but also appeals to the heritage of the Russian Empire, the White movement and White emigration. However, the political elite then run the risk of putting itself in an inconvenient position and being asked about the legitimacy of the regime, and efforts to protect the Communist nomenclature by not subjecting it to the lustration process, etc.[48] Therefore, it is evident that topics related to the tsarist monarchy and the White movement enjoy less interest and support from State authorities than the Soviet era, including its central landmark 9 May.

5. Issues of Identity and Symbols

In the 1990s Russian political leadership cherished the idea of establishing an Independence Day on 12 June in commemorating the event in 1990 when the Congress of People's Deputies of the RSFSR adopted the Declaration on Russia's State sovereignty. 12 June has been celebrated since 1992 as the "Day of adoption of Declaration on sovereignty of the Russian Federation"; the current name "Russian Day" has existed since 2002. First, this date marked the idea of the formation of a new, democratic Russia and rejection of imperial ideas. Analogous remembrance feasts of sovereignty declarations became popular in other former Soviet republics which later became independent states, and for these republics such days symbolized liberation from the control of Moscow. This was not the case

[45] Совфед ответил на слова Поклонской об отсутствии юридической силы отречения Николая II; 16.07.2015.; http://www.rosbalt.ru/main/2015/07/16/1419516.html (last accessed on November 3, 2015.)

[46] Рашкин намерен привлечь спецслужбы к спорам вокруг статуса дома Романовых в России. 16.07.2015.; http://www.rosbalt.ru/main/2015/07/16/1419755.html (last accessed on November 3, 2015.)

[47] Романовы как инструмент дестабилизации России 21.07.2015.; http://newsbalt.ru/analytics/2015/07/romanovy-kak-instrument-destabiliza/ (last accessed on October 28, 2015.)

[48] 04.02.2015.; http://glavpost.com/post/4feb2015/blogs/14868-dimitriy-savvin-otchego-obezumel-putin.html?utm_source=glavpost&utm_medium=internal_linking&utm_campaign=sidebar_blogs_slider (last accessed on November 22, 2015.)

in the former imperial metropolis Russia, where nostalgia for the Soviet past soon recovered. The annexation of Crimea pleased a majority of the Russian population, as mentally they were ready for this step. So, the 12 June celebrations, as well as 9 May, now fills Russia with a different content than it used to.[49]

President Boris Yeltsin's Russia, during the period from the declaration of sovereignty to the collapse of the USSR (1990–1991), felt like one of the republics of the USSR. However, after the collapse of the USSR, Russia became the legal successor of not only the RSFSR but the whole USSR.[50] Later on, during Yeltsin's era, the opinion arose that Russia is not one of the republics of the former USSR, but the USSR itself, in a reduced size; a territorially reduced Russia.[51] From the Russian point of view other former republics of the USSR, regarded as a temporarily lost territories gained the name "the near abroad".

Declaring Russia's sovereignty was not followed by a critical appraisal of the country's imperial past, or by revisting its relations with neighbours. Since 2000, certain measures were introduced in Russia targeting restoration of the Soviet imperial mentality. Ground for rebuilding this national idea was laid upon the mythologized national historic past highlighting victories and achievements accomplished in the past.[52]

Particularly since 2000, surveys of Russian public opinion reveal people no longer consider Russia simply as "one of the former republics of the USSR", but focus on Russia's major role in a reintegration of the post-Soviet space. It is increasingly argued the Russian Federation is heir of all Russian statehoods that have previously existed. It is being stressed that Russia was not only the entire territory of the Russian Empire but also the Soviet Union and the latter was formed on a basis of the territory of the former Russian Empire. Therefore, Russia's duty is to regain its "historical territories".

"The Tsar is Good, and Good are the Bolsheviks"

Since 2000 consistent efforts have taken place to unite the majority of the Russian population on a basis of imperial ideological aspects. In practice this means highlighting in a selective manner the history of "positive" and "patriotic" events, and often ignoring the unflattering episodes. There are supposedly contradictory

[49] Сванидзе Н. Не тот праздник. 12.06.2015.; http://www.ej.ru/?a=note&id=27904# (last accessed on June 15, 2015.)

[50] Широпаев А. Роковой шаг Ельцина. 15.10.2015.; http://www.kasparov.ru/material.php?id=561F45DD5834B (last accessed on October 30, 2015.)

[51] Широпаев А. Россия явно застряла. 26.11.2013.; http://rufabula.com/articles/2013/11/26/russia-clearly-stuck (last accessed on October 30, 2015.)

[52] Копка П. Дружбы больше нет. Украина может спасти Россию от развала, несмотря на ненависть Москвы. 10.02.2015.; http://obozrevatel.com/politics/78591-druzhbyi-bolshe-net--kak-ukraina-mozhet-spasti-rossiyu-ot-razvala.htm (last accessed on November 10, 2015.)

situations — Russian political leadership strives to prove simultaneously that "the Tsar is good, and good are the Bolsheviks". However, the latter killed the Tsar. Russia not only renewed the imperial symbols of its various historical periods, but the ruling power elite also revived its imperial thinking and ambitions.[53] Russia uses anything useful from any historical period, in spite of mutually contradictory ideologies from each separate period, as now there is one predominating ideology — the great Russian nation overcomes humiliation, "gets up from its knees" wanting to break the "chain of failures" of geopolitical retreat experienced during the last 25 years, and is committed to accomplish the "restoration of historical justice" i.e. restoration of the Empire.[54]

Millions of people in Russia "are living in the past" now, but a new post-imperial identity has not yet appeared, and is not encouraged. Ideas, people and historical milestones previously regarded as incompatible, can be seen bound together today: Lenin, Stalin, Tzarist Russia's imperial ideas, as well as Soviet ideas.[55] However, it seems the public space is more supportive of the glorification of the Soviet Union than for praising the Tsarist Russian Empire.

6. The Monument Policy in Russia

Russia objects to the fact that some countries are banning Soviet symbols and tearing down monuments of the Soviet era. Russia, on its behalf, is trying to preserve Soviet monuments in territories of the former USSR. One such example is Russia's reproaches related to the demolition of monuments devoted to Soviet era employees now underway in Ukraine.

At the end of the 1980s and beginning of the 1990s when Eastern European countries liberated themselves from Soviet influence, a bulk of symbols from the Soviet period imposed on these countries and peoples were either completely eliminated or, where appropriate, monuments were relocated from urban centers to Soviet soldiers' cemeteries. In some CIS countries this matter has turned into a serious problem, as the number of monuments is impressive. Russia is willing to spend vast amount of money on tidying up Red Army soldiers' memorials abroad, however, such activities are often ideologically-motivated.

Since 2010, every year on 28 July, the Day of Christianization of Rus' is celebrated remembering the Christianization in 988AD. In July 2015 solemn events devoted to the occasion of the 1000th anniversary of the death of Prince Vladimir

[53] Gulbis R. Padomju rēga atgriešanās. 13.05.2014.; http://www.ir.lv/2014/5/13/padomju-rega-atgriesanas (last accessed on July 9, 2014.)

[54] See, for example: 04.04.2014. Пастухов В. Настоящая русская идея — не имперская ностальгия. Это идея всеобщей справедливости; http://www.novayagazeta.ru/politics/62873.html (last accessed on July 11, 2014.)

[55] 21.04.2015.; http://glavred.info/politika/ekspert-obyasnil-zachem-putinu-grandioznoe-prazdnovanie-70-letiya-pobedy-v-moskve-314762.html (last accessed on November 9, 2015.)

were organized in many places all over Russia.[56] State authorities in Moscow plan to erect an impressive monument in Sparrow hills, Moscow, devoted to Prince Vladimir the Baptizer.

AN initiative to place the monument devoted to the founder of Tscheka, Felix Dzerzhinsky, back in its previous location in Lubyanka Square in Moscow in front of the headquarters building of Tscheka, is widely approved of among the Russia population. At the end of November 2013, a sociological survey was carried out in Russia, in which almost half of the respondents (45 percent) supported the idea to restore the monument. However, a question remains whether the restoration of the Dzerzinsky monument actually divides Russian society.[57]

After the Crimea peninsula annexation, Russian authorities commenced a removal of Ukrainian monuments. Ukrainian history was replaced by Russian history in Crimean schools.[58] The removal of a huge Lenin monuments in Kiev in December 2013, and Kharkov in September 2014 received wide attention. Overall, 504 Lenin monuments were dismantled in 2014.[59] These socalled "Leninopad" or "Leninfall" activities are regarded by many in Russia as an anti-Russian gesture. In Russia there is a lack of understanding about the fact that at least in some former Soviet republics, monuments of Lenin and other Soviet employees are widely regarded as symbols of subordination from these countries to Russia.

In February 2015, on 70th anniversary commemoration since the Yalta Conference, a monument to Stalin, Churchill and Roosevelt was erected, and was opened by Sergei Narishkin, Chairman of the Russian State Duma.[60] This monument was a tribute not only to Stalin, however it was regarded as a "trial balloon" for authorities to explore possibilities to erect Stalin monuments elsewhere.

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56 Климов Г. Тайна князя Владимира, Крестителя Руси. 28.07.2015.; http://www.istpravda.ru/digest/14301/ (last accessed on September 30, 2015.)

57 Россияне поддержали идею вернуть памятник Дзержинскому на Лубянку. 05.12.2013.; http://www.km.ru/v-rossii/2013/12/05/vserossiiskii-tsentr-izucheniya-obshchestvennogo-mneniya-vtsiom/726939-rossiyane#.UqBLkICdl41 (last accessed on November 8, 2015.)

58 Оккупационные власти Крыма убрали из школьной программы историю Украины и украинскую литературу. 04.05.2014.; http://top.novostimira.biz/fulltext_104216.html (last accessed on November 8, 2015.)

59 "Ленинопад" продолжается: еще один памятник свергли под Попасной. 05.03.2015.; http://glavred.info/proisshestvija/leninopad-prodolzhaetsya-esche-odin-pamyatnik-svergli-pod-popasnoy-305257.html (last accessed on November 12, 2015.)

60 В Ялте открыли памятник лидерам антигитлеровской коалиции. 05.02.2015.; http://tvrain.ru/articles/v_jalte_otkryli_pamjatnik_lideram_antigitlerovskoj_koalitsii-381578/; (last accessed on November 8, 2015.); Russia Unveils Controversial Yalta Monument Featuring Stalin. 08.02.2015.; http://www.rferl.org/content/russia-unveils-controversial-yalta-monument-featuring-stalin/26831980.html (last accessed on November 3, 2015.)

Conclusion

Since 1991 the political leadership of the Russian Federation has not explained to the Russian people the causes for the collapse of the Soviet system and Union. After the fall of the USSR, Russia has not assessed the crimes of the totalitarian Communist regime. Although separate experts share the opinion that the Soviet period harmed Russia to a considerable extent, and the latter should break with its Soviet past, that has not been the case up to now. The situation in Russia in terms of overcoming the consequences of totalitarianism is much more complicated than in former USSR republics and satellite States who felt Moscow was "an influence imposed from outside". The lustration of Communist regime affiliates has not yet taken place.

Although ideas on historical reconciliation in Russian society and a corresponding policy have occured, this process meets considerable challenges. Due to the inability to access a number of archived documents, it has been difficult to implement the first stage of an historical reconciliation policy, i.e. finding out the truth on crimes committed by the Soviet regime towards people of the USSR and other peoples and States of the world. Thus, initiating the next stages, i.e. assessment of the Communist legacy, condemnation, regret, and redeeming moral damage, is being hindered. It is argued that for the sake of concordance and reconciliation, rifling through history and "ripping up painful wounds" should stop. Such an approach does not provide a solution, as the oppressors are being preserved from possible retribution and their relatives and heirs from possible discomposure, while the victims, as well as their relatives and descendants, do not even receive an apology for sorrows caused.

It is sometimes maintained that Russia (the USSR), unlike Nazi Germany, did not lose the war, and so it is the victor. Therefore, it is not possible to "force Russia to regret its sins". Since 1991 a new consensus of public opinion has not been reached in Russia on the development direction Russia should take in the future. No new post-Soviet identity has originated. Instead, a "phantom pain" may be invoked when discussing consequences caused by the collapse of the Soviet Union. It has not been established whether any other nation of the former USSR regards the collapse of the USSR as their own national disaster. Re-evaluating history leads back to a number of stances characteristic to Soviet historiography. One similarity is the assertion Russia has a separate civilization and is a fortress located at the centre of a hostile Western siege. This is reminiscent of Soviet propaganda claims that the USSR was surrounded by hostile capitalist countries.

There have been some efforts to clear up truth concealed for decades regarding crimes committed by the totalitarian regime and to acknowledge them, though this process has met considerable resistance. De-Sovietization and de-Communization has not yet taken place in Russia, no monument of State significance has been erected for remembrance to the victims of crimes by totalitarian Communism.

In circumstances when the Communist regime's crimes have not been examined, condemned and repented of, society has failed to agree on a new identity (which is not possible without examining the past), and more and more people began looking back to the Soviet period. This has led to an opposite process, a "return to the past". The political leadership of Russia uses Russian nationalism and runs this "returning" process in order to achieve two main objectives: first, legitimation of the powers that be and foreign policy, and second, consolidation and mobilization of society.

A return to the identity of the great power and its corresponding ideology takes place no matter where, either in a monarchic (Tsarist) or Soviet form. Unlike during the USSR era when Communist ideology was in irreconcilable conflict with recognising the heritage of Tsarist Russia, now seemingly contradictory elements from both are being fused in order to lay a foundation for a great power imperial ideology on the basis of nationalism. Russian political leadership now glorifies both Tsarist Russia and the Soviet past. However, a return "back to USSR" mightiness is a less contested slogan. A selective approach is being employed in regard to the heritage of history. Its positive and patriotic aspects are being highlighted, while dark episodes of the past most often remain ignored. Heritage of both the Tsarist Empire and the USSR Empire is suitable for making the population believe that Russia is a superpower. The refined myths of the USSR era also bear influence on the younger generation.

Efforts to preserve the Soviet mythologised history as the only acceptable version of history serves as evidence for the deep modernization problems in Russia's current power elite. Also, efforts to maintain this artificially constructed vision of the past via providing only limited access to archive materials, remain questionable.

As the collapse of the USSR, and its loss in the Cold War is not comprehended and accepted, and a complete break with the Soviet system (which destroyed millions of people via collectivization, repressions, Gulag camps and wars) not initiated, Russia causes serious threats to the democratic world. The unappraised past can lead to new imperial policy setbacks, repeating a similar repressive and aggressive policy.

Part II: Politics

RUSSIAN MEDIA POLITICS BEFORE AND AFTER THE ANNEXATION OF CRIMEA

Simonas Algirdas Spurga and Nerijus Maliukevičius

Introduction

The notion of liberal democracy has long been discarded in modern Russia: it was instead replaced with something that can be described in relation to the idea of a 'fortress'. In the context of Russia's politics, the term 'fortress' naturally presupposes reticence rather than openness, a twisted sense of security rather than personal liberty, a place of refuge rather than a departure point, and confrontation rather than resignation. Such vision of a 'fortress' may be materialised in a number of ways: for instance, in economic policy it implies protectionism, whereas in domestic politics it can result in what Russian authorities call the 'vertical of power'. Yet this article is mainly concerned with the way the media environment is constructed in 'Fortress Russia': in particular, it describes how legal and economic restrictions, managing of narratives, (self-) censorship and information warfare all contribute to silencing independent voices at home and confronting outside populations on the other side of the border.

Arguably, the construction of 'Fortress Russia' in terms of media politics began as early as 9 September 2000, when the President of Russia, Vladimir Putin, approved the Information Security Doctrine of the Russian Federation. To this day the Doctrine has served as the underpinning policy document prescribing Russia's approach to information security overall. Given the new realities of the country's information-communicative space, the Russian Security Council has sought to replace it since 2015 with an updated edition[1]; nevertheless, it can be argued that the current media context in the Russian state has been greatly influenced by guidelines laid out in the fundamental Doctrine at hand.

Notably, the Doctrine insisted upon the 'assurance of a spiritual renewal of Russia, and the preservation and reinforcement of the moral values of society, traditions of patriotism and humanism and the cultural and scientific potential of the country'. To achieve this, it called for the 'development of methods for increasing the efficiency of state involvement in the formation of public information policy

[1] "Russia working on new edition of information security doctrine," *Russia Beyond the Headlines*, accessed December 27, 2015, http://goo.gl/aiWF6X.

of broadcasting organizations', 'making more precise the status of foreign news agencies, media and journalists', as well as 'stepping up counterpropaganda activities aimed at preventing negative consequences of the spread of disinformation about Russian domestic policy'. Furthermore, it perceived the 'uncontrolled expansion of the foreign media' as an important threat to the information security of the Russian Federation.[2] As argued by Keir Giles, at the core of the Doctrine was an assumption that the media is an instrument of the State in shaping favourable public opinion.[3] Evidently these ideas are clearly linked to the notions governing today's Russia in terms of its media environment.

However, more than 15 years after the signing of the Doctrine, media politics of the Russian State may be characterised as entailing much more complex and sophisticated measures than simple government control over the information space. It is true that on the domestic front freedom of the press has been curtailed in Russia, a result of increasingly restrictive laws, targeted repression and crackdowns on independent outlets. According to the World Press Freedom Index, the country was ranked 152 in the world as regards the freedom of press in 2015, trailing behind cases like Myanmar and Cambodia.[4] In fact, as reported by Freedom House, Russia saw a steady decline in relation to its media freedom ever since 2002.[5] Moreover, the clampdown on media has been supplemented by propaganda narratives which constantly reconstruct images of an 'enemy', thus mobilising the public sphere and legitimising the 'power vertical' of the regime.

Yet with reference to foreign policy, a somewhat more post-modern approach can be observed regarding Russian media politics. In contrast to silencing independent voices at home, internationally Russia's media strategy has been geared towards reshaping narratives supplied by the Western mainstream media, providing 'alternative' viewpoints, distorting reality, engaging in truth-bending, and 'questioning more', as the motto of the RT declares. All of this constitutes an important component of the so-called hybrid warfare on the part of the Kremlin, which aims to discredit, disorient, deceive, and distract its opponents (the '4D' approach[6]) to win geopolitical battles. In other words, the Kremlin essentially 'weaponised' information: thus, informational warfare in Russia incorporates old

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2 Security Council of the Russian Federation, "Information Security Doctrine of the Russian Federation," 2000, accessed December 27, 2015, http://goo.gl/ai9FwM.

3 Keir Giles, "Russia's Public Stance on Cyberspace Issues" (presented at the 4th International Conference on Cyber Conflict (CYCON), Tallinn, 2012).

4 Reporters Without Borders, "World Press Freedom Index," 2015, accessed December 27, 2015, https://index.rsf.org/#!/index-details.

5 Freedom House, *Freedom of the Press in 2014: Harsh Laws and Violence Drive Global Decline* (New York: Freedom House, 2015). Also see individual yearly country reports at: https://freedomhouse.org/report/freedom-press/2015/russia.

6 The '4D' approach refers to Russia's disinformation campaign, which entails fabricated stories, alternative conspiracy theories and other disinformation methods. These have their roots in the Soviet military toolbox, mastered by the KGB (see more in section 4).

Soviet 'active measures' (former KGB information warfare operations), marketing strategies and the newest PR techniques to manipulate and confuse foreign audiences, as well as spread detrimental forms of discourse. Notwithstanding decreasing oil prices and economic sanctions, all of this has been mirrored by generous State investment in Russia's international outlets, including the RT television network.[7]

This approach towards the media environment intensified after the Russian invasion in Ukraine and in particular the annexation of the Crimean peninsula, which became a pretext for the Russian government to reinforce both the centralisation of power of the State in the domestic media market, as well as the efforts of information warfare. As Russian military journalist Arkadiy Babchenko stated, 'without the Russian TV there would be no war in Ukraine'.[8] Accordingly, this chapter concentrates on the timeframe within which the events in Ukraine took place. The chapter first presents the story of economic and legal suppression of the media environment in Russia (concentrating on the year 2014 onwards), as well as the strategy of controlling the public sphere through managed propaganda narratives and framing. These are then followed by a two-fold analysis of the resulting 'spiral of silence' in Russia domestically, as well as the implications of Russia's media politics in terms of information warfare and foreign audiences.

1. Economic and Legal Suppression of the Russian Media

As explained by Maria Snegovaya in her research paper titled 'Stifling the Public Sphere: Media and Civil Society in Russia', authorities in Russia use a mixture of legislative means and economic pressure to supress independent reporting, with direct crackdowns being applied less frequently and selectively.[9] Means of legal pressure encompass the deliberately vague wording of legal documents (which leads towards references to 'extremism' and 'treason' being easily applied to any unfavourable content), as well as the development of a legal environment which facilitates the monitoring of media outlets by government. In the same manner, economic suppression is based on limiting the influence of foreign capital on the media, along with curbing advertising revenue streams of independent outlets.

In particular, Russian government pressure on media usually follows military conflicts (such as those with Georgia or Ukraine), or troublesome domestic

[7] Gabrielle Tétrault-Farber, "Looking West, Russia Beefs Up Spending on Global Media Giants," *The Moscow Times*, September 23, 2014. Accessed December 27, 2015, http://goo.gl/pf60Tv.

[8] Interview with Arkadiy Babchenko in "Ukraine at War: Truth Against Russian Propaganda" (Brussels: European Parliament, Materials for the Conference on June 16, 2015), 25-26.

[9] Maria Snegovaya, "Stifling The Public Sphere: Media And Civil Society In Russia" (The International Forum For Democratic Studies, October 2015), 7-9.

developments, such as anti-government protests.[10] For instance, significant changes occurred in 2012, right after large anti-government protests over Vladimir Putin's return to presidency for a third term. In July 2012, defamation was reintroduced as a criminal offence in the country, mandating fines on media outlets of up to two million Rouble for producing 'defamatory' public statements. In October, a definition of treason was expanded, 'making it so vague as to enable the government to brand a critic as a traitor'.[11] A crackdown on several independent media outlets followed, with the Russian internet facing increasingly restrictive legislative measures, expanded content blocking, and enhanced web-monitoring capabilities of the State. In particular, the ambiguously-worded Federal Law No. 139-FZ on protection of children from harmful information (passed in July 2012) led to more than 4,600 websites being banned for containing 'offensive content'.[12]

Another significant threshold has been the occupation of Crimea and the ongoing war in Ukraine, which resulted in further economic and legal suppression of the media, motivated by a fear of Western propaganda and the need to mobilise the general public for war. As an example, military deaths have been deemed to be State secret in Russia, thus journalists discussing casualties in Eastern Ukraine may face up to seven years in prison.[13] In addition, Crimea faced restrictive regulations and widespread violence.[14] The closure and blocking of Ukrainian outlets and the implementation of Russian media restrictions lead to a number of journalists fleeing the peninsula.

One of the major measures in this recent context concerned foreign owners of domestic media outlets. In Russia, the media sector is increasingly owned by the State, various State-owned enterprises (such as *Gazprom*) or private-sector proxies of the government. Reportedly, all five major national television networks, major radio networks, important national newspapers, numerous news agencies, as well as more than 60 percent of the country's regional and local newspapers are controlled by the State, which has resulted in the Kremlin having a monopoly over the information space in Russia.[15] In addition, foreign control over the media

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10 Maria Snegovaya, "Stifling The Public Sphere", 2-3.

11 "NGO Law Monitor: Russia," International Center for Not-for-Profit Law (ICNL), last updated February 17, 2015. Accessed December 27, 2015, http://www.icnl.org/research/monitor/russia.html.

12 Freedom House, *Press Freedom In 2012: Middle East Volatility Amid Global Decline* (New York: Freedom House, 2015), 316-319.

13 Alec Luhn, "Vladimir Putin declares all Russian military deaths state secrets," *The Guardian*, May 28, 2015. Accessed December 27, 2015, http://www.theguardian.com/world/2015/may/28/vladimir-putin-declares-all-russian-military-deaths-state-secrets.

14 Freedom House, Russia Country Report 2015, accessed December 27, 2015, https://freedomhouse.org/report/freedom-press/2015/russia.

15 Salome Samadashvili, "Muzzling The Bear: Strategic Defence Against Russia's Undeclared Information War On Europe" (Brussels: The Wilfried Martens Centre for European Studies, 2015), 25-26.

was deemed by some in the country as 'a potential national security threat'.[16] Accordingly, the State Duma passed important amendments to Federal Law 'On the Mass Media' in 2014, limiting foreign ownership share in Russian media assets to 20 percent by early 2016 (or by 2017 in some cases) — a significant decrease from the current existing ceiling of 50 percent.[17] Overall, limitations on the ability of foreign entities to own, control or run Russian media businesses have been made significantly stricter by the law, which also prohibits foreign persons (as well as people with dual citizenship) from founding or participating as a shareholder of a mass media organisation or performing the functions of an editorial board. Besides, the vague wording in the law also bans 'indirect' control over Russian media from foreign individuals. In contrast to previous laws, the new amendment applies not only to TV and radio broadcasters, but all mass media organisations in general, including online outlets and print media. In reality, the law, in combination with the confrontation with the West and the war in Ukraine, provides favourable conditions for the Kremlin to deal with independent reporting.

As a result of the law being passed, a process of 'semi-nationalization' followed.[18] The Finnish group *Sanoma* has sold its stake in the financial paper *Vedomosti* to Russian businessman Demyan Kudryavtsev, a former chief executive of the Russian publishing house *Kommersant*[19], while Switzerland's publishing group *Edipresse* has disposed of its Russian assets 100 percent — *Edipresse-Konliga* — to its director Maxim Zimin.[20] At the same time, *Forbes Russia*, famous for its investigations into the wealth and income of Russia's elites, was sold by *Axel Springer*, a German media group, to Alexander Fedotov, owner of the magazine publisher *Artcom Media*, who claimed the publication needed to be 'depoliticized'.[21] All of this is possibly a part of the broader strategy of devising a purchase of targeted media outlets by a more loyal owner — a tactic repeatedly used since the 2001 crackdown on then independent television station *NTV*.[22] Those who later fell because of this approach included *Izvestiya*, *Kommersant*, and St. Petersburg's *Fontanka.ru*, with Kremlin-friendly businessman Alisher Usmanov taking full control of the social

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16 Peter Hobson, "How Russia Ejected Foreigners and Took Back Control of Its Media," *The Moscow Times*, December 24, 2015. Accessed December 27, 2015, http://www.themoscowtimes.com/news/article/how-russia-ejected-foreigners-and-took-back-control-of-its-media/553713.html.

17 Steffen Kaufmann, Elena Kurchuk and Michael Malloy, "Navigating the new Russian media law" (DLA Piper, 25 February 2015).

18 Peter Hobson, "How Russia Ejected Foreigners."

19 Henry Mance, "Finland's Sanoma sells stake in Russian financial paper Vedomosti," *Financial Times*, April 30, 2015. Accessed December 27, 2015, http://www.ft.com/intl/cms/s/0/0212817c-ef22-11e4-a6d2-00144feab7de.html#axzz3vWJIO1zZ.

20 Anastasia Bazenkova, "Foreign Publishers Quit Russia Over Media Ownership Law," *The Moscow Times*, September 9, 2015. Accessed December 27, 2015, http://www.themoscowtimes.com/business/article/foreign-publishers-quit-russia-over-media-ownership-law/529645.html.

21 Peter Hobson, "New Russian Owner to Shrink Axel Springer Russia," *The Moscow Times*, October 23, 2015. Accessed December 27, 2015, http://www.themoscowtimes.com/article/540202.html.

22 Maria Snegovaya, "Stifling The Public Sphere", 7-8.

media outlet *VKontakte* by September 2014 (right after continuous State-induced pressure on the previous owner). On top of that, a new law has been drafted in the Russian Duma by opposition parliamentary parties in November 2015, aiming to impose a fine on all media outlets that receive funding from abroad but refuse to report it.[23] Arguably, all of these changes will affect quality standards (by cutting ties to foreign media co-owners) and the attractiveness (by narrowing down the list of potential buyers) of the media business.[24]

The Television Media

Specifically, television media has faced a number of constraints with regard to independent reporting. As 85 percent of Russians consider television to be their primary source of information, the Russian government has paid particular attention to this domain.[25] For instance, under pressure from the Kremlin, major satellite providers in Russia began to drop independent *Dozhd* (*TV Rain*) from their subscription packages in 2014. Furthermore, the previously-discussed Federal Law 'On the Mass Media' led to Swedish media company *Modern Times Group* selling its stakes in Russian and international pay television service *Viasat*, as well as Russia's largest non-state broadcaster *CTC Media* to a Russian investor Alisher Usmanov for an extremely low price of $200 million.[26] Correspondingly, in 2015 the State Duma banned advertising on television channels which operate through subscriptions and whose foreign programming exceed 25 percent of the total content. The rule will negatively affect many local and independent TV channels across the country which rely on advertising revenues. Notably, stations with terrestrial broadcasting licenses — the dominant pro-government channels — are exempt from the rule. Thus the law could be detrimental to the freedom of media with the coming digital switchover in 2019, when large numbers of regional broadcasters will lose their terrestrial licenses.[27]

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23 Kevin Rothrock, "Draft Law Requires Russian Media to Report Foreign Funding," *Transitions Online*, October 13, 2015. Accessed December 27, 2015, http://www.tol.org/client/article/25102-draft-law-requires-russian-media-to-report-foreign-funding.html?print.

24 Peter Hobson, "How Russia Ejected Foreigners."

25 "Russians trust mass media less and less for news, turning to friends and relatives instead," *Meduza*, December 16, 2015. Accessed December 27, 2015, https://meduza.io/en/news/2015/12/16/russians-trust-mass-media-less-and-less-for-news-turning-to-friends-and-relatives-instead.

26 "Swedish Media Group Sells Pay-TV Businesses to Comply With Russia's Media Law," *The Moscow Times*, October 26, 2015. Accessed December 27, 2015, http://www.themoscowtimes.com/business/article/swedish-media-group-sells-pay-tv-businesses-to-comply-with-russias-media-law/540389.html.

27 Andrei Richter, "Advertising Ban Amended to Excerpt Russian Entities", *IRIS Legal Observations of the European Audiovisual Observatory*, 2015-3:1/27.

The Online Media

In some cases, independent online media outlets are simply shut down or blocked in Russia by federal or local authorities. This has been facilitated by Federal Law No. 398-FZ which came into force in 2014. The law allows the Prosecutor General's Office to circumvent the court system and request (via Federal telecommunications supervisor RosKomNadzor) pre-court blocking of access to websites that contain calls for vaguely-worded 'unauthorized protest actions or extremist activities'.[28] Reportedly, RosKomNadzor blocked more than 85 websites in the first half of 2014 alone for containing 'extremist content' based on orders from the Prosecutor General.[29] Among those were *Grani.ru*, the online magazine *Yezhednevny Zhurnal*, and *Kasparov.ru* (the website of opposition activist Garry Kasparov).

Also in 2014, President Putin signed the so-called 'bloggers law' (Federal Law No. 97-FZ), described as repressive by critics. Among other things the law requires bloggers with more than 3,000 visitors a day to register with RosKomNadzor as media outlets. The status of a media outlet effectively means that personal blogs are subject to the same regulations as other media channels, making them responsible for the accuracy of all information published on their outlets, and for removing anonymous content.[30] The law also obliges bloggers to reveal their identity. Similarly, Federal Law No. 242-FZ stipulates that social-media platforms and other internet companies processing Russian users' data have to store the information on servers located in Russia, where it can be accessed by authorities.

Thus online media outlets face significant restrictions in Russia, as illustrated by the new pro-government media executive being placed as an editor-in-chief of the news website *Lenta.ru* by its owner, oligarch Alexander Mamut. This lead to 39 *Lenta.ru* employees resigning in protest and some of them, led by Galina Timchenko, subsequently founding an independent Russian language online news website *Meduza*, based in Riga.[31] This situation is reflected at a regional level as well, where social media and independent websites are isolated from the mass audience, with prevailing online media outlets simply being electronic versions of the paper press or portals financed by the same owners.[32] Overall, the potential of online media to transform the public sphere in Russia is questionable.

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[28] Sarkis Darbinyan and Sergei Hovyadinov, "WILMAP: Russia, "*The Center for Internet and Society at Stanford Law School*"." Accessed December 27, 2015, http://cyberlaw.stanford.edu/page/wilmap-russia.

[29] Freedom House, Russia Country Report 2015.

[30] "NGO Law Monitor: Russia," International Center for Not-for-Profit Law (ICNL), 2015.

[31] Ashley Nguyen, "The Meduza Project launches as independent Russian news site — in Latvia," *International Center for Journalists*, October 22, 2014. Accessed December 27, 2015, https://ijnet.org/en/blog/meduza-project-launches-independent-russian-news-site-%E2%80%94-latvia.

[32] "Новые медиа в регионах копируют поведение старых," [The New Media in the Regions Duplicates the Traditional Media] *Open Economy*, May 28, 2015. Accessed December 27, 2015, http://opec.ru/1830978.html.

Individual Journalists and Bloggers

Apart from numerous media outlets and broadcasting organizations, single individuals may be subject to suppression as well. Journalists or bloggers in Russia have been charged with defamation, insulting a government official, extremism or other criminal offenses, which would subsequently result in a suspension in all journalistic activity (as in the case of Aksana Panova of the news website *Ura.ru*), or an arrest and even jail time (as happened to Dmitriy Shipilov from *Novy Kuzbass*, or investigative journalist and blogger Sergey Reznik).[33] Pavel Durov, founder and chief executive of the popular social-networking site *VKontakte*, announced in 2014 that he was resigning and leaving the country due to ongoing intimidation from the Federal Security Service (FSB). In some extreme cases, journalists might face physical assaults or even deaths under unclear circumstances. The most infamous ones are associated with the attempted murder of Oleg Kashin, former editor of the *Kommersant*, as well as political murders of Yuri Shchekochikhin and Anna Politkovskaya, both reporters for *Novaya Gazeta*. The assaults are usually followed by a subsequent sabotage of the prosecution, and a failure to bring the organisers behind the attacks to justice.[34]

On the whole, only several independent media outlets in Russia continue to express opinions that differ from the official line of thought. These include the television channel *Dozhd* (*TV Rain*), the radio station *Ekho Moskvy*, *Forbes Russia*, the previously-mentioned business daily *Vedomosti*, *Novaya Gazeta*, as well as outlets belonging to the RBC multimedia holding. Nevertheless, economic and legal suppression of Russian media presents only one side of the story. Domestically, independent media in the country has also been challenged by managed propaganda narratives penetrating the information space, framing reality and mobilising the general public. These are further discussed in the following section.

2. Propaganda Narratives and Framing

In the absence of one grand systematic project for Russia's modernization, post-Soviet Russia saw a number of identity conceptions and managed propaganda narratives shape the information space and consolidate the public inside and outside Russian borders. These have been utilised to control the public sphere, to legitimise the ruling regime, as well as to serve domestic and foreign policy objectives of the Russian State. In the recent context of the war in Ukraine and the annexation

[33] Freedom House, Russia Country Report 2014. Accessed December 27, 2015, https://freedomhouse.org/report/freedom-press/2014/russia.

[34] Alec Luhn, "Oleg Kashin: 'Men who nearly killed me charged but not their paymaster'", *The Guardian*, September 7, 2015. Accessed December 27, 2015, http://www.theguardian.com/world/2015/sep/07/oleg-kashin-men-nearly-killed-me-charged-not-paymaster.

of the Crimean peninsula, the idea of 'Fortress Russia' has implied the framing of Russia as being besieged by external enemies: more precisely, Russia's media environment has consolidated a narrative of the *Russian World* and its *conservative values* being under assault by domestic and foreign *Russophobes*, which in turn has galvanised patriotic zeal within the country. These narratives and concepts are further explained in this section.

Sovereign Democracy

To begin with, one of the first major concepts (and propaganda slogans) to frame the reality of Russian politics was that of 'sovereign democracy', coined by Vladislav Surkov in 2006. It marked a departure from the idea of liberal democracy and served as an ideological point of reference for the Kremlin. As argued by Andrey Okara, the concept provided ideological and operative grounds for a new social contract between the political power and the Russian nation for narrowing the scope of public politics, as well as for strengthening the image of Russia as a 'besieged fortress' with a view to consolidate the electorate.[35] Overall, the notion of 'sovereign democracy' constituted a grand attempt to transform the social and political reality, to engage in internal identity building, and also served as an attractive concept for authoritarian leaders throughout the world.[36]

The Russian World

Nevertheless, the concept of the Russian World (*Russky mir*) has been used most extensively in the Russian information space since 2014. First mentioned by President Putin in 2001, it claimed the existence of a greater Russian World which transcends Russia's borders, which differs from Western civilization, and which also relates to people's self-identification. Notably, the Russian World was first developed to be a part of Russia's strategy of the soft power of attraction; however, the war in Ukraine saw a mutation of the concept into a radical ideology, which has been utilised to prepare the Russian public for conflict and serve as a tool of recruitment for fighters in Eastern Ukraine.

As explained by Nerijus Maliukevičius, the current concept of the Russian World has its roots back in the Yeltsin era.[37] The authors and public relations practitioners Piotr Shchedrovitsky and Efim Ostrovsky described their vision of the Russian World in the late 1990s as a geo-economical political concept that

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[35] Andrey Okara, "Sovereign Democracy: A New Russian Idea or a PR Project?" *Russia in Global Affairs* Vol. 5, No. 3 (2007): 11-12.

[36] Nerijus Maliukevičius, "(Re)Constructing Russian Soft Power in Post-Soviet Region," *Baltic Security & Defence Review* Vol. 15, Issue 2 (2013): 86.

[37] *Ibid*, 78-82.

could help Russia adapt to globalisation. In promoting and facilitating the concept, humanitarian tools, the media and public relations were mentioned as necessary to achieve real political consequences: the authors explicitly referred to marketing techniques in their articles, and called for the 'rebranding' of Russia.[38] Meanwhile, Gleb Pavlovski and Sergey Chernishov supplemented the Russian World concept by putting forward ideas of interconnectivity and a 'transnational Russia': they viewed the Russian World as a very modern concept that should be based on internet technologies and social networking. Overall, designers of the concept were specialists in public relations, and successfully merged the genres of philosophy and marketing. As noted by Marlene Laruelle, the marketing techniques that Pavlovsky and his colleagues introduced in Russia have been mastered by Vladislav Surkov and many other 'polittechnologists' in the Kremlin.[39] Consequently, the Russian World has served as a new brand of Russia and as 'a vessel for a more philosophical or religious messianism'.[40]

Endorsed by the Kremlin, the concept continued its development throughout the 2000s. Three aspects of the idea could have been distinguished: a) the Russian World transcends geographical barriers, yet its integrating core consists of the three Slavic nations of Russia, Ukraine, and Belarus; b) the territory and the people of the Russian World are glued together by the Russian language; c) religion and the role of the Orthodox Church are crucial to the spiritual and emotional dimension of the Russian World.[41] The overall concept aimed to foster ties between the Russian State and Russian speakers living abroad. Notably, the term 'Russian World' covered more ground than the term 'compatriot' (based on legal definitions) or the foreign policy notion of the 'near abroad', and provided them with a certain ideological background. Besides, although the project has been described as an ethnocentric initiative[42], it has primarily applied to those who are incorporated into the Russian cultural and language medium (especially in post-Soviet states), regardless of ethnicity.[43] In 2007, the Russian World Foundation was established with a view to increase engagement with the Russian diaspora abroad and to function mainly as a soft power initiative.

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38 Efim Ostrovsky and Piotr Shchedrovitsky, "Rossiia: strana, kotoroi ne bylo. Sozdat' 'imidzh' Rossii segodnia oznachaet postroit' novoiu sistemu sviazei mezhdu russkimi," *Russkii Arkhipelag*, 1999. Accessed December 27, 2015, http://www.archipelag.ru/ru_mir/history/history99-00/.shedrovicky-possia-no/.

39 Marlene Laruelle, "The 'Russian World': Russia's Soft Power and Geopolitical Imagination" (Washington, D.C.: The Center on Global Interests (CGI), May 2015), 6.

40 *Ibid*.

41 Nerijus Maliukevičius, "(Re)Constructing Russian Soft Power," 87-88.

42 Lilia Shevtsova, "The Authoritarian Resurgence: Forward to the Past in Russia," *Journal of Democracy* Volume 26, Number 2 (April 2015): 26.

43 Igor Zevelev, "The Russian World Boundaries," *Russia in Global Affairs*, June 7, 2014. Accessed December 27, 2015, http://eng.globalaffairs.ru/number/The-Russian-World-Boundaries-16707.

Securitisation and Weaponisation of the Russian World

Although the concept of the Russian World has a relatively long history, the Russian media has begun to emphasise it more substantially in 2014, when justifying Russia's interference in Ukraine and its annexation of Crimea. As noted by Igor Zevelev, the concept became complementary to notions of the 'Russian native land' with reference to Crimea, or the 'Russian city' with reference to Sevastopol[44], which highlighted the expansionist dimension of the Russian World. In this manner, the concept of the Russian World underwent a process of 'securitisation' and even, in the terms of Peter Pomerantsev and Michael Weiss, 'weaponisation': it was utilised in forming a nationalist discourse about Russia's revival as a great power, and was framed as being critical for the very survival of Russia.[45] In this fashion, it claimed that those living in the Russian World beyond Russia's borders have specific rights, and these rights are at stake when under attack in outside countries. Moreover, the President of the Russian Federation was deemed to be a 'guarantor of security for the Russian World', which meant to some extent responsibility of the Kremlin fell beyond that of the Russian State and extended to foreign countries.[46]

Accordingly, as noted by Mikhail Shishkin, during the war in Ukraine, Russian television 'was turned from a tool of entertainment and misinformation into a weapon of mass destruction. Journalists became a special part of the arsenal. […] The desired world view formed in the infected minds of a zombified nation: Ukrainian fascists wage a war to annihilate the Russian World on orders from the West'.[47] Corresponding messages broadcast in the media disseminated the fear that 'Banderivtsy could storm into Crimea', or that 'Ukrainian citizens could be de-Russified'.[48] The narrative of the Russian World saw further entrenchment in terms of 'weaponisation' after the speech by President Putin in March 2014, the day of the official annexation of Crimea to Russia, in which the President referred to 'the aspiration of the Russian World, of Russian history, to re-establish unity'.[49] According to Andrei Piontkovsky, the notions of a 'separated nation', 'gathering of historical Russian lands', as well as an idea of 'defending' all citizens

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44 Igor Zevelev, "The Russian World Boundaries".

45 *Ibid*. Also see Peter Pomeratsev and Michael Weiss, "The Menace of Unreality: How the Kremlin Weaponizes Information, Culture and Money" (New York: Institute of Modern Russia, 2014).

46 "Peskov: Putin is guarantor of Russian world's security," ITAR-TASS, March 7, 2014. Accessed December 27, 2015, http://tass.ru/en/russia/722667.

47 Mikhail Shishkin, 'Russia, Ukraine and Europe Haven Been Into Vladimir Putin's Black Hole of Fear', *The Guardian*, 18 September 2014. Accessed December 27, 2015, http://www.theguardian.com/world/2014/sep/18/russia-ukraine-europe-putin-black-hole.

48 Jolanta Darczewska, "The anatomy of Russian information warfare: The Crimean operation, a case study," *OSW Point of View* Number 42 (May 2014): 5.

49 Vladimir Putin, "Address by President of the Russian Federation," Kremlin.ru, March 18, 2014. Accessed December 27, 2015, http://en.kremlin.ru/events/president/news/20603.

of the former Soviet Union were integrated by the speech into the conception of the Russian World, which may even be comparable to the concept of a Third Reich: in other words, the Russian World would now threaten all territories with a Russian population.[50] A similar interpretation was given by researcher Anton Shekhovtsov, who claimed the notion of the Russian World was targeted at 'East European countries that Russia wants to keep in its orbit and where it can intervene in case they prefer a different foreign policy'.[51] Subsequently, Russian Foreign Minister Sergei Lavrov has fed into the narrative by publishing an article in *Rossiyskaya Gazeta* in November 2015, which called for 'consolidation of the Russian World', 'providing full support to the Russian World', and 'using the entire arsenal of means' to 'vigorously defend the rights of compatriots'.[52]

Russophobia

Arguably, this mutation of the concept may be credited to the West being perceived as a power that wants to spread its influence into the Russian World, to threaten its conservative identity, and gain global hegemony. For instance, the revolution in Kiev was framed by the Kremlin as a *coup d'état* organised by the US on the territory of the Russian World. In fact, any 'colour revolution' in this line of thought is a conspiracy by the West against Russia, thus the war in Ukraine essentially becomes a war fought between the Russian World and the Anglo-Saxon world on Ukrainian soil.[53] Along these lines, an effective containment of the Western World presupposes the need to constantly recreate the image of an enemy. Accordingly, as put by Jolanta Darczewska and Piotr Żochowski, the term 'Russophobia' has been reinstated in Russian media spaces during the conflict in Ukraine, supplementing the notion of the Russian World and deepening the perceived divide between 'Us' and 'Them'.[54] The term contains a new strategy on the part of the Kremlin, a strategy which calls to fight against Russophobia as a form of intolerance towards ethnic Russians and the Russian State, equated to anti-Semitism. On the domestic front, this intolerance is attributed towards critics

[50] Leonid Martynyuk, "Andrei Piontkovsky: 'Putin's Concept of the 'Russian World' Threatens All Territories with a Russian Population,'" *Institute of Modern Russia*, March 24, 2015. Accessed December 27, 2015.

[51] Anton Shekhovtsov, "The 'Russian World' will destroy Russia," August 28, 2014. Accessed December 27, 2015, http://anton-shekhovtsov.blogspot.co.uk/2014/08/the-russian-world-will-destroy-russia.html.

[52] Sergei Lavrov, "Russian World on the path to consolidation," *Russia Beyond the Headlines*, November 3, 2015. Accessed December 27, 2015, http://rbth.com/opinion/2015/11/03/rusian-world-on-the-path-to-consolidation_536865.

[53] Leonid Martynyuk, "Andrei Piontkovsky: 'Putin's Concept."

[54] Jolanta Darczewska and Piotr Żochowski, "Russophobia in the Kremlin's strategy. A weapon of mass destruction," *OSW Point of View* Number 56 (October 2015).

of the regime, as well as supporters of the democratisation of Russia. Moreover, Russophobia is also applied to foreign countries and organisations in the outside world, which mobilises the public against perceived threats, and facilitates the notion of Russia being the West's chief antagonist.

This approach in turn results in a stigmatisation of those individuals or entities which the Kremlin sees as hostile to the regime, or which seemingly cultivate enmity and hatred towards Russia. As can be expected, Ukraine has been framed to be one of the Russophobic States, with the new Ukrainian government being described as unruly 'fascists' and 'criminals' backed by their supporters in the West.[55] Accordingly, head of the Presidential Administration Sergey Ivanov insisted the annexation of Crimea and interference in the Donbas region stopped 'Russophobes' from executing ethnic cleansing.[56] Besides, the term Russophobia has also been used to frame the concept of the Russian World within the narrative of the divide between the East and the West. As pointed out by Darczewska and Żochowski, Konstantin Kosachov spoke of a full-scale war against the Russian World in November 2014, which was allegedly set up in an effort to 'embed elements of Russophobia into the social consciousness, and to present Russia as the source of all evil in the world'.[57]

'Conservative Revolution'

Evidently, the Russian World as an ideology for Russian soft power may have had potential in its positive integrating capacity as opposed to traditional anti-Western rhetoric; nevertheless, the fight against Russophobia embodies a negative programme formulated by Russia, geared towards confrontation. This programme further constructs the concept of the Russian World to function in accordance with the Kremlin's new conservative agenda (or, indeed, a 'conservative revolution' at home[58]), as well as to advance the idea that Russia represents a unique (Russian or Eurasian) civilization, 'which suggests competition between different value systems'.[59] In essence, the Russian World is defied by the rejection of the West as a model of civilisation; on the contrary, it is seen as the unique bearer of a 'Russian soul' and 'Russian values'.[60] In this view, any criticism towards Russia's

[55] Sergei A. Samoilenko, "The situation in Ukraine: one or many realities?" *Russian Journal of Communication* Volume 6, Issue 2 (2014): 193-198.

[56] Elena Krivyakina, "Interview with Sergey Ivanov," *Komsomolskaya Pravda*, October 14, 2014. Accessed December 27, 2015, http://www.kp.ru/daily/26294/3172985/0.

[57] Darczewska and Żochowski, "Russophobia," 18.

[58] Shevtsova, "The Authoritarian Resurgence," 22.

[59] The Foreign Policy Concept Of The Russian Federation, 2008. Accessed December 27, 2008, http://archive.kremlin.ru/eng/text/docs/2008/07/204750.shtml.

[60] Margarita Jaitner and Dr. Peter A. Mattsson, "Russian Information Warfare of 2014," (paper of the 7th International Conference on Cyber Conflict, Tallinn, 2015): 47.

foreign or domestic policies boil down to the different value systems operating in Russia and the West: Russian civilisation is described as being a defender of traditional values, the heterosexual family, patriotism, and spirituality. President Putin himself spoke about Russians possessing greater souls and superior moral values than self-indulgent Westerners.[61] This outlook was subsequently followed up by a series of laws against 'gay propaganda', the anti-blasphemy law which introduced prison sentences for offending the feelings of religious believers[62], and the ban on swearing in arts and media[63], among others. The combination of such narratives in the media has helped to make the notion of Russia as a 'besieged fortress' a political reality.

3. The Resulting 'Spiral of Silence'

Domestically in Russia economic and legal suppression of the media, as well as overwhelming propaganda narratives promoting the images of an 'enemy' have resulted in a mobilisation of the Russian public and the propaganda-fuelled patriotic euphoria dominating the public sphere. This has been mirrored by the recent representative national poll conducted by the independent Levada-Center in November 2015. According to its results, the number of Russians proud of the Russian Armed Forces is 85 percent — a sharp increase compared with the corresponding number of 59 percent in 2012 or 40 percent in 2003. In general, satisfaction with Russia's political influence in the world has risen by 22 percentage points over the last three years (from 46 percent in 2012 to 68 percent in 2015). Furthermore, 59 percent of Russians entirely or somewhat agree that Russia is better than the majority of other countries in the world, while those who agreed that there are events in Russia to be ashamed of has decreased from 52 percent in 2012 to 18 percent in 2015.[64] Lastly, according to a Global Attitudes survey carried out by Pew Research Center in 2015, Putin remains popular at home, with 88 percent having confidence in the Russian President.[65] As Peter Pomerantsev and

[61] Michael Khodarkovsky, "Glory to the 'Russian World'," *The New York Times*, October 13, 2014. Accessed December 27, 2015, http://www.nytimes.com/2014/10/14/opinion/glory-to-the-russian-world.html?_r=0.

[62] Yekaterina Kravtsova, "'Blasphemy Bill' Passes Duma Unanimously," *The Moscow Times*, June 11, 2013. Accessed December 27, 2015: http://www.themoscowtimes.com/news/article/blasphemy-bill-passes-duma-unanimously/481495.html.

[63] "Russia's Profanity Law Bans Words Even Pushkin Used," *The Moscow Times*, July 1, 2014. Accessed December 27, 2015: http://www.themoscowtimes.com/news/article/russia-s-profanity-law-bans-words-even-pushkin-used/502760.html.

[64] "Pride & Patriotism," *Levada-Center*, December 9, 2015. Accessed December 27, 2015, http://www.levada.ru/eng/pride-patriotism.

[65] Bruce Stokes, "Russia, Putin Held in Low Regard around the World," *Pew Research Center*, August 5, 2015. Accessed December 27, 2015, http://goo.gl/3etjFa.

Nathan Gamester of the Legatum Institute explain, such a gap between perceptions and the political reality in Russia embodies the battle between the TV and a Fridge: in other words, the State's propaganda machine manages to effectively divert Russians' attention from the deterioration of their living standards to Russia's patriotic and military victories.[66]

Arguably, these results of public polling are in fact *both the cause and the aftermath* of the nationalistic euphoria sweeping the Russian nation. On the one hand, they help in forming and constructing an image of a dominant majority which subsequently overwhelms opposing narratives and promotes tacit consent within the general public. In the eyes of the authorities such results validate the actions of the Kremlin, and create more demand for the types of policies pursued by the government. On the other hand, outcomes of the polls may be attributed to the media environment in Russia which strengthens the belief within the country that there can be no alternative to the measures the political power is implementing.[67] The latter is achieved by suppression of the media in Russia, which can be characterised in relation to the so-called 'strategic uncertainty' within which the Russian media operates.[68] Ultimately, strategic uncertainty leads towards the 'spiral of silence' among the media and, subsequently, the general public.

The main dimension characterising strategic uncertainty is *selectivity* which creates, as put by Maria Snegovaya, 'uncertainty as to the boundaries of acceptable speech and media coverage'.[69] First off, the high-profile political murders and selective repressions against individual journalists frame the atmosphere of fear within the country, which neglects the possibility of open debate and motivates self-censorship. Second, as mentioned previously, some of the laws signed by President Putin in recent years featured abstract language and broad definitions of 'extremism', and were applied selectively to silence government critics, including journalists. As reported by Freedom House, the 'seemingly arbitrary manner' in which restrictive laws are enforced, as well as the government's crackdown on several media outlets made a number of topics, such as corruption, the war with Ukraine, the annexation of Crimea, violation of civil rights, or religion, deprived of open discussions.[70] For example, self-censorship by editors and writers is seriously restricting coverage of religious issues: a survey of 128 Russian journalists in October 2015 revealed that coverage of religious themes has become extremely

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66 Peter Pomerantsev and Nathan Gamester, "The TV vs. the Fridge," *Foreign Policy*, December 2, 2015. Accessed December 27, 2015, http://foreignpolicy.com/2015/12/02/the-tv-vs-the-fridge-russia-putin-media/.

67 Darczewska and Żochowski, "Russophobia," 13.

68 Maria Snegovaya, "Stifling The Public Sphere", 3.

69 *Ibid*, 4.

70 Freedom House, "Freedom on the Net 2015: Privatizing Censorship, Eroding Privacy," 2015, 655.

complicated in Russia due to the adoption of the law on protecting the religious feelings of Russians, characterised by imprecise wording.[71]

On the whole, the general atmosphere facilitated by nationalistic public euphoria, the lack of competing narratives, self-censorship on the part of the Russian media (a result of selective repressions and political murders) has created a favourable environment for the Kremlin's political agenda. Nevertheless, according to a new poll by the Levada-Center, Russians' trust in the TV news has declined twofold over the past years, from 79 percent in 2009 to just 41 percent by the end of 2015.[72] This may be a sign that Russia's patriotic 'collective hallucination', spurred by the annexation of Crimea, might need new measures applied in the future to be revitalised.[73]

4. Russian Media and Information Warfare

As previously noted, the concept of 'Fortress Russia' relies on a 'weaponised' media environment, which feeds into the narrative of Russia being 'besieged' by foreign enemies, or the Russian World and its conservative values being assaulted by so-called Russophobes. Ultimately, such a narrative has become an ideological base of Russian information politics which have receded in terms of integrating soft power capacities and entered the realms of 'hard' power. It may even be argued the very presence of 'weaponised' or 'securitised' narratives aimed at confrontation naturally presuppose the need for more effective tools and measures of information warfare, which in turn further entrench the framing of political reality in terms of conflict and foreign threat. This 'vicious circle' is crucial in embedding the concept of 'Fortress Russia' within the political reality.

In this line of reasoning, the existing media environment in Russia facilitates the treatment of information as a dangerous weapon which has considerable offensive (and defensive) potential, and is relatively 'cheap', 'universal', and has 'unlimited range'.[74] This has become especially evident during the Crimean operation, which allowed Russia to demonstrate its capabilities in this regard. Domestically, Russia's information warfare aims to curtail the freedom of information, as well as indoctrinate and mobilise Russian speakers with a view to inflict a 'spiral of silence'.

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[71] Paul Goble, "Censorship and Self-Censorship Restricting Russian Media Coverage of Religious Issues," *The Interpreter*, October 22, 2015. Accessed December 27, 2015, http://www.interpretermag.com/censorship-and-self-censorship-restricting-russian-media-coverage-of-religious-issues/.

[72] "Russians trust mass media less and less for news, turning to friends and relatives instead," *Meduza*, December 16, 2015. Accessed December 27, 2015, https://goo.gl/u0XvLw.

[73] "The End Of Russia's Mass Hallucination," *Radio Free Europe/Radio Liberty*, December 23, 2015. Accessed December 27, 2015, http://www.rferl.org/content/the-end-of-russias-mass-hallucination/27444789.html.

[74] Darczewska, "The anatomy of Russian information warfare," 7.

Yet on the offensive front, foreign audiences and their perceptions are manipulated to achieve the strategic objectives of the Russian State by penetrating the Western information space. Russia has taken advantage of the open media environment in the West to advance its interests: in particular, the Kremlin has sought to reshape mainstream narratives and provide alternative viewpoints on world events, which are then cited across the world by journalists taught to acknowledge both sides.[75]

Overall, Russia started to cultivate its information warfare capabilities shortly after Putin consolidated its power: the subject of information warfare has even been given the status of an academic science in the country.[76] In short, the over-arching goal of Russia's information warfare has been to spread misinformation and create new 'fake', 'virtual', 'alternative' realities with huge intensity and sophistication, to influence the consciousness of the masses, and keep viewers 'hooked and distracted'.[77] Several authors, including Peter Pomeratsev, have argued that the notion of truth has become an irrelevant concept in this information campaign, with ideas and statements being measured in relation to the effect that they achieve, rather than their objectivity.[78] In this way, the Kremlin has tried to produce a lack of faith in traditional mainstream media. In the context of the annexation of Crimea, this has resulted in an array of conspiracy theories regarding the shooting down of Malaysia Airlines Flight 17, the creation of the concept of 'Novorossiya' within the widened notion of the Russian World, or the denying of the participation of Russian troops in the Crimea takeover.

The characteristics of Russia's information strategy and the lack of a soft power component in its original sense owns to the fact that Russian influence strategies are at least partly based on Soviet-era military concepts, modified for contemporary use.[79] In the past, these included active measures, strategic deception and reflexive control, which were utilised to distract opponents by creating real or imaginary threats, to overload the opponent with conflicting information, to deceive, to inflict division, to provoke, to deter, and so forth.[80] In modern-day Russia, this legacy has greatly influenced its disinformation campaign, which has been described by Maria Snegovaya as following the '4D' approach, aiming to 'dismiss', 'distort', 'distract', and 'dismay' political adversaries.[81] These methods have their roots in the Soviet military toolbox, mastered by KGB-run information and psychological warfare.

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[75] Maria Snegovaya, "Stifling The Public Sphere", 5.

[76] Darczewska, "The anatomy of Russian information warfare," 10.

[77] Pomeratsev and Weiss, "The Menace of Unreality," 11.

[78] Peter Pomerantsev, "Inside the Kremlin's hall of mirrors," *The Guardian*, April 9, 2015. Accessed December 27, 2015, http://goo.gl/BV8iLR.

[79] Nerijus Maliukevičius, "The Roots of Putin's Media Offensive in the Baltic States: Learning Lessons in Counterstrategies," *Baltic Visions: European Cooperation, Regional Stability* (Warsaw: Foundation Institute for Eastern Studies, 2015).

[80] Timothy L. Thomas, "Russia's Reflexive Control Theory and the Military," *Journal of Slavic Military Studies* (17: 237–256, 2004), 248-249.

[81] Snegovaya, "Stifling The Public Sphere," 6.

Following this argument, media outlets and the narratives they present become mere tools of a geopolitical struggle.

Evidently, such a 'weaponisation' of information is an integral part of the Kremlin's broader strategy of 'hybrid', non-linear warfare, outlined by Valery Gerasimov, the Chief of General Staff of the Armed Forces of the Russian Federation. According to this strategy, in order to subvert states without engaging in direct military confrontation, a combination of political, economic, informational, humanitarian and other non-military campaigns is needed, which would subsequently blur 'the lines between the states of war and peace'.[82] In Gerasimov's doctrine, Soviet experiences of military deception, distraction and disinformation are central to winning future battles.[83] As pointed out by Salome Samadashvili, 'Russia treats information warfare as it would conventional warfare, pursuing strategic and tactical advantages, cultivating the 'army' as well as the weaponry, and creating hierarchical structures and a clear chain of command'.

Tools of Information Warfare

Accordingly, Russia's information capabilities have recently been strengthened and reorganised with a view to further 'weaponise' the tools of information warfare. One of Russia's main outlets for disinformation is the cable TV channel *RT*, prior to 2009 known as *Russia Today*. The rebranding of the RT network was necessary for the name to sound more neutral: to any regular person, *RT* might seem like any other news channel without links to any particular country. The name change coincided with the change of strategy on the part of the network: instead of promoting Russia, the outlet now mainly engages in criticism of the West, dissemination of conspiracy theories, and confusion of international audiences. Famously, the network's editor-in-chief Margarita Simonyan has said 'there is no objectivity, only approximations of the truth by as many different voices as possible' — hence *RT*'s motto 'Question More'.[84]

On the whole, *RT* is the Kremlin's most sophisticated propaganda machine, meant to 'break the Anglo-Saxon monopoly on global information streams', as Putin instructed it to do during a 2013 visit to *RT*'s studios in Moscow.[85] Broadcast in a variety of languages (including English, Spanish and Arabic) to the potential 700 million people *RT* claims to reach in more than 100 countries, it generates

[82] Valery Gerasimov, "The Value of Science Prediction," *Military-Industrial Courier*, 2013. Accessed December 27, 2015, http://vpk-news.ru/sites/default/files/pdf/VPK_08_476.pdf.

[83] Maliukevičius, "The Roots of Putin's Media Offensive," 36.

[84] Benjamin Bidder, "Russia Today's Editor-In-Chief: 'The West Never Got Over the Cold War Stereotype,'" *SPIEGEL Online*, August 13, 2013. Accessed December 27, 2015, http://goo.gl/bSvtHv.

[85] Simon Shuster, "Inside Putin's On-Air Machine," *Time*, March 5, 2015. Accessed December 28, 2015, http://time.com/rt-putin/.

more YouTube views than any other news channel in the world. Moreover, it has an estimated budget of more than $300 million a year, with recent cuts for the year 2016 ruining previous plans to increase spending on *RT* by as much as 41 percent.[86] This mirrors the fact that Russian government spending on international news media in general outweighs the funding of its domestic outlets.[87]

RT is closely linked to *Rossiya Segodnya*, the Kremlin's newly formed media conglomerate. Despite official claims that beg to differ, the same person — Margarita Simonyan — has been serving both entities as an editor-in-chief.[88] Founded in December 2013, *Rossiya Segodnya* consolidated some of Russia's vast holdings in the media industry, including an international multimedia news service titled *Sputnik International* (launched in November 2014 and named after the first Soviet satellite it operates in 12 languages). On an international stage, *Sputnik International* has merged several services and replaced English-language *RIA Novosti* to better inform people who are 'tired of aggressive propaganda' and want a 'different perspective'.[89] In addition, *Rossiya Segodnya* acquired the radio station *Voice of Russia*, which was later replaced with *Radio Sputnik*.

Quite tellingly, Dmitry Kiselyov, the controversial news presenter on the domestic *Rossiya 1* television channel who famously said Russia was the only country capable of turning the United States into 'radioactive ash', has been appointed as the official head of *Rossiya Segodnya*. It is a clear signal that the media outlets discussed have indeed been 'weaponised': Kiselyov himself has stated 'information wars have already become standard practice and the main type of warfare'.[90] Accordingly, Russian journalist and former Soviet dissident Alexander Podrabinek has called *Sputnik* a tool of Russian State propaganda distribution abroad.[91]

Moreover, the Kremlin has upgraded and modified its information warfare techniques by supplementing its international media presence with the use of the Internet and social media, which 'provides an opportunity for spreading limitless fake photos and reports and then reporting them as 'fact' in traditional media'.[92] In this regard, the ambivalence of the Kremlin's actions encompass targeting social

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86 "Russia Cuts State Spending on RT News Network," *The Moscow Times*, October 11, 2015. Accessed December 27, 2015, http://goo.gl/zP7qCQ.

87 Tétrault-Farber, "Looking West, Russia Beefs Up Spending."

88 "RT editor Simonyan to head Kremlin-backed news agency," *BBC News*, December 31, 2013. Accessed on December 27, 2015, http://www.bbc.com/news/world-europe-25560434.

89 "New Brand Sputnik to Show Alternative Viewpoint: Director General", *Sputnik*, November 10, 2014. Accessed December 27, 2015, http://sputniknews.com/russia/20141110/1014584450.html. Notably, *RIA Novosti* brand is still used for a Russian-language news agency run by the *Rossiya Segodnya* conglomerate.

90 Joshua Yaffa, "Dmitry Kiselev Is Redefining the Art of Russian Propaganda," *New Republic*, July 2, 2014. Accessed December 27, 2015, https://goo.gl/312CjF.

91 Laetitia Peron, "Russia fights Western 'propaganda' as critical media squeezed," *Yahoo News*, November 20, 2014. Accessed December 27, 2015, http://goo.gl/vjouqj.

92 Pomeratsev and Weiss, "The Menace of Unreality," 17.

media for censorship and at the same time using social media to spread its message.[93] The same strategies of disinformation, manipulation, fabrication or provocation are being used by armies of paid Russian internet 'trolls' online as by traditional media outlets. Interestingly, they operate within a clear chain of command, controlled by headquarters and commissioners.[94] More precisely, internet trolls are recruited by seemingly independent companies (for instance, the Internet Research Agency, based in a St. Petersburg), and are given explicit work-plans instructing them to publish comments on various online publications. The Baltic countries are particularly vulnerable in this regard: paid trolls are reportedly working not only from St. Petersburg, but also in Estonia and Latvia.[95]

Despite the efforts outlined in this section, neither Russia nor its president, Vladimir Putin, receives much respect or support from the public abroad, according to a Pew Research Center Global Attitudes survey conducted in 40 countries during the spring of 2015. According to its results, a median of only 24 percent of respondents in the countries surveyed had confidence in Putin to do the right thing in world affairs, with overwhelmingly negative sentiments towards Russia being felt in the US (22 percent favourable, compared to 49 percent in 2011), Poland, Germany, France, among others.[96] However, a generation gap regarding viewpoints of Russia was revealed to exist in some countries: older respondents were far more critical of Russia and Putin, which may be explained by the effectiveness of the Kremlin's online campaigns.

With regard to the Baltic States, the Kremlin has shaped the political reality utilising the described measures of information warfare with a view to reconstruct Russia's sphere of influence in the post-Soviet area.[97] Contrary to the approach towards Western audiences, the primary target group in the Baltics has specifically been Russian speakers in the region, receptive to the Kremlin's propaganda.[98] *The First Baltic Channel* (PBK), *NTV Mir Baltic*, *REN TV Baltic* and other channels broadcast in the Baltics operate along narratives of the revisionist character of the Baltics States, and the nostalgic 'golden age' of Soviet rule. These narratives feed into main conceptual messages of Russian propaganda in the West, summarised by Salome Samadashvili, which state that: Russia is restoring the rule over its 'legitimate sphere of influence' in the former USSR; integration with Europe is detrimental to statehood and traditional ways of life; territorial conflicts in the former Soviet states are civil unrests between 'titular' majorities and ethnic minorities; Putin's regime is legitimate and enjoys broad democratic support; Russia's behaviour in the international arena is based on moral grounds; Western

[93] Samadashvili, "Muzzling The Bear," 22.
[94] *Ibid*, 35.
[95] Jaitner and Mattsson, "Russian Information Warfare," 44.
[96] Bruce Stokes, "Russia, Putin Held in Low Regard."
[97] Darczewska, "The anatomy of Russian information warfare," 8.
[98] Maliukevičius, "The Roots of Putin's Media Offensive."

government institutions are not to be trusted, and so forth.[99] Evidently, all of this further induces the dichotomy between Russia and the West, and presupposes the need for broadening the toolkit of information warfare to strengthen the image of 'Fortress Russia'.

Conclusion

American diplomat and historian George F. Kennan in 'The Sources of Soviet Conduct' (1947) once wrote: 'It is an undeniable privilege of every man to prove himself right in the thesis that the world is his enemy; for if he reiterates it frequently enough and makes it the background of his conduct he is bound eventually to be right.'[100]

Correspondingly, Russia's approach towards its media politics may constitute a case of self-fulfilling prophecy: the constant re-construction of the image of an enemy ultimately leads towards the perceived threats becoming real. Recent geopolitical events confirm this notion: by promoting a discourse of confrontation and seemingly basing its actions on perceived threats coming from the West, Russia has recently put itself on a collision course with the outside world. The media environment has a crucial role to play in this regard: managed narratives of the Russian World being under attack by Russophobes, complemented with the economic and legal suppression of independent domestic media, as well as a relevant toolbox of information warfare, has resulted in the concept of 'Fortress Russia' becoming a political reality.

More precisely, the means of legal pressure in Russia encompasses the deliberately vague wording of restrictive laws, as well as the development of a legal environment which facilitates monitoring media outlets by the government. At the same time, economic suppression has mainly been based on limiting the influence of foreign capital on domestic media. Such measures are in turn supplemented by framing Russia as a 'besieged fortress': the cornerstone ideology of the Russian World has mutated during the annexation of Crimea to no longer serve as a measure of soft power, but rather as an information weapon designed to mobilise domestic audiences in the face of an expansionist foreign policy. At home, 'Fortress Russia' is characterised by a 'spiral of silence', resulting from self-censorship on the part of the media, the atmosphere of fear catalysed by political murders, as well as overwhelming patriotic euphoria reflected in national public polls. On a larger scale, 'Fortress Russia' has been based on information warfare, which has confronted the West mainly with the use of international television networks as well as paid internet trolls.

[99] Samadashvili, "Muzzling The Bear," 38-39.

[100] George F. Kennan, "The sources of Soviet conduct," *Foreign Affairs*, July 1947.

The outlined tendencies have been catalysed by the war in Ukraine and the annexation of Crimea, as illustrated by the reporting on the alleged crucifixion of a child by the Ukrainian military, an array of conspiracy theories regarding the shooting down of Malaysia Airlines Flight 17, or the creation of the concept of 'Novorossiya' within the widened notion of the Russian World. Internally, the war in Ukraine has served as a pretext to further clamp down on independent reporting with a view to battle foreign propaganda, as illustrated by the 2014 law 'On the Mass Media', limiting foreign ownership of media entities to 20 percent. Overall, further centralisation of the power of the Russian State in the media sector, as well as a continuing development of strategies of information warfare are to be expected in the future.

NEAR THE FORTRESS: UKRAINE'S ECHO IN POLITICAL RELATIONS BETWEEN RUSSIA AND THE BALTIC STATES

Andis Kudors

Introduction: What Kind of Fortress?

Around 2005–2008 there were several books published in Russia in a series titled "Project Russia"; a few of them appeared without the names of authors thus intriguing readers. A book "Fortress "Russia"" (*Krepost' "Rossiia"*) was published in the series with co-editors and co-authors Mikhail Leontiev and Alexander Nevzorov. M. Leontiev writes in the opening part: "Why the post-war USSR was able to withstand USA being in a similar situation as the defeated Germany, but with undoubtedly much less effective economic system? Because it did not accept the Marshall scheme. It did not open up."[1] Mikhail Yuryev, former Deputy Speaker of the State Duma, writes in the same book that Russia should practice isolationism for a length of time in order to develop independently and later engage in international processes with other great powers as equals. Remarkably, Yuryev points out that self-isolation must be not limited to Russia itself, but should also include former Soviet republics using Russian speaking areas.[2]

Although modern Russia has not taken such radical steps like, for instance, withdrawal from international organizations including the UN as proposed by Yuryev, a certain set of ideas is implemented. The article "Farewell to Liberalism" by Mikhail Leontiev marks the infringement of liberal ideas in recent years, especially, during the third presidential term of Vladimir Putin. For example, the limitation of activities by foreign NGOs and foundations has shifted Russia towards a position of a besieged fortress. Still, economic isolation has not taken place. Russia has become a member of the WTO, although it has already demonstrated it will selectively abide by the norms of the organization.

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[1] Mihail Leontiev, Proshchanie s liberalizmom, In M. Leontiev, A.Nevzorov, *Krepost' "Rossiia"*, (Moskva: Iauza-Press, 2008), 8.

[2] Mihail Juriev, Krepost' Rossiia, in In M. Leontiev, A.Nevzorov, *Krepost' "Rossiia"*, (Moskva: Iauza-Press, 2008), 42.

Mikhail Yuryev in his article "Fortress "Rossiia"" points out the ideological dimension of isolationism and proclamation of Moscow as the 'Third Rome' as an historical example. Yuryev writes that "it is not that much necessary to put obstacles to the outer influence, as to changing the very society to make it become insensitive to such influences."[3] These ideas are being implemented everyday on a large scale; State-controlled Russian media from dusk to dawn carry out brainwashing without any ethical constraints. Following the best traditions of Lenin, the public again is a diffuse mass — a building material apt for shaping whatever is needed for the ruling elite.

One trigger for the ideological fortress activating patriotic mobilization in Russia, was Ukraine approaching the signing of the EU Association Agreement in 2013. The EU Eastern Partnership achieved its goals only in part; Russia's interference significantly changed the events in Ukraine. The Kremlin's aggression against Ukraine once again demonstrated its true intent — to violently stop attempts to implement an independent foreign policy. The ambitions of Russia's leaders make people die in neighbouring countries. Moscow returns to its own history, which too often shows negligence to human life.

Fortress Russia behind its walls tries to capture as many lands as possible before it shuts the doors. The Baltic States are lucky because they could escape the bear's paws and join the community of free nations in a short historical period. However, the ideological Fortress Russia has no strictly set frontiers. The struggle for hearts and minds is going on in the Baltics. The most vulnerable part are those who do not use any other daily media but those controlled by Russian authorities. The case of Ukraine shows that Russian media should be treated as a security matter.

Western politicians should not forget that Baltic countries are frontline States in Europe, first taking propaganda fire and economic pressure. It is very easy to speculate about Russia as a regional and global revanchist if you sit far enough away; it becomes different when you are a resident of a neighbouring country. While appealing for solidarity with the issue of refugees Western Europe has to also show solidarity in their efforts to limit Russia's destructive influence on democracy in the Baltic States.

This article is based more on the ideological than physical walls of the Fortress Russia in focus. Initially perception of the outside world as created by Russian authorities is examined, since it legitimises Putin's foreign policy in the eyes of the Russian public. The following part is a glimpse into the 'Russian world' concept as a normative counter-attack against the West. Fortress Russia does not fully isolate itself, but is trying to correct the process of globalisation with its own regional globalisation project.

At the end some ideas by US diplomat George Kennan about the containment policy are revoked, basically those in the *Long Telegram* of 1946. Kennan experienced

[3] Mihail Juriev, Krepost' Rossiia, 49.

a long life and passed away on 17 May 2005 at the age of 101. A historical epoch ended and a new one started — around a month before Kennan's death — on 25 April Russian President Vladimir Putin addressing the Federal Assembly stated the collapse of the USSR was the greatest geopolitical catastrophe of the twentieth century. This speech marked a new, significant turn in Russia's internal but especially external policy as it had attaining Soviet geopolitical weight among the objectives. If Russia wants the might of the USSR then it must receive the full kit — a Western containment policy, but in a new shape, corresponding with the reality of today.

1. A View Through the Arrow Slit: a Strange and Evil Outer World

George Kennan in his *Long Telegram* of 1946 pointed out that the USSR does not design its foreign policy based on objective studies of the outer world, but on its rigid pre-made conception likened to a "grab bag from which individual items are selected arbitrarily and tendentiously [...]".[4] Is modern Russia operating with the real world or with a thoroughly furnished conception about the things taking place outside? We can assume that part of the elite is very well aware of what is going on in the West, and is still politically motivated like it was during the Soviet era ordering media to show an altered picture.

How is the vision of a wider Russian public informed about the outer world? Under Putin, the Kremlin has allocated significant resources to 'correct' the picture of the outside world. Soviet propagandists could control the thoughts of citizens with relative ease; now, one should make a greater effort because of the absence of the Iron Curtain which did not allow most information from the West to leak in. The greatest majority could not make use of the comparative method, eventually winning favour for the free world. People-to-people contact, so common nowadays, were indeed rare at that time. Most Soviet citizens had never left the USSR — they had never even visited other Warsaw block countries, not to mention Western Europe or North America. Those few individuals lucky enough to travel to the 'capitalist' countries were only allowed to express negative impressions to the wider public, leaving the positive stories open for discussion in kitchens.[5]

Residents of modern Russia are allowed to travel to the West (however, not everyone can afford it), and they have access to Western TV and news, or comments on the internet. Free travel is a strong reality tool against the myths and clichés of Kremlin propaganda, but not all decades' long stereotypes can be dispelled with

[4] "George Kennan's *Long Telegram*", GWU, accessed November 17, 2015, http://nsarchive.gwu.edu/coldwar/documents/episode-1/kennan.htm.

[5] Andis Kudors, "Krievijas izpratne par publisko diplomātiju: starp maigo varu un manipulāciju", in *Krievijas publiskā diplomātija Latvijā: mediji un nevalstiskais sektors,* ed. Andis Kudors (Rīga: APPC, LU Apgāds, 2014), 39.

holidays in the resorts of Spain or Greece, not to mention Turkey and Egypt — the main destinations for Russian tourists up to 2015. If absolute figures of Russian tourists are significant, the relative proportion of Russian citizens who travel outside the country is not that big.

Surveys of the Levadas Centre show that 77 percent of Russian residents have not visited any of foreign country outside the Federation.[6] Despite having open boarders since 1991 few Russian citizens have acquainted themselves with life in the West. Too many of them have formed their perceptions about the outer world via State television controlled by the Kremlin. Another important indicator is the command of foreign languages. According to 2015 survey data, only 15 percent can "more or less communicate in at least one foreign language".[7] English, German and French are not just means of communication in this context, but the door to values of the free world, which remain closed to many in Russia.

Lies and Fear Among the Guard of the Fortress

Lies have existed in Russian politics long before Putin seated himself in the president's chair, however the methods of special services — deception and disinformation — have not fallen out of the Russian leader's memory; more than that they are elevated to the level of official foreign policy (like in Soviet times). Russian journalist and political commentator Victor Shenderovich points out that fifteen years in office has showed Putin as an insolent liar.[8] Take the diametrically opposite statements by Putin about the presence of Russian soldiers in Crimea at the time of its annexation and in the South East of Ukraine in 2014 and 2015. If the President himself can lie to such an extent, what about other citizens?

Other Russian officials follow suit. Commenting on different informative methods by the EU and Russia with regard Ukraine at the end of 2013, the boss of *Rossotrudnichestvo*, Konstantin Kosachev, indicated "it is very easy and tempting not just to attract Ukraine with the EU advantages, but also scare it with Russia. By the way, we did not act that way: we did not frighten Ukraine with the European Union in order to make love our country [...]".[9] Propagandist Dmitri Kiselev fully refutes the statement by Kosachev regarding activities by *Rossija TV*. Kiselev often tries to provoke fear and disgust toward the European Union in his

6 "Does Russia need Democracy?", Levada Centr, 11.05.2014, accessed November 17, 2015, http://www.levada.ru/eng/does-russia-need-democracy.

7 "Znanie inostrannyh iazykov v Rossii", Levada Centr, accessed November 17, 2015, http://www.levada.ru/old/press/2008091601.html.

8 Viktor Shenderovich, Irina Vorob'eva, December 17, 2015, accessed December 21, 2015, http://echo.msk.ru/programs/personalno/1678178-echo/.

9 Interv'iu — Konstantin Kosachev, rukovoditel' Rossotrudnichestva, accessed November 17, 2015, http://www.vedomosti.ru/library/news/23897621/v-krizis-v-razy-povysilas-poseschaemost-kursov-baleta.

programmes, labelling the signing of the Association agreement between the EU and Ukraine as suicidal.[10]

In the weekly news broadcast *Vesti nedeli* on 1 December 2014 Dmitri Kiselev commented on the EU Eastern Partnership summit in Vilnius, explaining just how degraded the country is, represented at the summit by Carl Bildt: "If we come back to Sweden, there is no wonder that abortions among children have risen dramatically; early sex is a norm — they begin at the age of nine, but then another problem appears — child impotence at the age of twelve. [...] Voila the European values in all their grace!"[11] Europe undoubtedly has problems, but let us remember that *RTR TV* covered the Eastern Partnership Summit in Vilnius. Is child sex the thing Kiselev sees in European values or in the Eastern Partnership? According to him it follows that remaining in the shadow of Russia's influence Ukraine will grow in spirituality and morality... The example of Kiselev shows how Russian TV downgrades and narrows discussion on the EU, focusing merely on the topic of sexual minorities and early sex. The programmes moderated by Kiselev sow fear and aggression and do not stimulate a deeper understanding.

During the third presidential term of Putin, Russian media controllers and presenters have to process nearly each piece of news from the West with methods of spin-doctoring. Good news is supplemented by reminders that not everything is all right in Europe and North America, while bad news is frequently reproduced, creating a multiplicative spill over and effect to social networks and internet media. It is quite the opposite in the case of news about Russia — positive footage is multiplied while bad things are concealed or interpreted. Albeit the internet is much freer than television in Russia, we should not be too optimistic about this freedom. When one resource appears in Russian with an alternative reading of policy, it is opposed by five resources with a pro-Kremlin position.

The Economist points out that the disinformation offensive of 2013–2014 differs from Soviet tradition in its style and intensity. Propagandists of the Soviet epoch did not use sarcasm, exaltation and theatricality to the extent used by chief propagandist of the TV channel *Rossiya*, Dmitri Kiselev.[12] *The Economist* writes that Kiselev tries to agitate and mobilise the audience in order to grow hatred and fear.[13] Fear is a powerful means of influence. Propagandists of Russian TV channels are relentlessly explaining the West led by the US seek to overthrow the existing Russian authorities, and divide the country and its resources. Content for this narrative varies only a little through different TV channels — as matter of style. If *Rossiya TV* explains the US wants to be a hegemonic power in international

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[10] Andis Kudors, "Krievijas televīzija cīņā par Ukrainu", *IR*, 11.12.2013., accessed November 17, 2015, http://www.ir.lv/2013/12/11/krievijas-televizija-cina-par-ukrainu.

[11] *Ibid*.

[12] "Russian propaganda 1984 in 2014. A new propaganda war underpins the Kremlin's clash with the West", *The Economist*, Mar 29th 2014, accessed November 17, 2015, *http://www/economist.com/node/21599829/*.

[13] *Ibid*.

politics with Russia's role as merely a supplier of raw materials, then *REN TV* tells a story with conspiracies about "Club 300" or the Rockefeller family against Russia. The goal is the same — to provoke fear, disgust and hatred against the West thus legitimising Putin's confronting foreign policy. This presentation manner of the EU and US leaves no room for serious analysis, but rather, shows them in a grotesque manner and is often defamatory.

2. Outward Raids and the War Cult Inside the Fortress

Even military fortified lines in a globalised world are not walls with watchtowers and ditches. If there is a precise defence line at all Russia moves it away from its capital in two ways. First, it enlarges virtual Russia in a geographic sense — maintaining its military bases and facilities outside Russia. The Collective Security Treaty Organization gives Russia an opportunity to keep bases in several neighbouring countries. Although the walls of the USSR broke down, Russia's military presence is absent only in the Baltic States, Uzbekistan and Turkmenistan. All former Soviet republics have some degree of Russia's military presence. As Transnistria, Abkhazia and South Ossetia are considered parts of Moldovan and Georgian territories respectively, we can say that Russian forces are also located in these countries. Second, Russia does not limit itself to activities inside the fortress; it also raids — in neighbouring countries and further away, giving a signal to the outside world: we are ready for war. Military activities in Georgia, Ukraine and Syria serve to attain the Kremlin's political goals and for improved combat capabilities. In a main press conference of December 2015 Putin stated that war in Syria is a good opportunity for training Russian troops without too much expense.[14]

May There Never be War…

One of the most popular Soviet era credos was: "May there never be war!" (*Lish' by ne bylo voiny!)*, but in practice the exaltation of war was commonplace. Soviet children grew up with television where movies about World War II remained on screens throughout the year. Schoolchildren were trained to assemble and disassemble the Kalashnikov assault rifle and were decorated with badges "Ready for work and defence!" to different degrees. Although the USSR was among the World War II victors, it failed to provide its veterans with descent living standards. The cult of 9 May served as a reminder of glorious past days, thus allowing them to forget (even for a while) harsh daily life. Since 2005, the glory of the past war

[14] "Vladimir Putin press conference: 'Russian military personnel were in Ukraine' — as it happened", The Guardian, accessed November 17, 2015, http://www.theguardian.com/world/live/2015/dec/17/vladimir-putins-annual-press-conference-live.

is cultivated with unprecedented vigour. The past has become a part of today's war-cult and militarization.

During Putin's second presidential term movies about the 'Great Patriotic War' have started to show anew. The topic of Nazis is handy when Ukrainians or Latvians need to be compromised — it is easier to make Russian villagers believe who are 'the good guys' or 'the bad guys'... Russia's propagandists actively inspire a picture of Russia as a besieged fortress, surrounded by hostile Estonians, Latvians, Ukrainians and others not following their own will but being mere instruments in the hands of Washington, dreaming on its part to destroy Russia. What should we put against them? Of course military might, because nobody respects Russia otherwise (or, rather, is not afraid of it!). One forgets the race for arms was one of the key factors leading to the collapse of the USSR. The besieged fortress is a convenient narrative to explain why everyone must amalgamate around the 'national leader'. One can also get along with many discomforts such as bad roads, low salaries, and corruption in a time of war.

Who are Russia's historical heroes? Many of them are distinguished mostly because of their military deeds: Alexander Nevsky, Stalin, Alexander Suvorov etc. Surveys show an increase in Stalin's popularity under Putin.[15] Putin chose the easiest way and activated the Stockholm syndrome, still not overcome by many in Russia. Adoration of the tyrant Stalin is a pathology one should not be proud of. There have even been some ideas suggesting that serfdom is appropriate for Russia.

Andrei Kolesnikov, analysing the development of ideology in Russia after the annexation of Crimea, points to the attempts to sacralise slavery making an appeal to ancient Russian sentiments related to self-sacrifice for others.[16] When you are not able to cope with new ways of communication, new challenges, or a new lifestyle a propensity for isolation appears. When freedom is a burden you tread backwards to custody behind the walls of the fortress, because at least everything is clear and familiar in there and the warden speaks in an understandable language, too. As Andrei Kolesnikov indicates, sacralisation of slavery paves the way for militarization: "Russian society has been militarized for decades, if not centuries. Being prepared for lightning-fast military mobilization was arguably the main shared value in the Soviet Union, during and after Joseph Stalin's rule."[17]

The war cult and arguments for militarization are closely linked with ideas about Russia as a besieged fortress. The war cult is actually simplification of the

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[15] Jennifer Momaghan, Yekaterina Gladkova, "Was Stalin's Terror Justifided? Poll Shows More Russians Think it Was, *The Moscow Times*, Mar. 31, 2015, accessed November 17, 2015, http://www.themoscowtimes.com/news/article/was-stalins-terror-justified-poll-shows-more-russians-think-it-was/518298.html.

[16] Andrei Kolesnikov, Russian Ideology after Crimea, September 22, 2015, accessed November 17, 2015, http://carnegie.ru/2015/09/22/russian-ideology-after-crimea/ihzq.

[17] *Ibid.*

picture of the world, splitting it in two parts. The militarization of the Soviet era has left deep traces in the Russian way of thinking. After 1991 many Russians had difficulty adapting to new realities where their welfare depended on their own energy and perseverance. The lack of legal order nurtured criminality and corruption, so many saw a solution in a steady hand. Putin became popular on a certain ground, cultivated during the Soviet decades and with roots deep in Russian history.

Paradoxically, the "struggle is peace" because it decreases the number of options. The struggle gives mission, clarity about the meaning of life, and a feeling of importance. The peaceful life order in Western and Northern Europe seems alien and unattainable. Everyone was accustomed in Soviet times to Communist Party calls for fighting against alcoholism, production scrap, unregistered incomes etc. Moreover, continuation of the struggle was guaranteed because the Soviet system was unable to solve any of those problems — it actually created and stimulated them.

3. The Russian Normative Counter-Attack or 'The Empire Strikes Back'

There have been many things written about the 'Russian World'; still, the concept received new topicality when Putin justified the annexation of Crimea not only with unification of the historical lands of Russia but with the uniting of the 'Russian World'. The 'Russian World' is one of the ideological paradigms of the virtual Fortress Russia.

Metropolitan Kirill, before becoming Head of the Russian Orthodox Church (ROC) addressed the Tenth World Assembly of the Russian People in May 2006, announcing that the peculiar Russian civilization consisting of Russia and the 'Russian World' should oppose Western civilization with questions about the universalism of Western tradition.[18] Opening the third assembly of the 'Russian World' in 2009 Kirill said: "The area of the 'Russian World' which was geographically united in the past now is divided by borders of different countries. Nevertheless, the peoples who live on the territory of the historical Rus' must feel their adherence to a common civilization and should see the 'Russian World' as a super-national project".[19]

Kirill's words indicate several important constructing elements of the 'Russian World': 1) the concept provides for active liaison with the so-called Russian speaking diasporas abroad; 2) the 'Russian World' is ambitiously postulated as a cornerstone of a separate civilization; 3) the 'Russian World' must actively position itself opposite to the values of 'Western civilization'; 4) historical ties between other peoples and Moscow should be re-established in the construction of the 'Russian World'. The

[18] "Prava cheloveka i nravstvennia otvetsvennost'", *Moscow Patriarchate*, accessed November 17, 2015, http://www.patriarchia.ru/db/print/102261.html.

[19] Vystuplenie Sviateishego Patriarha Kirilla na torxhestvennom otkrytii III Assamblei Russkogo mira, *Moscow Patriarchate*, accessed November 17, 2015, http://www.patriarchia.ru/db/print/928446.html.

Russian language and Orthodox faith are the binding elements in this context. This concept serves Putin well in that he can patriotically mobilise society, appealing to Russian nationalism, imperialism and a dislike for everything different.

The EU and NATO is seen as an outer alien and hostile power because it allegedly fights against the Russian spiritual tradition. Culture becomes not a uniting element between nations but a splitter in the context of the 'Russian World'. Russian expert Sam Green points to the personality of the Russian Minister of Culture Medinsky, who helps Putin implement "a dichotomous, 'us versus them' kind of mobilization", where "culture warriors have become increasingly central to Russian politics".[20]

It is essential the 'Russian World' does not stay within the borders of Russia but reaches over them afar. First, to neighbouring countries which have large percentages of Russians and Russified Belarusians, Ukrainians and others (so-called 'Russian-speakers'). The isles of the 'Russian World' can also be located in the US, Germany, the UK or Serbia — in every place Russian is spoken. This is an important feature because it shows that Russia under Putin is not keeping aloof from the globalised world, but is using the globalisation for its own foreign policy objectives. The Russian economy is not a self-sustainable, closed system; it is integrated with the outer world, especially Europe. The walls of the fortress are being built virtually on the level of values. Russian media are not just presenting events outside differently for this sake, but also working hard to anchor strategic or basic narratives in the hearts and minds of the people. Especially in hearts because these basic narratives are full of emotionally saturated myths causing an emotional response from the audience. An example of one such basic narrative is Russia besieged by Nazis — the Ukrainians, Balts and other 'Nazi' nations who badly want to destroy Russia. An average Russian person who had a relative killed in WWII, becomes full of anger and outrage for the fact that not all Nazis were destroyed in 1945. A cognitive reaction is not sufficient to deconstruct this emotionally-stuffed narrative; you will not persuade the audience using rational arguments with historical facts.

"Immoral Europe Against Spiritual Russia"

After analysing EU foreign policy Ian Manners concluded that the EU is a normative actor of international policy — one basing its foreign policy not on material and military capacities, but on norms, principles and values.[21] The goal of European normative foreign policy is implementation of human rights norms

[20] "You're either with us…", *Moscow-on-Thames*, Posted on November 28, 2015, accessed on December 1, 2015, https://moscowonthames.wordpress.com/2015/11/28/youre-either-with-us/.

[21] Manners I. Normative Power Europe: A Contradiction in Terms? JCMS, 2002, Volume 40, No 2, p. 235. accessed November 17, 2015, http://www.princeton.edu/~amoravcs/library/mannersnormativepower.pdf.

and principles of democracy, fundamental freedoms and good governance in the neighbourhood. This policy in Eastern Partnership countries is perceived by Russia as a threat to Russian interests in Eastern Europe, or even to the very existence of those at power in Russia. What can Russia do towards this kind of 'normative offensive'? The response can be neither economical nor military, because the struggle is about values. Russia has so far been unsuccessful with democratic values, so the resource of soft power is sought for in another dimension — that of religion and 'traditional values', hoping that European conservatives will side with Russia's foreign policy.

Researcher Jan Steinkohl indicates Russia can be characterized as a *defensive normative power,* wishing to strengthen and maintain the present international system and opposing the introduction of new norms.[22] At the end of the first decade of the twenty first century, Russia's normative foreign policy was studied by Andrei Makarichev. Unlike J. Steinkohl, A. Makarichev characterizes Russia's behaviour not only as 'defensive', but also as a normative 'offense'.[23] The offensive takes shape in criticism against Europe about losing its Christian roots and no protection for the traditional family. It is striking that Russian propagandists when explaining European values deliberately talk about the issues of sexual minorities, forgetting such European values as respect of an individual, fundamental and political freedoms, social protection, good governance and rule of law — all of which Europeans are rightly proud of. Therefore, the 'normative counter-attack' has a selective character, playing on widespread notions in Russia's public.

How Much Externally Preached Spirituality and How Many Traditional Values are Inside the Fortress?

Propaganda within the frame of Russia's public diplomacy explains that Russia is the last resort of spirituality in Europe — the place where family and spiritual values still play an important role. Representatives of the Russian Orthodox Church when addressing public at home or abroad love to stress that Russia is a profoundly Orthodox country and its policy and legal norms must take into account the religious factor. How substantial is spirituality, religiousness and family values for the population of Russia in reality?

In 2010 the foundation Public Opinion carried out a public opinion poll in 44 entities (territorial units) of the Russian Federation. The survey data showed

[22] Jan Steinkohl, Normative Power Rivalry? The European Union, Russia and the Question of Kosovo, *EU Diplomacy Papers*, 6/2010, p.14.

[23] Andrey S. Makarychev, "In Quest of Political Subjectivity: Russia's 'Normative Offensive' and the Triple Politicisation of Norms", in *What Prospects for Normative Foreign Policy in a Multipolar World?* ESF Working Paper No. 29, 2008, pp.12-17, accessed November 17, 2015, http://www.isn.ethz.ch/isn/Digital-Library/Publications/Detail/?ots591=0c54e3b3-1e9c-be1e-2c24-a6a8c7060233&lng=en&id=88864.

that 72 percent of surveyed Russians considered themselves Orthodox (12 percent more than in 2008 and 2009), 11 percent atheists, 7.0 percent Muslims, 2.0 percent Christians of other confessions.[24] Is self-identification enough to enlist a person as adept of this or another religion? The self-proclaimed 72 percent Orthodox believers identify themselves with Russian culture in general where Orthodox faith traditionally used to have a major influence. Only a small portion of them is practising the religious cult.[25] The Moscow Patriarchate supports self-identification as the adherence criterion to the church because it gives the ROC greater legitimacy within Russia and in the international arena. One church as an informal external representative for all of Russia's religious denominations is advantageous for the Kremlin because it helps maintain a centralised and authoritarian power, pressing down pluralism and the competition of ideas in Russian society.

Is human life not valuable? Russia has one of the highest mortality rates in the world.[26] Mortality indicators of the male population are catastrophic. According to a UN report about criminality around the globe, there were 11.2 homicides per 100,000 Russian inhabitants in 2009. To compare — this is around ten times more than in Sweden, heavily criticised by Russian propagandists about having one murder per 100,000 people. The average EU indicator is a little above two.[27]

Is a sober mind not a Christian value? The Investigation Committee of Russia reported 25.1 percent of all crimes were committed in a drunken condition.[28] Russian researchers Andrey Korotaev and Darya Halturina indicate that more than 80 percent of murderers and 60 percent of victims were intoxicated at the moment of homicide. The same applies to 50 percent of all suicide cases in Russia.[29] According to World Health Organization data, Russia has one of the highest alcohol consumption rates in the world. It has been calculated that the yearly amount is 15.7 litres of pure alcohol per person (11.7 litres of legal and 4 litres of illegal alcohol).[30] Around 180 bottles of vodka per male and is definitely more than in the European Union.

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24 "Foundation Public Opinion: 72% of Russia's inhabitants are orthodox", accessed November 17, 2015, http://www.sova-center.ru/religion/discussions/how-many/2010/03/d18258/.

25 "How many believers", accessed November 17, 2015, http://www.sova-center.ru/religion/discussions/how-many/.

26 Andrei Korotaev, Dar'ia Halturina, "Smertnost' — universalnoe merilo", Kakie faktory opredeliaiut smertnost' v Rossii", 25.05.2011, accessed November 17, 2015, http://www.gazeta.ru/science/2011/05/25_a_3628053.shtml.

27 Global Study on Homicide. *UNODOC*, accessed November 17, 2015, http://www.unodc.org/documents/data-and-analysis/statistics/Homicide/Globa_study_on_homicide_2011_web.pdf.

28 "Sostoianie prestupnosti — ianvar'- dekabr' 2012 goda", accessed November 17, 2015, http://mvd.ru/presscenter/statistics/reports/item/804701/.

29 Andrei Korotaev, Dar'ia Halturina, "Rossii grozit gumanitarnaia katastrofa, 29 Jun. 2005, accessed November 17, 2015, http://polit.ru/article/2005/06/29/demcrisis/.

30 "World Health Organization", accessed November 17, 2015, http://www.who.int/substance_abuse/publications/global_alcohol_report/profiles/rus.pdf.

How strong are Russian families? Statistics show there are more divorces in Russia than in the European Union every year. Russia was rated the top divorcing nation by the UN closely followed by Belarus, Ukraine, and Moldova. In modern Russia more than every second marriage fails.[31] Russia had the highest divorce rate in the world in 2012 according to the United Nations.[32] The *Russia Public Opinion Research Centre* (VCIOM) points out, that in 24 percent of divorce cases adultery is mentioned as the reason, but 16 percent because of alcohol or drug abuse.[33] Remarkably, the top three countries with the highest divorce rate in 2010 were those with a high percentage of self-identified Orthodox believers: Russia, Belarus and Moldova.[34] One should not draw a conclusion that the Orthodox faith is a factor leading to divorce, rather the opposite. Christian churches, including the Orthodox Church, do not support divorce. That is why we should ask once more whether Russia is really as 'spiritual' and 'Orthodox' as presented by the designers and actors of Russia's public diplomacy? Official Russia, like the Soviet Union in its time, presents much of the desirable as existing in order to achieve its internal and foreign policy goals. It is a Soviet tradition — to nicely paint the facade, which does not have the expected house behind.

4. Europe Without Retaining Walls?

Even a well-off family has a limited capacity to host the poor in their house. If the number is too great, owners of the house can go bankrupt, and besides that, do residents of the house who have worked for decades need to change their habits and values because of newcomers? The European Union is like this family, who has kept the door open but never reckoned on such a number of guests. Asylum seekers, the war in Syria, terror threats from *Daesh* and Russia which breach the principles the international law, annexed Crimea and waging war against Ukraine on its soil — together make a set of problems which will remain in the headlines for 2016.

Unfortunately Russia as a former 'strategic partner' is not a peacekeeper but an igniter of tensions and unrest in the East of Europe. The prospect of a united European Union was not acceptable because it did not allow the Kremlin to use energy resources as a tool for political manipulations. The Third Energy Package by the European Commission was a signal to Putin that even post-modern Europe

[31] "Russia is the top divorcing nation. Russian divorce statistics", accessed November 17, 2015, http://divorceinrussia.com/russian-divorce-statistics/.

[32] "2012 Updated World Divorce Rates– 70 countries reporting", accessed October 11, 2015, http://divorcescience.org/2015/01/18/2012-updated-world-divorce-rates-70-countries-reporting/.

[33] "Russia is the top divorcing nation. Russian divorce statistics", accessed November 17, 2015, http://divorceinrussia.com/russian-divorce-statistics/.

[34] "European Divorce Rate – 2010", accessed October 11, 2015, http://divorcescience.org/2012/12/02/crude-divorce-rate-europe-2010/.

can firmly stand against blackmail. The first among few things left for Russian elite in this situation is to disrupt common EU foreign policy, forging targeted cooperation with a few significant EU countries in a bilateral framework. Another dividing line Russia tries to cut is to loosen the Euro-Atlantic link. The third is to split apart individual EU Member States internally. All three dividing lines pass the Baltic States.

The Baltics as Frontline States: Life Near the Walls You are Targeted From

Two fortresses — Estonia's Narva and Russia's Ivangorod stand opposite each other on the banks of a river dividing two towns. The frontier has a symbolic meaning dividing not just two countries, but two worlds. On one side there is the EU and NATO, on the other Russia, CSTO and the Eurasian Economic Union. On one side there is a liberal democracy, freedom of speech and conscience, good governance etc., on the other authoritarianism, corruption, controlled media, lies and propaganda, regional ambitions, and aggression against neighbouring countries which Moscow cynically names 'brother nations'. It is not that there are no problems on the European side of the river, there are plenty of them, but they are linked with risks that can lose earned benefits while on the side of the Empire of Lies these benefits are yet to be achieved.

Russia's confrontation with the Baltic States did not start and did not become fiercer after the annexation of Crimea; it was more or less at the same place of intensity since 1991. Yeltsin's period, of course, was less confronting. Under Putin strife did not ease, it became more prominent. Why has no Russian President or Prime Minister visited their neighbouring Baltic countries since 1991? Russian Foreign Minister Sergei Lavrov had a short visit to Riga on the occasion of signing the border treaty in 2007, but neither Putin nor Medvedev wants to take an hour long flight to Riga, Tallinn or Vilnius. Boris Yeltsin came to Latvia but that was after his presidency.

What is the reason for this policy? The size of the Baltic States cannot be the answer to the question, because US presidents have visited the Baltics repeatedly. The answer might be quite simple — the Kremlin does not need good relations with the Baltic States.

In the struggle of norms the West rightly points to human rights problems in Russia; meanwhile Moscow is finger-pointing at Estonia and Latvia where the EU allegedly adhere to double standards, closing an eye on the discrimination of ethnic Russians. If discrimination really exists would a visit by Putin not help to curtail it? — It probably would; the lord of Kremlin knows there is no discrimination but in his virtual world created by the compatriots' policy and mass media serving the internal goals of the Kremlin. If discrimination really exists, Russia would have taken economic measures to press Riga and Tallinn to change language and citizenship policies. If discrimination really exists, then the previously ardent compatriots'

policy champion Mayor of Moscow Yuri Luzhkov, after the conflict with Dmitri Medvedev, would not have sought a residence permit in Latvia due to the regime he likened to Pol Pot from a long time ago...

It does not cost Russia much to maintain its confrontation with the Balts, systematically libelling them. How can the Balts retaliate? Contrary to statements by Russian propagandists, the Baltic States have never been loud criticasters of Russia at an official level, at least before the annexation of Crimea. Economic relations increased throughout 2003–2004. The decline in trade took place only in the last couple of years, with the recession in Russia. The number of Russian tourists in the Baltics has decreased because of a weaker rouble and not because of the hosts.

Russian media and the compatriots' policy hinder social integration — Russians are appealed to associate the Baltics not with their country of residence, but with the Moscow-centred 'Russian World'. Moreover, Russia is using tactics of both good and bad cop, supporting moderate and radical, local Russian political movements. Russia's aggression against Ukraine once again underlined a fact the Balts were aware of for many years: the Russian media, NGOs and various public diplomacy initiatives harm normal development of democracy in Baltic countries. Russian foreign policy has assigned to Estonia, Latvia and Lithuania a humble role of being the bad example for alleged EU double standards. Russia owned real tools for the development of relations until the annexation of Crimea, but unfortunately, it lacked the motivation to use them. With the annexation of Crimea, Putin has deadlocked relations between Russia and Baltics, as well as the rest of Europe.

5. Containment 2.0 or How to Stop the Raiders

The US and EU strategic analysis about processes in Russia and its eventual development has turned out erroneous. The EU hopes for an irreversible transition to democracy and the US engagement policy, but the *reset* initiated by Barak Obama did not bear fruit. The US saw the *reset* policy as a pragmatic attempt to cooperate with Russia in fields where both countries had a shared interest, thus lowering tensions in other issues where differences existed. The researcher of the European Council on Foreign Relations (ECFR) Kadri Liik points out that Russia interpreted the *reset* policy after the Russo-Georgian war in a different manner: "as a geopolitical apology: as America's admission that it had ventured too close to what Russia considers its sphere of influence. It was seen as a promise to change course."[35] As long as Western experts and politicians look at Russia through glasses of hope and expectation, the Kremlin will step-by-step conquer virtual and real territories.

Although many lost those rose-tinted glasses after the annexation of Crimea and when the Malaysian plane was shot down over the war zone in Ukraine, views

[35] "How to talk with Russia", *ECFR*, accessed November 17, 2015, http://www.ecfr.eu/article/commentary_how_to_talk_to_russia5055#%2EVnZyCrfHHrJ%2Emailto.

about the best future policy vis-à-vis Russia still differ. Some European politicians are ready to lift sanctions promptly and to improve relations with Moscow, while others want to prolong the sanctions and propagate a new containment policy against Russia.

Is the Containment 2.0 policy possible and desirable? Reading the *Long Telegram* written by US diplomat George Kennan written 70 years ago, one comes to a conclusion that there are many similarities between the USSR of 1946 and Russia in 2016. Kennan wrote that the USSR "[...] has an elaborate and far flung apparatus for exertion of its influence in other countries, an apparatus of amazing flexibility and versatility, managed by people whose experience and skill in underground methods are presumably without parallel in history."[36] This evaluation about intentions and abilities of Russian institutions and services to secretly influence processes in other countries already existed in 1946! Russia's activities in the sphere of information in 2013 were also ranked as 'unprecedented' anti-Ukrainian and anti-Western propaganda campaigns.

Kennan stresses that Soviet perception is sceptical about rationalism but sensitive about the force. Although today's Russia still understands the language of force best, we should not exclude a certain degree of rationality being present. Following cognitive sciences, our rationality is quite relative and depends on our context. The Kremlin follows its own rationale which may seem irrational to a Western observer. Holding the power at any cost is the grand 'rational' goal. The Kremlin's opportunism has been often pointed out in recent years, but having a closer look one notices the opportunism is only in tactics.

It is important to understand that Moscow after it 'lost' the Baltic States is not going to 'give up' any former Soviet republics without fight. The case of Georgia demonstrated that it would rather enter into war with any 'sibling republics' than allow them to join NATO. Russian foreign policy makers love to talk about Russia's desire to carry out an independent foreign policy, but as soon as Moldova, Georgia or Ukraine want to make their free choice about foreign policy directions, the Kremlin starts to talk about the "destiny of the brother nations to stay with Russia." With a cold cynicism, parallel to activating the topic of 'brothers' the tank engines are started and guns charged...

Russia can employ this kind of approach only if the West allows it to do so. The EU and NATO are able to contain Russia if they had more self-confidence and decisiveness. Kennan analysed the perception of power in the Soviet Union and shows that Moscow easily retreats when it faces superiority. Thus, according to observations of the experienced US diplomat, "If the adversary has sufficient force and makes clear his readiness to use it, he rarely has to do so."[37] Does the power in modern Russia differ that much from the USSR of 1946 in this respect?

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[36] "George Kennan's *Long Telegram*", GWU, accessed November 17, 2015, http://nsarchive.gwu.edu/coldwar/documents/episode-1/kennan.htm.

[37] *Ibid.*

Preventing Splitting the Free World

Kennan's judgement about the USSR in 1946 is surprisingly valid for 2016: "Gauged against Western World as a whole, Soviets are still by far the weaker force. Thus, their success will really depend on degree of cohesion firmness and vigor which Western World can muster."[38] It means that, like seventy years ago, the success of Russia's containment depends on the unity of the Western world. Moscow is well aware of it and therefore tries to divide the West in three dimensions: 1) Euro-Atlantic — by separating the US from the EU; 2) European — by provoking discord among EU members; 3) national — by splitting society in individual countries. One should be cautious about the solutions preventing the split of citizenry in individual EU Member States though. Since activation of the conservative turn in Russia's political rhetoric in 2012, European liberals criticize the conservatives at any occasion for siding with Putin's Russia. However, the conservatives should be detached from the populists and radicals. No doubt European values and political stability are damaged when the political parties in Europe spreading populist and radical ideas receive financial support from Russia. In the same way adherence to Christian and traditional family values is a right of any individual and does not necessarily signify ties with Putin and his foreign policy goals.

Mutual tolerance is needed to prevent the radicalization and internal splitting of society in Latvia, the Baltics and in all of Europe. The conservatives should be more tolerant about the positions of the liberals as well as the liberals need to respect the rights of conservatively oriented people more, letting them follow their religious or simply traditional principles. Naming Christian beliefs as an obscurity is not a good solution; it would push conservatively minded people closer to Vladimir Putin. Conservatives on their part must take into consideration that liberally thinking individuals will not start loving traditional values forcibly.

The European Union should have a place for liberal and social democratic as well as conservative and religious convictions. There has to be more explanatory efforts for the general public in European countries showing that loudly advertised spirituality in Russia to s considerable extent is fiction. This does not mean Russia has no real, devoted believers who can offer the rest of the world things worth learning. Of course, we can enrich ourselves from the spiritual experiences of Russia, but then true faith or diplomacy of religion should be clearly separated from the Kremlin's ventures using the Orthodox Church as an instrument to attain the objectives of *realpolitik*. Thus, the Orthodox faith and support for traditional family values are compromised.

[38] "George Kennan's *Long Telegram*", GWU, accessed November 17, 2015, http://nsarchive.gwu.edu/coldwar/documents/episode-1/kennan.htm.

To Abandon Fatalism in Europe

Kennan's position shows the attitude of Western society towards its own vulnerabilities and deficiencies. He points out that Communism as a system behaves like a parasite feeding itself on others' weaknesses.[39] Experts have extensively discussed the attempts of modern Russia to use the weak points of the West for its own political goals. Kennan writes that Western society must work more on "self-confidence, discipline, morale and community spirit of our own people [...]. If we cannot abandon fatalism and indifference in face of deficiencies of our society, Moscow will profit [...]."[40] Kennan stresses that Moscow will never help solve the problems of the West, because it builds its foreign policy upon them. Seeing parallels with the present situation, we should still admit the situation is not as black-and-white as it used to be back in 1946 when Kennan wrote his *Long Telegram*, because modern Russia is economically tied with the West. The mutual economic dependence between Russia and Europe is Russia's strength and weakness at the same time; even though Russian energy supplies are important, dependency is asymmetrical — Russia needs Europe more than vice versa. The problem is rather in the unwillingness of the Western Union to stand for justice in various fields, including international policy. The wish of post-modern Europe for peace at any price, sacrificing justice, lets Russia attack Georgia and Ukraine, being aware that Europe will show no strong solidarity with nations in the continent's East. Such a 'peace' policy is as short sighted as the silence in the West about rendering parts of Czechoslovakia to Hitler's Germany.

Who Will Contain Whom?

Notably, Kennan's containment policy was based on the conviction that the USSR can be contained without entering into military confrontation with it; however, he stressed that "it should be approached with the same thoroughness and care as solution of major strategic problem in war, and if necessary, with no smaller outlay in planning effort."[41] Kennan's ideas survived through the time — the USSR collapsed but the Cold War did not break out as a real, big war. The question now is who will contain whom? When Putin mentions nuclear arms it is not a coincidence but his attempt to 'contain' the West scaring it with a prospect of nuclear war. But still, are the multi-millionaires around Putin fanatics or rich men loving their luxury lifestyle? Most of them demonstrate more care about their children's studies at the best Western universities and buying properties and investment in the West, than

[39] "George Kennan's *Long Telegram*", GWU, accessed November 17, 2015, http://nsarchive.gwu.edu/coldwar/documents/episode-1/kennan.htm.

[40] *Ibid.*

[41] *Ibid.*

creation of the 'Russian World' network. It means Putin's fortress has its weak spots. The EU will protect itself if it assesses the world around realistically, without rose-tinted glasses. EU sanctions against Russia continue and any effective containment policy requires patience. The West proved patient enough during the Cold War; it must find this patience now. There should be a common understanding beforehand that Russia needs to be seriously contained.

Kennan ends his *Long Telegram* with an important warning: "Finally we must have courage and self-confidence to cling to our own methods and conceptions of human society. After all, the greatest danger that can befall us in coping with this problem of Soviet communism is that we shall allow ourselves to become like those with whom we are coping."[42] It is no longer communism the Western World must oppose or traditional family and Christian values that should be put down. Russia has fought with the free world for a number of years by spreading its informal but practically existing set of 'values' containing lies; legal nihilism; a belittling of civil participation; irresponsibility of an individual; fear as a factor in external and internal policies; coalescence of the church and in State power; corruption as a *de facto* building block of the State system; suppression of freedoms of speech, consciousness and media; blackmail and subjection of neighbouring countries, as well as negligence for the international norms.

Conclusion: A Fortress — Real and Virtual

"Fortress Russia" is more a regional project of micro-globalization than an example of classic isolationism. Russia is tightly bound economically with the outside world and thus quite well integrated into an international environment; however, the lord of the Kremlin is not content with playing by generally accepted rules. The low competitiveness of Russia's enterprises (apart from the energy sector and to some extent arms production) tempts him to use boxing techniques on a football field. How can you profit from the economic advantages of globalization without losing power in Russia? The grand objectives of Russia's foreign policy are directly linked with the unwillingness of the ruling elite to rotate and to give place for others. The political power in Russia are tightly bound with the earning of personal profits; Russian multi-millionaires are against political pluralism in their country because it would lead to an internal competition according to international rules. Russia as a 'dairy cow' suits the business and political elites well; there will be enough energy resources for a long time to come. How does civil society accept it? Those who had a word to say were bribed with positions (Nikita Belikh, Anatoliy Chubais etc.), badly beaten (blogger Oleg Kashin), or killed (Anna Politkovskaya, Boris Nemtsov etc.). Of course, there is a number of law and freedom loving

[42] "George Kennan's *Long Telegram*", GWU, accessed November 17, 2015, http://nsarchive.gwu.edu/coldwar/documents/episode-1/kennan.htm.

Russians in principle, but their voices disappear in a concert of Russia's propaganda and disinformation.

The Russian political elite see it as paramount to avoid nationwide demands for real democracy when civil society is not a Kremlin project from above but an initiative of the people themselves. Critically thinking citizens cannot support an authority unable to install gas in the whole country or build roads, therefore rulers should continuously perform two simple things: 1) lying and 2) intimidation. They should lie, saying everyone is bad, not just Russian politicians and bureaucrats, but those in the West too. They should lie, saying democracy and rule of law do not exist in any country, that corruption cannot be eradicated, and the main message — you, ordinary citizen, can influence nothing; just hope that the 'leader of the nation' will maybe make your life better. They should intimidate Ukrainian and Baltic fascists with enemies orchestrated by the US State Department who wait for an opportunity to attack and rip apart Russia. They will attack because they are spiritless but Russia is spiritual. The fortress is besieged, military capacities must be developed even if the economic situation is poor. And there is no time for discussions and pluralism in a time of war, we all should stand by the leader of the nation... It might sound surrealistic but this kind of messaging and even sharper expressions are a daily experience.

The Kremlin has strengthened its virtual fortress by adopting laws on 'foreign agents' and 'undesirable non-governmental organizations'. Even if the walls of the fortress are more ideological and virtual, they make Russian citizens take sides — you are with Putin or you are a traitor — the fifth column. Fortress Russia is not fully self-isolated; moreover, it sends troops of influence to raid near and far. Media, NGOs, funds, trolls and agents work actively not just to prevent a unified policy in the West against the dangerous ventures of the Kremlin, but also to blur an adequate picture of what is going on in Russia. Energy dependency tacitly secures that not a single European politician rushes to meet Putin with open hands after the slightest hint of becoming friends (thus giving up principles and allies).

Dividing is one of the Kremlin's main weapons. Europe must be clear about it and should try its best to carry out a united policy vis-à-vis Russia. It has an effect, it works, so it must go on like in the case with the Third Energy Package against a Gazprom monopoly. Sanctions must continue, making the Kremlin understand that revanchism and breeches of international norms will cost them.

Baltic countries have pursued a pragmatic policy with Russia for many years, unfortunately Moscow demonstrates it does not care much about improved relations with them. Moreover, societies in the Baltic States are being constantly split along ethnic lines with the help of Russian media and compatriots' policies. A struggle is taking place for the future national identity and future foreign policy priorities of the Baltic States. Strategic priorities of the freedom loving Balts are not easy to change, so it is possible then to hamper social integration, appealing to ethnic Russians to build a 'Russian World' with branch offices in the European Union.

Russia's main TV channels cannot be called *media* as they are understood to be in the free world. Maybe Russia should change the constitution and write down that State-controlled media is a branch of power — then the text on paper would correspond to reality… Why should the Balts allow or even stimulate dissemination of the Kremlin's disinformation and propaganda? Regretfully *Lattelecom,* an enterprise partly belonging to the Latvian State, still offers packages with an array of TV channels in which content is defined by the Kremlin. Segregated education established in the Soviet era (in Latvian or Russian languages) continues to reproduce generations of poorly integrated adults. The conclusion is — the problem is realised in Latvia but still lacks a solution. Unrestricted broadcasting of the Kremlin's controlled TV channels is equal to a permit for Russian authorities to establish their offices in Baltic countries, controlling or at least influencing the state of affairs.

Part of the Russian population has become drunk on propaganda wine; the annexation of Crimea caused a light euphoria. This happened because for years the media kept saying Russia is humiliated and pushed down to her knees. The West maliciously lorded over it and finally Putin ended that situation. The drunkenness will be over sooner or later, the hangover will follow and then one will have to start thinking about how to get out of the pit. Unfortunately, before it happens, Putin's regime could create a lot of trouble for Europe and Russia's neighbours. To prevent this let the EU and US blow away the dust from George Kennan's *Long Telegram* and pick up its several ideas which become valid once again.

THE EASTERN VECTOR IN RUSSIAN FOREIGN POLICY: COMPLIMENTARY OR AN ALTERNATIVE TO EUROPE?

Sergey Utkin

Introduction

Russia has often been seen as one of those places where east meets west. In the course of history much of the area that now constitutes Russian territory was repeatedly overtaken by nomadic hordes making their way from Asia to Europe. Some of the roots of Russian identity can be traced back to Byzantium time, the remnant of the Roman Empire, which started to integrate elements of Eastern cultures yet before Slavic tribes made it into the chronicles. The traditional view on Russian statehood relates it to Kievan Rus, begun by Vikings, who in the second half of the ninth century AD came from the north and mixed with Slavs of the area which is now Ukraine. After the arrival of the Nordic newcomers the plains around the river Dnieper kept in touch with nomads in the East, who were not only a threat but a trading partner and neighbour.[1] In 1237–1480 AD dependency on Mongol rulers, who were first based in the astonishingly remote Karakorum (in today's Mongolia) then in the much closer capital city of Sarai in modern Russia's Astrakhan region on the Volga River, was in many respects perceived as a fact of life rather than a lawless invasion. Mongol rule collapsed more so because of increasing disunity among Mongol princes rather than the fight of Russian principalities for independence.

The troubled Mongol era did not completely destroy relations between Russian principalities and the Western world. It is rather that mutual interest dropped significantly in comparison with the Kievan Rus. The Church kept contact with the weakening Byzantium and at some point (1439) even gave a thought to a union with the Catholics. Lithuania and the Livonian Order — the direct neighbours — were principle interlocutors, occasional allies and rivals. The first clearly post-Mongol ruler of Muscovy, Ivan III (b.1440), a grandson of a Lithuanian princess, obviously cared about re-balancing the foreign policy of the reborn state. He married (1472) an issue of the then recently demised Byzantium, and invited Italian architects to build

[1] Among the pioneers who brought public attention to the complex relationship between the Slavic tribes and nomads was Lev Gumilyov (1912–1992), a historian, praised as a proponent of Eurasianism, and criticised for inaccuracies and primacy of philosophy in his writings.

the present-day Kremlin and principle cathedrals inside it, and invested major efforts in wars with Lithuania, Livonia and Sweden. From the Byzantium he also acquired the double-headed eagle, Russia's coat of arms, which is often seen in geographical terms with one head looking East and the other one West. In the next couple of centuries the East increasingly turned into a power vacuum colonised by growing Russia, while vitally important rivals consolidated in the West. Fortune switched sides in the course of the fight. At the beginning of the seventeenth century the Russian State stopped short of collapse and becoming firmly under Polish and Swedish rule, only to see the weakening of Poland during the next few decades, then defeating rivals in the eighteenth century and establishing itself as a major European power.

The Slavophiles of the nineteenth century could despise the westernised glare of Russian aristocracy but they would hardly advocate a pivot to the East, which was underdeveloped at best, wild at worst. They spoke, rather, in favour of seeing Russia as a standalone civilization, the beacon of true faith and spirituality. In terms of foreign policy this meant being a civilizing force that spreads Christianity in the East, and more importantly, protects Orthodox peoples of the Balkans from the Ottomans.

The latter motivation was amongst those that drove Russia during the disastrous World War. For Soviet Russia, which emerged out of the gloom of the European conflict, the 1917 revolution and subsequent Civil War, the East-West dilemma looked profoundly outdated. Sooner or later all the world had to make its way to communism. The West happened to be the principle adversary, not for reasons of geopolitics, but as the stronghold of capitalism. Nevertheless, seeds of mistrust towards the West sowed by Soviet propaganda, keep sprouting 25 years after the Soviet system collapsed.

In the 1990s it seemed the tables turned. The new Russia turned towards the West and in broader terms experienced normalisation of interstate relations that used to be distorted by ideology. Russians finally had a chance to buy Western goods (even if some of them were more likely and more often produced in China) and enjoy Western popular culture. What looked like a fresh wind of change at first glance had left a severe hangover by the end of the century, as economic and political troubles pushed the country into a dead end. NATO's Kosovo campaign gave a significant boost to anti-western feelings that the Russian government soon found easy to manipulate. In the East nothing moved fast. Rapprochement with Japan became stalled because of unresolved territorial disputes. Relations with China and India were praised by strategists as those having enormous potential. At first these designs did not influence either trade flows or the lives of people but they prepared the ground for current debate.

1. The Debate

At the time of his first presidential term Vladimir Putin did not call into question the benefits of an ever-closer relationship with the West. He co-authored the idea of

the NATO-Russia Council, established in 2002, with competences that allowed joint decision-making. He came forward with the idea of EU-Russia 'common spaces' in all aspects of societal life from economy to culture. Putin managed to establish good, even friendly relations with major Western statesmen, including George W. Bush. This did not mean relations with Asian countries played no role. The so called "multi-vector" foreign policy has always been an obvious necessity for the vast country. But if all the intentions, voiced in the first years of Putin's rule, had come true, a solid alliance of the West and Russia would have been forged.

This did not come unnoticed by conservative voices close to the *siloviki* part of the elite (the security services, military and military industries), which always had the president's ear. They were sceptical towards the treacherous West and had long memories about the Cold War time when they helped spread the influence of a super-power. Looking up at the West waiting for a benign assessment of Russian progress in democracy-building sounded like torture for them, even if this behaviour provided certain material benefits. In the realities of the 2000s suggestions from the conservatives sounded ridiculous. How could the country genuinely be willing to opt for a rivalry with the prosperous and enlightened West, and to ally itself with the sombre regimes of Iran and Syria? Who could take as a serious political message lamentations about Crimea's Sevastopol being a Russian city? The Russian liberal elite tended to see the conservative grumbling as reminiscent of past battles, understandable among the aged, and not a real danger for the country's future.

In the meantime Putin was becoming disappointed by the progress he felt he could achieve in cooperation with the West, giving way to the conservative feelings he had probably cherished for a long time. The EU and NATO went on with their enlargement, and there was no hope in sight for Russia to contribute to decision-making in western institutions. The early 1990s idea to make OSCE the principle security structure for the Euro-Atlantic area has never been seriously explored. Russia had to accept the EU/NATO based security order as a fact of life and concentrate on its internal development till the time when it would become a developed democracy ready for an advanced relationship with the West. For the liberals that sounded fine. Russia had to do a huge amount of homework to get on equal footing with the West in terms of economy and institutions. Incremental progress in this way could bring results that would positively influence Russian citizens' lives, primarily in terms of visa-free travel and free trade with the EU.

For conservatives Russia is the natural peer to the West and other civilizations. It does not have to prove anything to anybody. The problem of Russian development is Russian internal business. Those on the outside who say they want to help Russia solve these problems just want the chance to spread their influence through consultancies and NGOs. If the West is willing to change what Russia is, that is the principle existential threat that has to be countered. Allies have to be discovered among countries that do not want to become *just* a part of the West but are determined to survive as self-sufficient geopolitical centres. It is important to note that this conservative world view is not advocating a common space with the major

allies. China has to remain China, while Russia has to remain Russia, without merging into a single entity. For many conservatives though, attitudes towards the post-Soviet space are different — much of it is regarded as the territory of historical Russia and, therefore, has to be closely integrated in the long run.

Even as Putin gave ever more evident preference to the conservative view, most observers did not expect the endgame to go the conservative way. Medvedev's presidency, which would have been clearly impossible without Putin's consent, could even be seen as a re-launch of the pro-Western agenda of Putin's first term. The attempt did not go well and ended up with Putin's return to the presidency in 2012. Some see this as a trap conceived by Putin a long in advance, others — as a spontaneous decision taken with regard to Western policies at the time of the Arab Spring, mainly in Libya and Syria in 2011, again assessed by conservatives as having complete disregard to Russia's opinion. The conservative trend became aggravated by Putin's reaction to public protests in Moscow ignited by the alleged parliamentary elections fraud in December 2011. Relations with the West spoiled, while the hassle around Ukraine had not even started.

As the Russian government was gradually giving up hopes to achieve anything ground-breaking in relations with the West, alternatives had to be found. One has definitely been Eurasian integration, securing the core of the post-Soviet space. The results here seemed significant — the emergence of the Customs Union (2010), then the Eurasian Economic Union (2015), which soon welcomed new members Armenia and Kyrgyzstan. Another alternative to the West, tempting but less promising even in the eyes of many Russian officials, has been the strengthening of relations with China and India. Chinese and Indian counterparts greatly cared about their interests without mixing them with those of Russia.

Until 2014 the balance between East and West in Russian foreign policy could still be maintained. Concerns raised in the West by Putin's internal political moves did not significantly hamper economic relations, and a significant room for manoeuvre in politics remained. During the EU-Russia summit in January 2014 the prospect of visa-free travel was still real and the possibility of talks about an EU-Russia free trade arrangement was announced.

Russia's reaction to developments in Ukraine has changed it all. At the point when the decision to annex Crimea was taken, it had to be clear for Russian government that this could only come at the expense of good relations with Ukraine and the West. Claims that harsh reactions from the EU and US came as a surprise make up part of the Russian propaganda discourse, but they can hardly represent the analysis made inside the Russian decision-making system prior to the first steps toward escalation. The war in eastern Ukraine meant crossing a number of points of no return that all but blocked the 'business as usual' mode between the West and Putin's Russia. After months of hostilities in the conflict zone, the Minsk agreements paved the way for a slow and partial normalisation starting with a ceasefire from 15 February 2015 but the feasibility of the process set by the agreements is still highly uncertain.

The Ukraine crisis drove Russia and the West in a vicious sanctions war circle. In theory the most serious sanctions have to be dropped as the Minsk agreements are implemented. Milestones set in Minsk are not being attained, deadlines are postponed and neither Ukraine, the separatist entities in eastern Ukraine, nor Russia rush to change this. Therefore, the actors prepare to live under sanctions for a long time to come, while some interest groups may even find their profit in the sanctions regime.

The overall decline of the Russian economy, driven by falling oil prices rather than sanctions, contributed to the decadent mood inside the country, primarily among the wealthy few and part of the intellectuals. In the meantime, many Russians including another part of the intellectuals have been inspired by the atmosphere of conflict that seemed to give back to their country the glory of the super-power. These people, who so far constitute a solid support for the Russian government, required a positive foreign policy discourse that would present Russia as a rising power rather than a country caught in a strategic deadlock. What used to be an optional choice has become a necessity. Eurasian integration happened to be insufficient to counterweigh the West, even in political rhetoric. The 'pivot to Asia' came as an obvious solution. The term had already been used regarding changes in US foreign policy. By using it, Russia has rhetorically confirmed its status as a peer to the US, and positioned itself as a country that keeps up with the latest trends in global development.

The principle intellectual support for the Russian pivot to Asia has been provided by the renowned Russian expert, professor Sergey Karaganov and his colleagues at the Moscow-based High School of Economics. Dr. Karaganov claims he championed the idea since the beginning of the 2000s but for a long time western-oriented Russian elite were deaf to the arguments.[2] He insists the pivot is not supposed to be the *choice* between Europe and Asia, since such a choice would be "disadvantageous and potentially dangerous" for Russia. Russia has to absorb the best of both worlds in a way that would eventually lead to the formation of a "Community of larger Eurasia", in which Europe, i.e. the most western part of Eurasia, would also take part.[3] In 2012–2015 the Valdai Club, famous for organizing annual meetings of intellectuals with Vladimir Putin, issued a series of reports titled '*Toward the great Ocean*', prepared under Karaganov's leadership and dedicated to the detailed development of the idea.[4] In 2010, during the era of the Medvedev's

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[2] Sergey Karaganov. Pivot to Asia. History of the political idea. *Pivot to the East. Development of Siberia and Far East at the time of Strengthening Asian Vector of Russian Foreign Policy.* [in Russian] Moscow: Mezhdunarodniye Otnosheniya, 2016. (http://karaganov.ru/publications/386).

[3] *Ibid*.

[4] *Toward the Great Ocean or the New Globalization of Russia*. Valdai Club, 2012 (http://vid-1.rian.ru/ig/valdai/Toward_great_ocean_eng.pdf); *Toward the Great Ocean-2, or Russia's Breakthrough to Asia.* Valdai Club, 2014 (http://vid-1.rian.ru/ig/valdai/Twd_Great_Ocean_2_Eng.pdf); *Toward the Great Ocean-3. Creating Central Eurasia.* Valdai Club, 2015 (http://valdaiclub.com/publications/reports/toward_the_great_ocean_3_creating_central_eurasia).

presidency, the Valdai Club report was dedicated to the idea of an 'Alliance of Europe' that had to unite Russia and the EU, initially also Karaganov's idea.

The road from the idea to implementation is always winding. The appeal for the EU to create an alliance with Russia did not go well. Dr. Karaganov blames the West for the failure, ascribing to it a milder version of the 'Versailles policy' applied to Germany by the victorious allies after World War I.[5]

In Karaganov's eyes the pivot toward building a Eurasian community should work as an appealing solution not just to the Russian troubles but to those of Europe, which has "lost the post-war peace", while walking out of the Cold War.[6] The road that has to lead Eurasia to a new state of harmony runs through the coordination of Russia's Eurasian Economic Union and China's Silk Road Economic Belt, which can be institutionally supported by the reinvigorated Shanghai Cooperation Organization (SCO) and Asian Infrastructure Investment Bank.[7] All in all, the idea presumes Russia has a full range of opportunities for a successful foreign policy while Europe has pushed itself into a dead end — the assessment mirroring much of the western post-Crimea analysis, which actually points at Russia as the lamed power in a dead end.

Sceptical voices doubting the reasoning and sustainability of the pivot to Asia have also become louder as the issue got to the main stage of the Russian foreign policy debate. The most notable of the sceptics is leading Russian China expert Alexander Gabuev at the Carnegie Moscow Centre. He believes the general conclusion from discussions in the course of 2015 is that the pivot will not happen.[8] He also pointed at the fact that deputy prime minister of the Russian government Igor Shuvalov openly denied[9] the pivot in a sense similar to what Dr. Karaganov meant when he rejected the choice between Europe and Asia. More importantly Mr. Gabuev shows that economic evidence does not confirm the pivot, while China's economic problems may significantly influence joint projects that Russia has in mind. In his assessment Russia's involvement in the much talked Silk Road Economic Belt is so far symbolic.[10] As one could expect, most sceptics do not deny the necessity for Russia to strengthen its presence in Asia, but they see this process in pragmatic rather than visionary terms, and stress the difficulties Russia will have to take into account.

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5 Sergey Karaganov. Europe: To end the Cold War. *Izvestiya.* 8 April 2014. [in Russian] (http://izvestia.ru/news/568861).

6 Sergey Karaganov. Eurasian way out of the European crisis. *Russia in Global Affairs* (2015) No. 4 (http://eng.globalaffairs.ru/pubcol/Eurasian-Way-Out-of-the-European-Crisis-17505).

7 *Ibid.*

8 Alexander Gabuev. The pivot to nowhere: The outcomes of Russia's Asian policy in 2015. *Carnegie.ru*. 29 December 2015 [in Russian] (http://carnegie.ru/commentary/2015/12/29/ru-62369/ioe2).

9 The Economy: Fair Answers to Acute Questions. Opening of the Forum. Panel Session. *St.-Petersburg International Economic Forum.* 18-20 June 2015 [in Russian]: p. 9. (http://forumspb.com/bfx-cc/system/uploads/files/site_session_attr/stenogram_ru/535/1150_ru.pdf).

10 Alexander Gabuev. China's Silk Road Challenge. *Carnegie.ru* 12 November 2015 (http://carnegie.ru/commentary/2015/11/12/china-s-silk-road-challenge/ilrk).

The polemics sometimes drives opponents to extremes but the debate leaves enough room for a consensus. In the end, business circles, which must be the backbone of Russia's more active profile in Asia, most of the time think in a pragmatic way, using opportunities that they see. Contrary to business activities the dream of a larger Eurasian Community will only have a very limited impact on the real state of affairs, while satisfying the thirst for grand designs often experienced by the Russian government. As proponents and deniers of the pivot insist, in pursuit of the dream Russia must not forget about opportunities it could discover or lose in other parts of the world, primarily in Europe.

2. A Europe's Pivot

The EU, which by now in many respects successfully usurped the name *Europe* for itself, is far from being ignorant about the potential of Asia. The world has changed significantly since the time when Europe could dominate the globe. Asia is rising economically, many Asian countries improve in other areas, offering their citizens better conditions of living. Looking at Table 1, one can suggest the EU has already made its pivot to Asia or Asia-Pacific. In reality high volumes of trade are at best facilitated by EU policies but obviously represent no results of a deliberate political decision, showing instead the role of Asia as a powerhouse of the world economy. It is also important to notice that intra-EU trade is not included in the table, while EU countries represent the leading economic power of the world, accounting in 2013 for 23.7 percent of the world's GDP — more than that of the US (22.2) or any other country.[11] Thus, the EU is even more important for Asian countries in terms of trade than Asia is for the EU (see Table 1, columns 4–5).

The EU States along with Norway, Switzerland, Russia, Kazakhstan, Australia and most of the South and South-East Asian countries form a loose group of the Asia-Europe Meeting (ASEM) active since 1996.[12] The group is meant to be a facilitator of Europe-Asia relations and even a 'policy-making laboratory'.

The EU has a free trade agreement with South Korea signed in 2010, which by 2016 should practically eliminate customs duties between partners.[13] A free trade agreement with Japan is expected in 2016, with Vietnam in 2017, negotiations with ASEAN and India are in the making.[14] Negotiations often go at a slow pace, demonstrating the difficult search for a consensus. However, figures in the Table 1 show that even under the current status of trade regimes the EU takes lead positions in trade with Asia and receives a lot from Asian countries.

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[11] The EU in the World. 2015 edition. *Eurostat, 2015.*

[12] ASEM: http://www.aseminfoboard.org/.

[13] The EU-Korea Free Trade Agreement in Practice. *European Union, 2011.* (http://trade.ec.europa.eu/doclib/docs/2011/october/tradoc_148303.pdf).

[14] Overview of FTA and other trade negotiations. Updated December 2015. *European Commission.* (http://trade.ec.europa.eu/doclib/docs/2006/december/tradoc_118238.pdf).

Table 1. Total extra-EU trade in goods with certain countries and groups of countries in 2014

1	2	3	4	5
Country/ Group	**Percent of the total extra-EU trade**	**Ranking in the total extra-EU trade**	**The EU in country's/group's trade, percent**	**Ranking of the EU in country's/group's trade**
APEC	58.6	–	43.2	1
USA	15.3	1	17.5	1
China	13.8	2	14.3	1
Russia	8.4	3	48.2	1
Switzerland	7.0	4	62.8	1
ASEAN	5.3	–	13.0	2 (after China)
Norway	4.0	5	76.1	1
Turkey	3.8	6	39.3	1
Japan	3.2	7	9.9	3 (after China and the US)
South Korea	2.4	8	10.4	3 (after China and the US)
India	2.1	9	12.9	1
Brazil	2.0	10	19.6	1

Data source: EU DG Trade http://trade.ec.europa.eu/

Table 2. Russia's trade with certain countries and groups of countries

1	2	3	4	5
Country/ Group	**Percent of Russia's trade**	**Ranking in Russia's trade**	**Russia in country's/group's trade, percent**	**Ranking of Russia in country's/group's trade**
EU	48.2	1	8.4	3
China	11.3	2	2.2	9
Turkey	4.0	3	7.8	2
Belarus	4.0	4	48.8	1
Japan	3.9	5	n/a	Not in the first 10
USA	3.8	6	n/a	Not in the first 10
Ukraine	3.6	7	20.8	2 (after the EU)
South Korea	3.5	8	n/a	Not in the first 10
Kazakhstan	2.7	9	21.5	3 (after the EU and China)
India	1.2	10	n/a	Not in the first 10

Data source: EU DG Trade http://trade.ec.europa.eu/

Russia's trade statistics (Table 2) is inevitably less impressive, given the country's much smaller economic weight in comparison with the EU. In economic terms Russia is definitely not in a position to show to the EU a way to the East, which the EU already knows very well.

The list of Russia's trading partners is remarkable for featuring at important places those countries whose relations with Russia were strategically damaged in 2014–15, namely Ukraine and Turkey. The repercussions for trade are already being felt and will aggravate as countries engage in their own local sanctions wars.

Similar to the EU, Russia receives a lot of goods from leading Asian countries — China, Japan, and South Korea. However, unlike the EU the country represents much less of a percentage as a source for goods exported to those countries. Even for China that shares a huge land border with Russia's resource-rich regions, it is not a strategically important partner in terms of trade. Russia's economy was barely growing in 2014, and dropped by 3.8 percent in 2015 and may lose another 0.3 percent in 2016.[15] The country may not become a meaningful source of investment for growing Asian giants and will struggle to ignite interest among Asian investors that could come to Russia and partially compensate for losses caused by the sanctions war with the EU and the capital flight that followed.[16]

The Russian market attracted a growing number of companies from all over the world at the time of rapid economic growth. As the growth stops interest declines. Trade bans for the EU, as well as Ukrainian and Turkish goods introduced by the Russian government, contribute to the decline. Some of the new-born deficits are compensated by firms from Asia and Latin America but this will not significantly alter the overall picture of trade flows in which banned agricultural items only make up a small part. All in all, looking at Asia's demographic scale, an additional opportunity at a market with a hundred million adult consumers is not a game changer. Adding to that, economic decline will influence the ability of many consumers to buy goods at a time when initial post-Soviet deficits in property, cars and gadgets have already been covered during the Russian economy's good years.

The motto of Russian modernization was proclaimed during Medvedev's presidency and has not officially been dropped, but it faded away failing to change the nature of the economy. The necessity of modernization is not denied by proponents for the pivot to Asia, nor by the sceptics. The road toward this goal is more of a contested issue. If closer cooperation with the West is still not on the agenda, what may work as an important Russian asset in Asia and a launcher for the Russian economy are infrastructure and natural resources.

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[15] Russia GDP seen down 3.8 percent in 2015, minus 0.3 percent in 2016. *Reuters.* 24 December 2015. (http://www.reuters.com/article/us-russia-economy-idUSKBN0U70ZO20151224).

[16] Russia capital flight more than doubled in 2014 to $151 billion. *AFP. Business Insider.* 19 January 2015. (http://www.businessinsider.com/afp-russia-capital-flight-more-than-doubled-in-2014-to-151-bn-2015-1).

3. A Bridge to Asia

Russia's huge territory is probably the first feature of the country that grabs the attention of an observer. At 17 million square kilometres it is the first in the world, far above others, even after the collapse of the Soviet Union. The country's direct neighbours in the East include the US, Japan, North Korea, China, Mongolia and Kazakhstan. If Russian cities would start working as points of attraction for Asian investments and infrastructural projects, many of Russia's depressed regions could flourish. This would require a significant change in the business climate and better institutional arrangements inside the infamous Russian bureaucracy. As Dr. Karaganov puts it, "…it is necessary to turn Siberia and the Far East [of Russia] into a territory of economic freedom, a model for Russia as a whole; to cease all formal and informal limitations for investments in any projects (apart from those having strategic significance for national defence); to wage a tough fight against corruption. […] It is necessary to liberalise key sectors, first and foremost those related to infrastructure and natural resources".[17] He also advocates incentives for people to move to this new centre of development and suggests some ministerial offices to be moved to the Far East in order to establish the 'third, Siberian-Far Eastern capital city of Russia'.[18] This set of ideas points pretty accurately at the actual weak spots of Russia in Asia.

Only six million Russian citizens live in the huge territory of the Far Eastern Federal District that includes the vast Yakutia. Another 19 million live in the Siberian Federal District. Out of Russia's 15 biggest cities with populations that exceed one million, none are in the Far East and three are in Siberia with Novosibirsk at 1.5 million taking the place of the third largest Russian city after Moscow and Saint Petersburg. Logically, most of the population is concentrated along the warmer southern part of Siberia and the Far East, in immediate proximity or relatively close to the border with China. There is basically one railroad (partially strengthened by a parallel Baikal-Amur Mainline) and one asphalt road that run through Russia to the Far East. At this level of development what become points of attraction are rapidly growing Chinese cities across the border. Russian students find an opportunity to study in well-equipped Chinese universities while pensioners may move for inexpensive and comfortable living in a developing Chinese provincial city.[19] Incentives would have to be sound in order to make locals stay in Russian provinces and people from central Russian regions to migrate there. It is easier to create engines of growth in the bigger cities of Siberia rather than in the Far East,

[17] Sergey Karaganov, Igor Makarov. Pivot to the East: Outcomes and Tasks. *Rossiyskaya gazeta.* 5 February 2015. [in Russian] (http://www.rg.ru/2015/02/06/povorot.html).

[18] *Ibid.*

[19] A new wave of Russian emigrants heads to China. *Russia beyond the Headlines.* 7 December 2012. (http://rbth.com/articles/2012/12/07/a_new_wave_of_russian_emigrants_heads_to_china_20887.html)

although it is the Far East which is more promising in terms of direct communication with Asian neighbours.

People might come to the East following the development of infrastructure. This was one of the ideas behind the Soviet project of the Baikal-Amur Mainline constructed in the 1980s. Further infrastructural development would demand a clear and proved economic count of benefits that it would offer. Russian leading economic expert, Vladislav Inozemtsev, addressed the issue and came to a disappointing conclusion. According to his assessment the actual contribution of Russia to transit of goods between Europe and Asia represents less than one percent of trade turnover, while most trade items are shipped via oceanic routes.[20] He also rightly remarks that Chinese infrastructural projects concentrate on the development of highways in Central Asia, thus, circumventing Siberia and the Far East. The bottom line of Inozemtsev's research is that Russia will not be able to make a big profit from its territory and waters that others use for transit.

Indeed, the tolls one could collect for the transit of goods are limited by the high competition of alternative routes. Moreover, cities across the transit highway will not benefit from the tracks that pass them by, heading towards the EU or China. The fate of depressed territories between Russia's big cities adds to this argument. Regional underdevelopment may be more or less a result of the poor quality of governance, poor infrastructure in and around cities, corruption or the distorted tax and budgetary arrangements between the federal State, regions and municipalities, but it can hardly be linked to the insufficient capacity of highways running from China through Russia to the EU.

A hopefully temporary but worrying complication comes from the current uneasy character of Russian-Ukrainian relations. The border between Ukraine and Russia could potentially represent a short and logistically justified way from Kazakhstan to the EU — a role now left to Belarus, Latvia, Estonia and Finland. Distrust towards the Russian government after the Ukraine crisis has spread far beyond Ukraine proper and may contribute to doubts in the minds of those who would consider investing in infrastructure running from Russia to the West.

4. Energy for Asia

Natural resources represent a primitive but certain Russian income source for many years to come. Most of these profits come from exported oil and gas. Increasing dependency on this money is highly undesirable for Russia. As oil prices dropped in 2014–15 the Russian economy greatly suffered. Therefore, it would not be wise to rely primarily on resource trade when developing the long term strategy for a Russian presence in Asia. However, a number of new pipelines could help Russia

[20] Vladislav Inozemtsev. Russia will not manage to become a transit country. *Vedomosti.* 29.11.2012 (http://www.vedomosti.ru/opinion/articles/2012/11/29/tranzita_ne_vyjdet) [in Russian].

diversify its energy trade and ensure better cards for negotiations with European buyers. This had to be the logic behind the *Force of Siberia* gas pipeline that has been initially agreed upon with China in 2014. Given the actual low market prices for energy, the Russian gas corporation *Gazprom* is not feeling well.[21] In spite of difficulties with the West, priority has been given to the works aimed at increasing the capacity of the *North Stream* that runs through the Baltic Sea to Germany, while the *Force of Siberia* is postponed.[22] If the latter project is fully implemented its annual capacity of 38 bcm would represent a quarter of the volume delivered to Europe. Russian energy analysts raise doubts regarding the economic benefits of the project. In the assessment of Mikhail Krutikhin the project could be implemented no earlier than 2021 and would not manage to repay the costs.[23]

An option which may provide more flexibility and prospects in Asia is the LNG market, where Russia has started to make initial steps. In September 2015 the Chinese Silk Road Fund bought 9.9 percent of shares in the *Yamal LNG* project by Russian *Novatek*.[24] At the moment Chinese interest seems to be as limited as its investments. China has plenty of opportunities to ensure energy supply and is not rushing ahead to secure more supplies from Russia.

The main challenge for Russia is inside the world of state corporations, including Gazprom, that have to increase their efficiency and rely on economic motives instead of political ones. Falling prices are pushing corporations in this direction. Asian powers will keep looking for the real benefits joint projects with Russia could bring and in most cases will not trade economic logic for political significance ascribed to projects.

5. Policy Games

With all its economic troubles Russia is still one of the biggest economies in the world and a political heavy-weight. For many foreign leaders a meeting with the Russian president is prestigious and welcomed by voters. Even in Europe attempts by human rights activists to protest against Russian leadership rarely bear palpable fruits. Asian countries, often criticised for deficits in the realm of democracy and human rights, do not even try to reproach Russia on those issues. This might help Russia and Asian countries to easily come to terms in political discussions and elaborate joint actions. Achieving real political results though is not much easier than economic ones.

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[21] Gazprom is losing its market muscle. *Bloomberg Businessweek.* 23 December 2015. (http://www.bloomberg.com/news/articles/2015-12-23/gazprom-is-losing-its-market-muscle).

[22] The 'Force of Siberia' is getting late. *Vedomosti.* 7 August 2015. [in Russian].

[23] Analyst: The 'Force of Siberia' has doubtful prospects. *Deutsche Welle*. 3 September 2015. [in Russian].

[24] China's Silk Road Fund purchases shares from Russian company. *Xinhua*. 3 September 2015.

The attitude of the Russian government to institutional pillars of cooperation with Asia has changed little since previous decades. Mechanisms that allow them to explore possibilities for closer cooperation were laid down in the 1990s. The SCO, formally established in 2001, started with a series of summits convening since 1996. That was the year Boris Yeltsin's first minister of foreign affairs, west-looking Andrey Kozyrev, was swapped for Evgeny Primakov, a proponent of a more balanced policy that would first and foremost require a higher quality of relations with China and India. Many remember Primakov's 1999 order to turn his plane back when heading to the US as he learned about NATO's strikes on Yugoslavia during the Kosovo crisis. That decision is often interpreted in Russia as a pivot to a foreign policy independent from the West.

The SCO is remarkable for bringing Russia, China and the states of their 'common neighbourhood' together. This could be an ideal structure for pushing forward the Silk Road project. SCO leaders adopt solemn political declarations while the secretariat of the organization does a lot to facilitate business networking in the region.[25] The security dimension of the SCO implies regular anti-terror military exercises. Nevertheless, it is not an easy task for the organization to persuade the world of its vivid and effective character. The SCO is not tasked with economic integration. The lives of common people do not change because of their country's SCO membership. This is a common problem of international bodies that has partially been overcome by the supranational structure of the EU. A possible SCO peer is not the EU but rather the OSCE, criticised for its loose character and inefficiency more often than not. These organizations are still a good platform for regular communication, and they may also serve as a hat for concrete projects, including infrastructural ones. What they cannot do is to become a decisive factor for the development of their members, while the pace of economic and societal development represents a definite problem for Central Asia as well as many regions of China and Russia.

China became more proactive in building international institutional frameworks at the time when Chinese internal reforms had already produced significant results. The country has been looking for new markets and for projects where it could apply its excessive labour force. The spread of Chinese influence is a natural result of impressive economic growth, which is only partially facilitated by foreign policy moves. The Chinese vision of the SCO future is that of a free trade area. China's partners are more constrained. Russia and the states of Central Asia lack the economic assets that could make sure that free trade with China will be mutually beneficial instead of playing into the hands of just the one, strongest economy. Central Asian countries, just like Russia, have to invest a lot into economic reforms in order to raise their competitiveness. The Russian strategic idea is that economic success and the reform process have higher chances for success if they are implemented in the framework of the Eurasian Economic Union (EAEU). As this

[25] Shanghai Cooperation Organization: http://www.sectsco.org/EN123/.

logic goes, even Russia is not strong enough to negotiate with China or the EU from a position of strength. Other EAEU countries taken individually cannot even dream about acting as peers to the giants. The solution is to transfer competences for trade negotiations to the Eurasian Economic Commission that would in turn represent States united by the common economic space, and by a joint industrial and energy policy.

Economic data does not support the idea however. The EAEU States apart from Russia are quite small. A small State does not necessarily mean unsuccessful or dominated by others. If a country is capable of implementing wise policies at a national level it will progress. But the internal political development of many post-Soviet countries makes them far from stable. An international framework that sets clear rules in economic and trade policy may be helpful for them. The advantages for Russia are less visible. Relations with the EAEU represent just 6.7 percent of Russian trade turnover, out of which 4 percent is trade with Belarus[26], primarily important for being a transit route and the closest hub on the way to the EU. Coming together with a bunch of smaller and often weaker economies, the country does not become globally stronger. Russians may perceive, and many do, that integration with post-Soviet neighbours is the country's historical vocation, which would mean that slow progress and certain economic losses will be tolerated for the sake of a political goal. The EAEU will have a significant impact on Russia's relations with Central Asian countries but for wider Asia this will not play a role. Even for China, if the EAEU is not an impediment for Chinese investments in Central Asia, which at present it is not, the Eurasian integration is not a big deal.

Negotiations between the EAEU and other countries on free trade are often presented as a sign of the EAEU's success. The first such agreement was concluded in 2015 with Vietnam.[27] However, trading partners are mainly attracted by the vast Russian market. If Russia together with its allies decides to transfer trade negotiations to an EAEU level, the partners will simply accept this. The absence of customs borders with some Russian neighbours is a pleasant add-on but not the reason for signing the agreement.

At some point one or several EAEU members might, on their side, feel excessively constrained by the necessity to always look for a common language with allies when it comes to foreign trade. The tension is felt already, especially since Russia adopted a unilateral set of trade restrictions against the EU, Ukraine, and Turkey, while other EAEU countries refused to follow. So far EAEU decision-making has proved to be flexible, probably too flexible for a real customs union, allowing trade items banned in Russia to be imported to countries that are supposed to constitute with Russia a single customs territory. Further transfer of the items

[26] Russian Foreign Trade governmental Portal [in Russian]: http://www.ved.gov.ru/.

[27] Vietnam Signs Free Trade Agreement With Russian-Led Economic Union. *Moscow Times*. 29 May 2015 (http://www.themoscowtimes.com/business/article/vietnam-signs-free-trade-agreement-with-russian-led-economic-union/522691.html).

into Russia is banned though. The same procedure was introduced for trade items imported to new EAEU members Armenia and Kyrgyzstan, when tariffs these countries negotiated for in the WTO prior to their entry to the EAEU are lower than the EAEU common tariffs. At such a state of affairs the EAEU turns out to be a byzantine game of intra-post-Soviet relationships rather than a single economic entity.

The follower of the EU in Asia in terms of institutional development is the ASEAN, which unites the States representing more than 625 million inhabitants. Russia participates in the ASEAN Regional Forum — a loose framework that unites ASEAN partners of the Asia-Pacific region. The interest of the Russian leadership to the ASEAN is so far limited. As noted by Alexander Gabuev, Vladimir Putin is not a fan of multilateral formats, which he mainly attends for the opportunity of bilateral meetings, but even with this in mind, his decision to repeatedly skip participation in the East Asia Summits is treated by some at ASEAN as an offence.[28] A reason for Putin's behaviour could be that he does not see clear political goals and concrete projects that Russia and the ASEAN countries could achieve together any time soon, at least at a scale that would justify involvement by the president.

Putin obviously invests more effort in the success of the BRICS group, first launched as BRIC — Brazil, Russia, India and China in 2006, with South Africa joining the club in 2011. Unlike many other international fora, BRICS managed to ignite some interest among Russians outside the narrow circle of the foreign policy elite. The idea is propped up by the National BRICS Studies Committee[29], as BRICS centres are created in a number of Russian universities.[30] Russian leadership is assessing BRICS as a promising club primarily for the long-term future when the weight of members will further increase, and they could exert significant influence in matters of global governance.

While the Russian pivot to Asia is — most of the time — discussed in terms of Russia's relations with China, a strategic alliance with India remains a dream of many Russian policy-makers. The trade volumes between the two countries do not support the claim so far. The other problem is that India has to fight its own foreign policy battles, primarily in difficult relationships with Pakistan and China, and Russia has reasons to refrain from meddling in them, and to remain neutral. A similar effect can be observed with South Korea, which is one of the big trading partners of Russia, but in politics it is important for Russia to keep good channels of communication with Russia's direct neighbour — North Korea — without engaging in the regional tensions other than in the role of an intermediary. India has had some interest in cooperating with Russian military industries. The countries created

[28] Alexander Gabuev. The pivot to nowhere. *Op.cit.*

[29] National BRICS Studies Committee: http://www.nkibrics.ru/.

[30] MGIMO University for International Relations (Moscow), Moscow State University, High School of Economics (Moscow), Urals Federal University.

a joint venture to build a modern cruise missile together.[31] Some of the potential in this area still waits to be released. In 2015 the SCO announced the process of the accession of India and Pakistan to the organization.[32] Given the regional complexities and looming bid of Iran to become an SCO member, the organization gains a genuine Eurasian scale but this will most probably come at the expense of plans to deepen cooperation.

Japan, one of the leading Asian powers, has not been able to offer Russia much beyond trade cooperation, given unresolved territorial disputes and the difficulties Japan experiences in relations with other big regional players. In many respects Japan finds itself in a strategic stalemate similar to that of Russia — it is too big and significant to just be a part of multilateral arrangements, while not big and significant enough to play a global role on its own. What helps Japan though is the high level of industrial development that Russia lacks. In the meantime Japanese policy-makers do not give up hopes for changing fate, overcoming the most difficult hurdles in negotiations with Putin.[33]

The political projects of today are designed and implemented by the people who gained most of their life experience in the course of the twentieth century. The idea that cooperation with Russia must be strategically important is part of that century pattern. Russia is the biggest European country in terms of area and population, and one of the biggest European economies. For Asian giants though, the benefits of cooperation with Russia turn out to be limited at the point when they move from words to substance. In real terms Russia is a big partner that deserves regular high level meetings, as with Germany, the UK or France, but unlike the highly diversified and developed economies of the biggest EU members, it can at the same time make substantial competitive offers mainly in the narrow fields of resource supply and military industries. One of the popular ideas in Russia is that investments in Russian military research and development may revive Russia's industrial capacities on the broader scale. This will not happen overnight but increased emphasis on modernizing the Russian military has indeed increased interest from Asian countries for joint work in the field.

Conclusion: The Twain Shall Meet

The system of Euro-Atlantic economic and security arrangements does not necessarily represent a pattern for everyone. Some countries, like those of ASEAN, may follow the example but others will have no intention to join. The debate about the pivot to Asia is partially driven by the limited scope of public attention that

[31] BrahMos Airspace: http://www.brahmos.com/.

[32] India, Pakistan to join China, Russia in security group. *Reuters*. 11 July 2015 (http://in.reuters.com/article/china-russia-india-pak-sco-idINKCN0PK20520150711).

[33] Japan PM Shinzo Abe urges talks for Russia peace treaty. *BBC*. 4 January 2016. (http://www.bbc.com/news/world-asia-35219262).

has to concentrate on something, and partially by a false search for a *finalité*, the end goal that should once and for all settle the debate about strategic choices, at least in the political mainstream, as happened with EU and NATO members. It may be that many Asian countries will simply keep developing on their own, without forging close alliances with anyone. Institutional frameworks that serve as fora for communication may appear and fade but they will not be major historical achievements in Asia as European unity remains in Europe. The choice for Russia might not to be *with* the Asian countries in a hypothetical community that would mimic Europe but to be *as* the Asian countries — a participant of loose multilateral mechanisms that leaves full freedom of actions to a State, be it in foreign, security or economic policy. At the moment this seem to correspond with Russian intentions to keep full sovereignty and not to bind itself by more far-going international legal arrangements. How these intentions will develop in the long run, beyond the political lifespan of incumbent Russian leaders, will depend on the evolution of the ways the Russian population perceives itself and its interests.

For many years and up to present day foreign policy perceptions of Russians were easily influenced by State controlled media. An overwhelming majority of citizens of the Russian Empire, the Soviet Union or the Russian Federation had no personal encounters with the half-mythical 'abroad'. Many of those who had a chance to see the world, remained under the influence of the more closed, often xenophobic environment in which they were raised. Starting in 1990s this perception is slowly changing. Ever more Russians explore countries to the west, east and south of their Russian borders. What were exotic never-to-be-seen parts of the globe for the senior generation, are common holiday destinations for the youth. One of the conclusions people might draw from the globetrotting is that a foreign land, just as their own country, is never a paradise on Earth. The other conclusion is that in spite of differences in culture and way of life, much of societal development can be assessed, compared and improved upon. Those who achieve good results, will be seen as preferential partners for the future. Champions of development will most probably be found on every continent. Membership in Western institutions will no longer be seen as a golden ticket to prosperity. Visa barriers will disappear between comparably rich countries, and the best infrastructures will be developed to facilitate trade flows and travel between the most successful centres of development.

Russia's key challenge is to make sure some of these centres of development will grow in the country. If a welcoming investment climate is developed this would, among other things, mean investors are not rejected because of their country of origin. As the country is readying up-to-date infrastructure and innovative services, these will be used by citizens as well as foreigners from all parts of the world. If the pivot to Asia is perceived as an appeal to boost development of Russia's territories, it could be helpful. If it is interpreted that Russia's alliance with China, India, Iran and Syria is against the West, then this case would be hopeless.

Most Asian countries would welcome a more successful and proactive Russia. Russia, on its part, seems to have no ambition to play against any core interests

of the Asian powers. This is different in the West where Russia is facing a trouble. According to some estimates, it is not just those unfortunate decisions taken in the course of the Ukraine crisis but a profound contradiction between Russian and Western interests that caused the mess.[34] If Russia and the West are determined to compete for the right to promote their vision of principles and policies that will work in a post-Soviet space, recreating the atmosphere of the Cold War, they will both lose but the pain would be much harder for Russia given its economic condition and the importance of trade relations with the EU. If the decision is made to take steps away from the escalation, normalisation would require a consensual vision of rules and red lines in the area of the common neighbourhood. As Russia is losing the West as a partner, by doing so it is not gaining respect and prospects in Asia. It is simply losing some of the unique options it could use to the benefit of all.

The EU and China, by reasons of geography, history and economic development, constitute the most important partners for Russia. Unless conflicts become a long-term impediment, it should remain this way in the future. It has to be seen as a luck that the world's most major economies happen to be the direct neighbours of Russia. By modernizing itself, reducing the barriers for economic activity and people-to-people communication, Russia could gain a lot from this neighbourhood. As Russia's relations with several neighbours go rogue, it is the right time to think about fixes in foreign policy that could change the trends. The pivot to Asia does not help resolve the issues Russia has with the West, while the resolution of those issues in a cooperative manner would, on the contrary, improve a Russian stance in relations with Asian and any other powers.

[34] E.g. see: Kirk Bennett. The Myth of Russia's Containment. *The American Interest.* 21 December 2015 (http://www.the-american-interest.com/2015/12/21/the-myth-of-russias-containment/).

Part III: Economics

THE ECONOMIC SITUATION IN RUSSIA AFTER THE ANNEXATION OF CRIMEA AND ITS INFLUENCE ON RUSSIAN POLICY

Roman Dobrokhotov

Introduction

From the last one and a half centuries Russia will meet 2016 with unprecedented isolation. The last time Russia found itself in such solitude was under Tsar Nikolai I; the reason then also the Crimean War. Vladimir Putin is likely copying Nikolai in all aspects — a conservative anti-West ideology, a growing technological backwardness, aggressive conspiracy-based propaganda, suppression of nonconformity and finally, a deep economic crisis. Nikolai I was succeeded by liberal reformer Alexander II, so should we expect democratic changes 'from above' in today's Russia? Or will everything end with a revolution, the centennial anniversary which Russia celebrates in 2017 and is a result of the economic crisis and exhausting war? Some see likenesses in the present crisis to the situation of the mid-1980s when plummeting oil prices lead to a deep crisis and disintegration of the country. Each of these historical analogies is valid in its own terms, but for correct diagnosis of the current political and economic situation, it is necessary to examine the character of the accumulated problems.

Problems appeared before the annexation of Crimea and conflict with the West. The Kremlin's activities in order to annex Crimea started in late February 2014 and in mid-March Russia declared the 'inclusion' of the peninsula; by this time the Russian economy was already stagnating, independent experts forecast recession and net capital outflows grew, rapidly reaching $50.6 billion in the first quarter. The political climate was very much determined by the Sochi Olympic Games, designed to increase the international prestige of Russia; besides that, an amnesty took place releasing a number of political prisoners, including Mikhail Khodorkovskiy and the Pussy Riot performers. February/March 2014 became a turning point in the political and economic development of Russia — the country started to move rashly towards economic crisis and international isolation, society was further splitting apart, the authorities tightened their repressive grip. This article examines the economic consequences of this shift and their possible influence on Russia's policies.

1. The Economic Situation of Russia Before the Annexation of Crimea

By the beginning of 2014 the Russian economy had already experienced hard times. The annual budget was planned according to the forecast of growth of the GDP 3.7 percent, but in the first months the prognosis was reduced at less than one per cent, while some independent analytical centres, like FBK, predicted a recession by the end of the year. Vladimir Putin's 'May decrees' of 2012, signed by him on the day of inauguration lay as a heavy burden because they provided *inter alia* for a significant growth in wages.

Due to wages growing faster in recent years than labour productivity, labour costs in a number of sectors turned out to be exorbitantly high, nearing those in Western countries (with two to three times or even lower productivity than West — depending on the branch). Meanwhile, the exchange rate of the rouble remained relatively stable. The average salary rose 2.5 times after 2006 — from 11,000 to 27,000 roubles monthly (1 USD equalled 28–32 RUR throughout the period), but in Moscow even more than three times — from 18,000 to 61,000 roubles. The rate of the US dollar changed by just 8.6 percent, so Russian citizens became richer in dollars by approximately the same ratio. Naturally, the combination of a strong rouble and rapidly growing wages was an unfavourable factor for Russian production — it was losing its competitiveness more and more.

These factors together with stagnating oil prices lead to an overall stagnation of the economy. The period of rising oil prices has a spill over effect, when sectors of internal consumption became the winners — the branches of retail, tourism, telecommunications etc. Exports became increasingly dominated by raw materials, first of all, hydrocarbon. The problem of this economy pattern was that it did not just presume expensive oil; it required ever-growing oil prices. As soon as the rise stopped, investments did too and capital outflow increased.

Another worrying feature was rapid consumption growth, including on the nod. The result was fast-growing debts. If in the beginning of 2011 the total external debt of Russia was $488 billion, in January 2014 it was already $729 billion. It became evident that if Russia continued to borrow $100 billion a year, the debt will become too heavy to service. The flank of economists in the government and the central bank realised the problem and were planning to switch to a floating rouble rate to remedy the situation. A lower currency rate would lower living standards but support production and decrease imports. It would gradually lead to a reduction of inadequate consumption levels and allow a slowing down to the growth of internal and external debts.

The situation became more complicated due to a number of systemic problems, primarily, corruption, a poor investment climate (also due to insufficient protection of property rights) and excessive defence expenditures (becoming the reason for dismissal of the finance minister Alexei Koudrin, strongly objecting this budgetary priority).

Therefore, Russia's economy fought with serious difficulties by spring 2014 and was in need of profound structural reforms. The unfolding events should be divided into three stages. The first stage — a sharp deterioration in the investment and business climate, linked with the conflict in Ukraine and worsening relations with the West, expressed in the first sanctions. Consequences for the local economy are first of all associated with diverging expectations of players. The second stage begins in July 2014 when the economy is affected by two new factors — aggravation of the situation in the South East of Ukraine (particularly after separatists shot down Boeing MN-17) and the following decline of oil prices leading to a sharp devaluation of the rouble in December 2014. The third stage is expressed by quickly falling living standards and a temporary stabilization at a new point of equilibrium.

Let us examine these three stages one by one.

The First Stage: March — July 2014. The Annexation of Crimea and the First Sanctions

The annexation of Crimea became an extremely negative signal for Russia's economy. The Moscow Exchange index dropped by nearly 200 points — from 1490 to 1270 in the first days of March, which was not exactly an indicator for the state of the national economy itself but more an expression of investors' bleak expectations. The rouble exchange rate was falling smoothly — from 33 roubles for one US dollar in early January down to around 36.5 in March and remaining at this level until September.

The most worrying indicator was the outflow of capital from Russia — it had already reached $49 billion in the first quarter of 2014, compared with $61 billion throughout 2013. Statistics for the first half of the year showed $74.6 billion.[1] The GDP growth slowed as well. It reached 0.9 percent per annum in the first quarter and 0.7 percent in the second. Technically Russia entered the recession phase in July.[2] The global community started to employ economic instruments in the first stage as a reaction to Russia's aggression against Ukraine. On 17 March the European Parliament adopted a resolution recommending withdrawing from the construction of the South Stream gas pipeline.[3] Despite the non-compulsory character of the resolution it had a direct impact — the construction of the South Stream *de facto* seized and finally, in December, Russia had to formally denounce the project.

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1 Ведомости, Отток капитала замедлился во II квартале, 10.07.2014 //, accessed December 23, 2015, https://www.vedomosti.ru/finance/articles/2014/07/10/kapitalnoe-razocharovanie.

2 Газета.ru, Ноль с минусом, 04.07.2014, accessed December 23, 2015, http://www.gazeta.ru/business/2014/07/03/6096705.shtml.

3 European Council Decision 2014/145/CFSP 17 March 2014, accessed December 23, 2015, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:078:0016:0021:EN:PDF.

The United States for its part, made a number of steps to curtail economic, political and technological cooperation with Russia. On 4 March the US froze investments and military cooperation with Russia.[4] On 28 March the United States stopped the licensing of exports to Russia of goods and services for defence purposes,[5] and on 3 April suspended consultations with Russia on missile defence, as well as cooperation in the space sector with the exception of the International Space Station and a number of projects in the field of peaceful nuclear energy.[6] On 28 April the US forbids sales to Russia of high-tech products that can enhance the combat capability of the Russian army and cancelled previously issued licenses for their supply[7], and on 7 May excluded Russia from the trade program enabling countries with transition economies to import certain types of goods into the United States duty-free.[8]

All these measures would certainly have a significant impact on Russia's economic situation, but the key question that still troubled Russian companies was whether Western countries would introduce full-scale sectoral sanctions against the Russian economy.

The Second Stage. The War in Ukraine, Sectoral Sanctions, Falling of Oil

Russia started to actively take part in the outbreak of hostilities in Donetsk and Luhansk regions straight after the annexation of Crimea. In fact, attempts by pro-Russian forces to seize administration headquarters happened in other regions as well, including Kharkhiv and Odessa, but they did not prove to be successful anywhere else but in Donetsk and Luhansk. Although Kyiv drew the attention of the international community to Russian military interference, the majority of experts (both Russian and Western) shared the view that Russia would not directly intervene in the South East of Ukraine with its military force like in the Crimean case. Therefore, the West was in no hurry to introduce sectoral sanctions, considering them a deterrent against further escalation of the conflict.

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4 США приостанавливают торговые и инвестиционные переговоры с Россией, РИА Новости, 04.03.2014, accessed December 23, 2015, http://ria.ru/world/20140304/998002287.html.

5 США приостановили лицензирование экспорта оборонных товаров в Россию? Голос Америки, 28.03.2015, accessed December 23, 2015, http://www.golos-ameriki.ru/content/us-bans-export-of-defense-items-to-russia/1881067.html.

6 Роскосмос: позиция Госдепа по сотрудничеству России с NASA "весьма смягчилась", Тасс, 11.04.2014, accessed December 23, 2015, http://tass.ru/politika/1113938.

7 Вашингтон также аннулирует действующие лицензии на поставку высокотехнологичных товаров России. ТСН, 28.04.2014, accessed December 23, 2015, http://ru.tsn.ua/svit/ssha-zapretili-prodavat-armii-rossii-noveyshie-tehnologii-363062.html.

8 США отменяют торговые льготы для России, Deutsche Welle, 07.05.2014, accessed December 23, 2015, http://www.dw.de/.

However the conflict was heating up and separatists took over new regions using heavy weapons which they could not get from anywhere else except in Russia. As a result the West had to employ its economic weaponry. On 16 July the US introduced the first sanctions against key sectors of Russia's economy. The oil giant Rosneft, gas company Novatek, and State-owned banks Vneshekonombank and Gazprombank were first on the sanctions list. The sanctions were also imposed against enterprises of the Russian military-industrial complex: corporations Almaz-Antey, Izhmash, Kalashnikov, scientific and production associations Bazalt, Uralvagonzavod and Mechanical Engineering, Instrument Design Bureau, KRET, and Sozvezdie.[9] In addition the sanctions deprived Russian companies of the possibility to receive US loans for longer than 90 days, although they did not ban American partners from maintaining other business relationships and carry out financial transactions.

A little later on 29 June the US imposed sanctions against Bank Moskvy, VTB bank and Rosselkhozbank. US citizens and companies were prohibited from purchasing the debt obligations of these banks and related entities, as well as their property for more than 90 days. Sanctions were also imposed against the United Shipbuilding Corporation of the Russian Federation.[10] But on 6 August the US banned supplies to Russia of equipment for underground mining (more than 152 meters), development of the Arctic shelf and shale oil and gas reserves, as well as non-conventional energy production technologies.[11]

The European Union, for its part, was also planning to introduce new restrictive sanctions, although there was no unanimity in the Union on this issue. The situation changed dramatically after 17 July 17 separatists shot down passenger aircraft Malaysia Airlines (erroneously mistaking it for military transport aircraft An-26). This terrible disaster could serve as a ground for the search towards reconciliation, but the Kremlin chose a different strategy — Russian propaganda actively denied the involvement of separatists in the incident accusing Ukraine and telling a story about a Ukrainian fighter which allegedly pursued the Boeing then fired a rocket to down the plane.

After this kind of reaction, Putin has lost the last opportunity to establish diplomatic dialogue. If the United States previously played the role of 'hawks' while Europe was still hoping for diplomacy, then after the crash of the flight MN-17 and the aggressive Kremlin reaction to it, the position of EU countries (especially that of Germany, the key player in negotiations) changed. Russia became a target of sectoral sanctions.

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9 Вашингтон ужесточил санкции в отношении России. РИА-Новости, 16.07.2014, accessed December 23, 2015, http://ria.ru/world/20140716/1016281045.html.

10 США ввели санкции против Банка Москвы, ВТБ, Россельхозбанка и ОСК. РИА-Новости, 29.07.2014, accessed December 23, 2015, http://ria.ru/world/20140729/1018068479.html.

11 Санкции США против нефтяной отрасли России вступили в силу. ZN.UA, 06.08.2014, accessed December 23, 2015, http://zn.ua/WORLD/sankcii-ssha-protiv-neftyanoy-otrasli-rossii-vstupili-v-silu-150343_.html.

On 31 July the EU imposed sanctions against Sberbank Rosii, VTB bank, Gazprombank, Vneshekonombank and Rosselkhozbank. The EU also introduced an embargo on the import and export of weapons and related materials from and to Russia; it banned the exports of dual use products and technologies to Russia or Russian end-users. The European Union obligated exporters to obtain prior authorization from competent authorities of Member States on the export of certain types of energy equipment and technology to Russia and imposed a ban on the supply to Russia of high-tech equipment for oil mining in the Arctic for deep offshore and shale oil extraction.[12]

This time the EU and US sanctions affected important, major banks and corporations, so it was obvious that would become a serious blow to the economy. Vladimir Putin probably counted that the cards had been already played and believed he could afford more, so at the end of August a significant Russian military contingent consisting of thousands of soldiers and heavy combat equipment entered the Donetsk and Luhansk regions. Of course this intervention changed the situation dramatically, and separatists who were losing their positions once again went on the offensive. This time Western countries reacted strongly and simultaneously.

On 12 September the European Union:

- Prohibited the organization of debt financing of the three Russian energy companies: Rosneft, Transneft, Gazprom Neft. The trade in bonds of these companies with a maturity of over 30 days was banned, as well as participation in the organization of issuing such securities.
- Tightened restrictions on lending and investment services to five Russian banks: Sberbank Rossii, VTB, Gazprombank, Vneshekonombank and Rosselkhozbank. The issuance of loans for more than 30 days, the purchase and sale of new bonds, shares and similar financial instruments with a circulation period of more than 30 days were banned.
- Prohibited the organization of debt financing of the three biggest military production holding companies in Russia: Uralvagonzavod, Oboronprom, United Aircraft Corporation.
- Included in the sanctions list were nine Russian defence companies: Sirius, Stankinstrument, Khimkompozit, Kalashnikov, Tula Arms Plant, Technologies of Mechanical Engineering, scientific and production associations High Precision Complexes and Bazalt, anti-aircraft defence company Almaz-Antey.[13]

[12] Под санкции ЕС попали пять крупнейших банков России. Подробности. 31.07.2014, accessed December 23, 2015, http://podrobnosti.ua/987123-pod-sanktsii-es-popali-pjat-krupnejshih-bankov-rossii.html.

[13] Council Regulation (EU) No 959/2014, 8 September 2014, accessed December 23, 2015, http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2014:271:FULL&from=EN.

On 12 September the US imposed sanctions against:

- The corporations Gazprom, Lukoil, Transneft, Gazprom, Surgutneftegaz, Novatek, Rosneft. American companies were prohibited from delivering their products and technologies required for the development of oil fields in deep water and the Arctic shelf, and in shale formations. The corporations "Gazprom Neft" and "Transneft" are also banned from borrowing and placing securities on the American market for more than 90 days. The measures were intended to prevent the supply of technology and equipment to Russian companies, even through intermediaries.
- Sberbank, Moscow Bank, Gazprombank, Rosselkhozbank, Vneshekonombank, VTB bank as well as the corporations Novatek and Rosneft. American citizens and companies are not allowed to buy bonds from the enlisted banks and corporations with maturities of over 30 days, as well as provide them with loans.
- Enterprises of the military-industrial complex: the corporation Rostech, anti-aircraft defence company Almaz-Antey, open joint stock companies Dolgoprudnensk Scientific and Production Enterprise, Mechanical Engineering Plant named after M. I. Kalinin, Mytishi Mechanical Engineering Plant, Scientific Research Institute of Instrumentation named after V. V. Tikhomirov.[14]

In addition, a number of economic sanctions on the same day were introduced by other countries such as Japan, Australia and Canada.

In response to the sectoral sanctions of 6 August Putin introduced so-called 'anti-sanctions', signing the decree "On the application of certain special economic measures in order to ensure the security of the Russian Federation". The government identified a specific list of goods, subject to the imposed restrictions. The list includes meat and dairy products, fish, vegetables, fruits and nuts. The total annual turnover of imports subjected to the sanctions was estimated at $9 billion (US).[15] Moreover, if the EU delivers almost 50 percent of Russia's imports, then EU exports to Russia are less than 5 percent of the total, and agricultural exports less than 1 percent,[16] therefore the 'anti-sanctions' struck primarily Russia itself. We will examine their effects later in the same context as the effects of Western sanctions.

Simultaneously, another attack struck Russia: oil prices began to decline. They were fluctuating during the summer near levels of $110–115 per barrel of Brent, falling below $100 in September, below $90 in October, below $80 in November, and approaching almost $50 in December.

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[14] Санкции США ударили по 90% российских нефтегазовых компаний, accessed December 23, 2015, http://top.rbc.ru/economics/12/09/2014/948761.shtml.

[15] ТАСС, Россия запретила импорт продовольствия на $9 млрд в ответ на санкции, 7.08.2014, accessed December 23, 2015, http://tass.ru/ekonomika/1367515.

[16] European Union, Trade in goods with Russia, accessed December 23, 2015, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113440.pdf.

Effects of sectoral sanctions and falling oil prices on the economy should be considered as a package. Sanctions without falling oil prices, as well as falling oil prices without sanctions would have a fundamentally different effect on the economy. The fact is the most painful element of the sanctions was the closure of access to global capital markets, but falling oil prices meant a sharp decline in export revenues. One could do without external borrowings with high oil prices, and vice versa, free access to credits would make surviving the fall in oil prices much easier. However, these two factors together immediately put the entire economic system of Russia in jeopardy.

We can recall what a fall in oil prices without sanctions means by the example of the 2008 crisis. The drop in oil prices was the same in 2008–2009; only access to foreign capital for Russia was open. Thankfully Russia managed to pass the crisis without major problems. The reserve fund then lost up to $200 billion (mainly due to the sale of foreign currency by the Central Bank to contain the rouble), but citizens did not notice as companies and banks successfully refinanced, although the government increased social spending.

Everything appeared different in 2014 and experts started to seriously consider the prospect of default. The problem was not only in the fact that foreign exchange reserves were smaller (about $510 billion in early 2014 against nearly $600 billion in 2008). Even $500 billion is a solid reserve by Russian standards. The situation with external debt, which reached almost $730 billion in early 2014, compared with about $465 billion in 2008 was not the matter either. Even $730 billion is just a third of Russia's GDP, which is a low level of debt by global standards. There was another problem — if you are denied access to external borrowing, while the economy is not growing and external debt exceeds the reserves, sooner or later your country will have to declare default.

These expectations created strong pressure on the national currency and starting from September it began to fall dramatically. The exchange rate against one US dollar was 36 roubles in August, 39 in September, 43 in October, 49 in November and finally there was a landslide devaluation in December reaching at its peak more than 80 roubles for one dollar. Some critics have accused the Central Bank of Russia that its actions in the fight against devaluation have been inconsistent. But if something was inconsistent then the Central Bank would have attempted to intervene in the foreign exchange market, rather than letting the rouble float freely, as had been planned long ago. As a result, it still failed to prevent devaluation but Central Bank interventions squandered about $100 billion, bringing reserves down to $360 billion.[17]

Devaluation was not the only result of the second phase of the crisis (which we refer to the second half of 2014). A powerful blow was struck on manufacturing, services, trade, as well as federal and regional budgets. Let us review them separately.

[17] Центральный банк РФ, Международные резервы Российской Федерации, accessed December 23, 2015, http://www.cbr.ru/hd_base/Default.aspx?Prtid=mrrf_m.

Production and exports. Russian exports in 2014 totalled $496.7 billion, and in comparison with 2013 fell by 5.1 percent — firstly, of course, because of oil and gas.[18] At the same time the GDP in the second half of 2014 continued to stagnate (it started to decline only in 2015),[19] but some industries were already on a significant downward slide.

The automotive industry and mechanical engineering were strongly affected, while the downturn in construction started later (the explanation — the mortgage boom of 2012–2014; the houses built on the then available loan funds were commissioned). The decline in the energy sector was particularly expressed in the gas industry where mining and revenue fell as well as exports. Gas was exported by 10.8 percent less compared with 2013. The volume of gas supplies to the far abroad in 2014 fell by 8.0 percent and to CIS countries by 17.5 percent year on year. At the same time mining fell: the open stock company "Gazprom" reduced gas production in 2014 by 8.9 percent. In the fourth quarter of 2014 revenue from oil and gas exports fell by 27.3 percent to the corresponding period of 2013.[20]

In the oil sector, as opposed to gas, production levels did not decrease and even increased in a year by 0.7 percent, reaching 526.8 million tons,[21] which like in the construction sector, can be explained by inertia — companies had made large investments in previous years when oil prices were high and they had to pay them back. However, oil exports in 2014 declined from 236.6 million tons to 223.4 million tons.[22] Of course, all income from oil companies fell sharply. In 2014 compared to 2013 the net profit of the country's largest oil company Rosneft declined by $3.7 billion (28.5 percent).[23]

Despite the fact that number of indicators in agriculture and the food industry have seen an increase, Russian manufacturers are far from euphoric — there is a high import component in the food industry; therefore increase in Russian domestic production is due to a high extent to declining quality — milk fats are replaced

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[18] Росстат, О состоянии внешней торговли в 2014 году, accessed December 23, 2015, http://www.gks.ru/bgd/free/b04_03/IssWWW.exe/Stg/d05/35.htm.

[19] Росстат, национальные счета, валовый внутренний продукт, accessed December 23, 2015, http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/accounts/#.

[20] Доклад об экономике России, Группа Всемирного банка, No. 33, Апрель 2015, accessed December 23, 2015, http://www.worldbank.org/content/dam/Worldbank/document/eca/russia/rer33-rus.pdf.

[21] Ведомости, Добыча нефти в России в 2014 году выросла на 0,7%, 12.01.2015, accessed December 23, 2015, https://www.vedomosti.ru/business/articles/2015/01/12/rossiya-ostavila-rekord-v-proshlom.

[22] Центральный банк РФ, Экспорт сырой нефти за 2000-2015 годы, accessed December 23, 2015, http://www.cbr.ru/statistics/print.aspx?file=credit_statistics/crude_oil.htm.

[23] Роснефть объявляет о результатах за 2014 г., 4 марта 2015, accessed December 23, 2015, http://rosneft.ru/news/pressrelease/04032015.html.

by vegetable oil in cheese and sausage meat is replaced by various additives.[24] The experts of the Analytical Center of the Government of Russia concluded in the study of August 2015 "Food embargoes: import substitution and changes in the structure of foreign trade" that food embargoes have a negative impact on competition and not only leads to higher prices, but a decline in the quality of products.[25]

Rising food prices also has a dual effect. It would have to make Russian production more profitable, but because of the falling demand in the domestic market the output volume reduces, so in many cases the substitution of imports is simply too expensive. The solution would be to expand agricultural exports and it had actually increased by 16 percent in 2014, but in total it amounted to only $18.9 billion (in comparison the import value of agricultural products was $39.7 billion)[26] and this is despite the fact the State allocates approximately 200 billion roubles a year to subsidize the agro-industrial sector (i.e. about $3.3 billion at the current exchange rate, or about $6 billion before the devaluation). Thus, the increase in exports can hardly compensate for losses associated with problems of the internal market.

A heavy blow was inflicted on the Russian pharmaceutical industry — about 7.0 percent of drugs are produced in Russia without the participation of foreign companies,[27] therefore devaluation cannot lead to an import substitution and results in a sharp rise in prices.

Services. If production could get dividends from the depreciating rouble, the service sector by contrast, was an obvious loser: the exchange rate, sanctions and falling investment have played an extremely negative role here. The crisis was especially painfully perceived by the banking sector. Firstly, due to the crisis the level of defaults rose sharply, especially in foreign currency loans. During 2014 Russian banks wrote off 61.9 billion roubles (about $1 billion) of debt issued in foreign currency loans, which was five times more than in 2013.[28] In the course of 2014 arrears in retail lending grew by almost a third. The profit of the banks for

[24] Эксперт, Слабый рубль негативно скажется на пищевой промышленности, а именно на рынке мяса и мясных продуктов, 17.03.2014, accessed December 23, 2015, http://www.expertnw.ru/news/2014-03-17/slaby-rubl-negativno-skazhetsya-na-pishchevoy-promyshlennosti-a-imenno-na-rynke-myasa-i-myasnykh-produktov#ad-image-0.

[25] Ведомости, Продуктовое эмбарго привело к росту цен и снижению качества продукции, 11.08.2015

[26] Газета.ru, Минсельхоз: объем импорта сельхозпродукции в 2014 году снизился на $3,5 млрд, 15.04.2015, accessed December 23, 2015, http://www.gazeta.ru/business/news/2015/04/15/n_7110473.shtml.

[27] Росбалт, Сенатор: Из-за нехватки лекарств Россия может пойти на нарушение международного права? 22.07.2015, accessed December 23, 2015, http://www.rosbalt.ru/main/2015/07/22/1421663.html.

[28] Известия, Убытки банков по валютным долгам достигли исторического максимума, 11.02.2015, accessed December 23, 2015, http://izvestia.ru/news/582830#ixzz3p3dxeXNM.

the same period decreased by 40.7 percent, while assets decreased by 35.2 percent.[29] The year 2014 also saw a record number of banks (89) closing.[30]

The fall of the rouble led to mass bankruptcy of tour operators, too. The largest tour operators of Russia such as a Neva, Labyrinth, Solvex-Tour, Yuzhniy Krest, Versa and others ceased to exist in 2014.[31]

By the end of the year problems emerged in the retail sector, providing nearly 15 percent of Russia's GDP — after the landslide devaluation in December consumers rushed to sweep the shelves of goods, waiting for a sharp rise in prices; when prices actually rose this was followed by a collapse in demand that hit the retail trade.

Government sector. The budget deficit in 2014 amounted to 0.5 percent of the GDP, but the presence of State reserves helped to offset problems in the public sector, and until the December devaluation no substantial decline in living standards occurred. However, State employees still felt the severe restrictions derived from the pursuit of regional officials to account for implementation of Putin's above-mentioned 'May decrees' — to show a statistical increase in the average salary of doctors and teachers officials began to reallocate resources: it turned into massive dismissals and increasing workloads for doctors and teachers.

The Third Stage. Russia's Economy After the Devaluation

A new wave of devaluation came in December 2014 when the rouble against the dollar reached the mark of 80 at one point, but after strong intervention the Central Bank managed to stabilize the exchange rate at around 65 roubles per dollar; it continued to fluctuate around this value throughout 2015. In general, the rouble has depreciated in the last quarter by a third.

The devaluation became a powerful blow to Russian reserves. During the period from October 2014 to the beginning of March 2015 Russian foreign exchange reserves declined by $100 billion from $454 billion to $356 billion, mainly due to foreign exchange interventions of the Central Bank.[32] Experts began to seriously discuss the risk of default — but if you spent your foreign exchange reserves at this

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[29] Центральный банк Российской Федерации. О динамике развития банковского сектора Российской Федерации в декабре 2014 года, accessed December 23, 2015, http://www.cbr.ru/analytics/print.aspx?file=bank_system/din_razv_14_12.htm&pid=bnksyst&sid=ITM_1155.

[30] Количество банков в России — динамика за 2007-2015 годы, уставной капитал и количество банков в разрезе регионов, accessed December 23, 2015, http://bankirsha.com/kolichestvo-bankov-v-rossii-na-konec-goda-finansovyi-krizis-ustavnoi-kapital-i-chislennost-bankov.html.

[31] РБК, Российские авиакомпании отказались от десятков рейсов за границу 24.03.2015, accessed December 23, 2015, http://www.rbc.ru/ins/business/24/03/2015/55103d7d9a794777bd5ec28f.

[32] Центральный банк России, Международные резервы Российской Федерации, accessed December 23, 2015, http://www.cbr.ru/hd_base/default.aspx?Prtid=mrrf_m.

pace they would be exhausted in one and a half years. On 26 January Standard & Poor's downgraded Russia's sovereign credit rating to 'junk' level, as did Moody's Investors Service on 21 February. Obviously, this was a political decision at this point — to not spend reserves anymore. Indeed, the total level of reserves remained roughly the same in the following period; however, the portion administered by the government (the Reserve Fund and National Welfare Fund) declined because of the need to fulfil commitments already made, while the reserves of the Central Bank increased to a proportionate amount.

Because during the crisis of 2008–2009 the State took the main blow paying with its reserves, then the crisis of 2014–2015 could not be managed by the State alone — consumers and producers had to pay the price. Consumers suffered because of inflation, which peaked in December/January when the price of food products and imported items jumped by about a third. This rise in prices did not stop, however, and throughout 2015 inflation stayed at a level above 10 percent in year-on-year terms, but by autumn it jumped again reaching 15 percent in October. Due to the fact that salaries and pensions in 2015 ceased to grow, even in nominal terms, living standards dropped sharply — the first time since 1999. The number of Russians living below the poverty line has grown to 21.7 million people in the first half of 2015[33] (this is 5.6 million more than in 2014).

Manufacturers, in turn, received another blow — increased interest rates and taxes. In December 2014 the Central Bank raised its key rate again from 10.5 to 17 percent per annum. For small and medium businesses (especially against the background of increasing taxes) it was the hardest test. The interest rate fell back to 11 percent by July but not all businesses survived these six months of prohibitively expensive loans and a sharp drop in demand.

The crisis in manufacturing and service sectors deepened during 2015. The recession accelerated from 2.2 percent in the first quarter to 4.1 percent in the third quarter of 2015 compared with the corresponding period of the previous year.[34] Russian exports fell sharply in 2015 and by August 2015 it was 65.9 percent of the volume in 2014.[35]

The service sector sees tourism as particularly affected — which is associated not only with the devaluation but also the travel ban to Egypt (due to the terrorist attack) and Turkey (due to the deterioration of relations), which were main touristic destinations for Russians. The devaluation and fall in imports hit the retail trade:

[33] Ведомости, По итогам первого полугодия за чертой бедности оказался каждый седьмой россиянин, 09.09.2014, accessed December 23, 2015, http://www.vedomosti.ru/economics/articles/2015/09/09/608065-za-chertoi-bednosti-okazalos-217-mln-rossiyan-kazhdii-sedmoi.

[34] Ведомости, Спад может затянуться, 13.11.2015, accessed December 23, 2015, http://www.vedomosti.ru/newspaper/articles/2015/11/12/616671-spad-zatyanutsya.

[35] Оперативный мониторинг экономической ситуации в России, Институт Гайдара, РАНХиГС и ВАВТ Минэкономразвития РФ, № 14, октябрь 2015, accessed December 23, 2015, http://www.iep.ru/files/text/crisis_monitoring/2015-14-october.pdf.

in September 2015 retail sales fell by 10.4 percent year on year, the sharpest drop since 1999.[36]

Problems increased in the banking sector; non-performing loans rose to 17.81 percent in the third quarter of 2015 (two times higher than in 2014) with 70 percent of them relegated to the category of 'uncollectible'.[37]

Economists and officials based many of their predictions in 2014 on the premise that the temporary difficulties could be overcome when the conflict in Ukraine loses its sharpness, and sanctions (followed by the 'anti-sanctions') would be at least partially removed, but in reality they only tightened. The United States froze the assets of three Russian banks under sanctions: "Russia", "Sobinbank" and "SMP Bank" in the amount of $640 million in March 2015;[38] French bailiffs froze the accounts of 40 Russian banks under the Yukos case in June, as well as the accounts of other Russian banks worth millions of euros, related to the case of Sergei Magnitsky. On 24 June the US imposed a penalty for any foreign banks carrying out financial operations with Russian legal entities and individuals previously included in sanctions lists. Since that moment foreign banks-violators might be prohibited from opening corresponding accounts in the US, and their existing accounts become subject to severe restrictions.[39] On 30 July the US imposed sanctions against 11 people and a number of organizations, including substructures of Rosneft and Vnesheconombank.[40]

Russian 'anti-sanctions' tightened too — authorities have begun to actively destroy products imported in circumvention of existing restrictions, which was a serious blow to businesses and an additional trigger for the price increase.

2. The Current Economic Situation in Russia

To sum up, the Russian economy faced the following key challenges at the end of 2015:

- *Decline in production and the outflow of capital.* The outflow of capital from Russia has slowed in recent months, as the effect of devaluation (and, consequently, import reductions) as well as the fact that peak payments on foreign

[36] The Wall Street Journal, Russian Economy Shows Signs of a Bottom, 19.10.2015, accessed December 23, 2015, http://www.wsj.com/articles/russian-economy-shows-signs-of-a-bottom-1445273634.

[37] Известия, Доля безнадежных долгов в банковской рознице возросла, 02.11.2015, accessed December 23, 2015, http://izvestia.ru/news/594619#ixzz3qNaflWlQ.

[38] Wall Street Journal, U.S. Sanctions Over Ukraine Hit Two Russian Banks Hardest, 5.03.2015, accessed December 23, 2015, http://www.wsj.com/articles/u-s-sanctions-over-ukraine-hit-two-russian-banks-hardest-1425597150.

[39] Корреспондент.net, США накажут зарубежные банки за работу с подсанкционными клиентами из РФ, 24.06.2015.

[40] РБК, США расширили санкции против России, 30.07.2015, accessed December 23, 2015, http://www.rbc.ru/politics/30/07/2015/55ba6d379a79476602a8252d.

debt is behind, but Russia remains unattractive to foreign investment — energy prices remain low and, combined with the preservation of sanctions, negatively affect the investment climate. This means the recession will continue in 2016 — most independent analysts share this view (although the official forecast from the Ministry of Economy is as optimistic as always, expecting growth at 0.7 percent in the next year).

- *The fall of living standards and inflation*. From January through September 2015 salaries increased in nominal terms by only 5.0 percent, while the inflation rate is about 15 percent, so in real terms wages have diminished by around 10 percent. Compression of demand slowed down inflation, and the Ministry of Economy expects to reduce it in the second quarter of 2016 to a level below 10 percent, although this is a very optimistic forecast. However, even if it comes true reduction in the real income of Russians will continue in 2016.
- *The aggravation of social problems.* The crisis has affected different groups of the population in different ways. Inflation, along with planned budget restrictions on the indexation of pensions for non-working pensioners and suspension of indexation for working pensioners hit the most vulnerable segments of the population. Their lives are aggravated by the rapid growth of utility fees, the sharp rise in drug prices and a reduction of health care spending. Small businesses will face serious problems: their taxes will increase by almost 16 percent which will inevitably lead to bankruptcies for a significant number of entrepreneurs or push them into the non-registered business sector. In addition, despite the fact the overall unemployment rate remains low (about 5.2 percent according to ILO methodology), for some regions, especially in single-industry towns, the decline of employment is becoming an increasing problem.

3. Impact of the Economic Crisis on Russian Policy

On the eve of the invasion in Ukraine and annexation of Crimea, the level of support for Putin and approval of the situation in the country steadily declines. While polls do not give a reliable picture of public opinion under an authoritarian system (not only because of the administrative burden on sociological services, but also due to the fact that the disgruntled often shy away from participating in surveys or answer what one expects of them), you can still draw attention to the fact that shortly before the Ukrainian crisis Putin's rating dropped to the minimum value (61 percent according to the Levada Centre). However, after the annexation of Crimea and intensification of propaganda on federal television channels, sociologists began to report a drastic increase of support for the President and the country's course. This can be partly explained by the effectiveness of propaganda, and partly — that, due to rising levels of aggression in society against dissenters, the latter became less willing to declare their position.

The leitmotiv of the propaganda was the 'external enemy' — the West in general, and especially the United States (Europe is pictured as the junior partner of Washington, but Ukraine and other Eastern European countries as American 'puppets'). The key task of the Kremlin in this context is to consolidate the least educated segments of the population and portray all those who disagree with the current course of the country (including the economic situation) as a 'fifth column'. Thus, strengthening propaganda and a shift from internal problems to external threats has become an instrument of preserving loyalty to the power amid the deepening crisis.

The Ukrainian Factor remained relevant throughout 2014, but it began to wane in 2015, despite all the efforts by authorities, especially after the hot phase of the war in Ukraine was replaced by a truce. The State owned TV channels continued to make Ukraine the main topic of news and political talk shows during 2015, but it started to annoy Russians — ratings began to fall dramatically[41] and it became increasingly difficult to find news stories on Ukraine. Soon, however, the Kremlin was able to bring a new foreign policy topic to the attention of the Russian viewers — Syria. It is difficult to say to what extent Putin was guided by a factor of public sentiment when he made the decision to send troops to Syria, nevertheless the foreign policy agenda remained in the spotlight in the second half of 2015. However, Syria is not the substitute for Ukraine, and the level of popular approval for the Syrian campaign is lower, especially against the backdrop of a growing terrorist threat. It is unlikely the Syrian conflict will remain the focus of public attention throughout 2016.

Increasing oppression has also had a significant impact on the political landscape, including the assassination of opposition leader Boris Nemtsov on 27 February 2015, the mysterious poisoning of one of the coordinators of Open Russia, Vladimir Kara-Murza, on 26 May 2015, numerous attacks and new criminal cases against protest activists, the adoption of the law on 'undesirable organizations (introducing criminal liability for Russians collaborating with certain foreign foundations), stronger pressure on independent media — all these and other factors led to an increased political exile and reduced open street activity.

The regime also tightened its grip on regional political elites. For example, the Kremlin initiated several 'anti-corruption' show processes in regions of Russia. In March 2015 the governor of the Sakhalin region Alexander Khoroshavin was arrested; in September the head of the Komi Republic Vyacheslav Gaiser. However, this 'tightening' applies only to those regional leaders who do not have close ties with the Kremlin elite. As a striking contrast neither Ramzan Kadyrov (who is associated with the murder of Boris Nemtsov) nor Andrei Turchak (alleged links with the attack on journalist Oleg Kashin) were even questioned, despite wide publicity of the cases. Moreover, in May 2015 Kadyrov received a State award from the hands of Putin and remains one of the political leaders who form the current

[41] The Insider. Обезжиренный эфир. Госканалы теряют рейтинг на новостях из Украины 21.07.2015, accessed December 23, 2015, http://theins.ru/obshestvo/11216.

system. The impunity of Andrei Turchak has roots in his father Anatoly Turchak's friendship with Vladimir Putin (they practised judo together at one time). Thus, the Kremlin has demonstrated those in Vladimir Putin's immediate surroundings have nothing to worry about.

However, some shift still occurred in the President's immediate vicinity. The most notable of them was the dismissal of the head of Russian Railways Vladimir Yakunin, who, despite numerous corruption scandals was considered one of the key figures in the current elite as a co-founder of the summer cottage cooperative "Ozero" together with Vladimir Putin, so consequently within the President's narrow circle. While Yakunin, along with several other Putin confreres, came under international sanctions it had hardly any influence on his political stability. Two main reasons are mentioned for his resignation (formally voluntary): first, he actively continued to withdraw capital abroad while Putin had made it clear: under sanctions the President expected from the members of the elite that they, on the contrary, would return capital to Russia. Second, he refused to cut the costs of Russian Railways and, despite the crisis, required new State subsidies, which was also contrary to the course of the government (the first thing the new head of Russian Railways Oleg Belozerov did was announce a plan to reduce costs in 2016 by $50 billion roubles).

Although in Yakunin's case the Western sanctions hardly played any role it does not mean the government ignored this factor. Here is one interesting fact — partners Iskander Makhmudov and Andrey Bokarev became the main recipient of government contracts in the past year and a half, surpassing Arkady Rotenberg; they have started to buy the assets of Gennady Timchenko, too. Arkady Rotenberg (along with his brother Boris) and Gennady Timchenko are old friends of Putin from judo training and became oligarchs after he came to power. It is believed that Timchenko and Rothenberg are affiliated with Vladimir Putin and this why they fell under the sanctions. Thus, the transfer of cash flows for the benefit of Bokarev and Makhmudov (who also have long-standing ties with Putin but were not included in the sanctions list) is a form of withdrawal of the Kremlin's capital from the problem area. However, this manoeuvre has its risks: Bokarev and Makhmudov are involved in a Spanish criminal case of money laundering which potentially could also threaten their business.[42]

In the context of a sharp reduction in government revenue and reduced level of investment the competition for resources increased, which amplified tensions in the elite. For the time being these tensions remain within corporate branch conflicts, such as the struggle for the bankrupt company Transaero or wrestling for the television ads market, but taking into account that in the near future oil prices probably will not rise, conflicts over dwindling resources will only increase, at the regional and federal levels.

[42] The Insider, Мафия на госзаказе. Как новые кремлевские олигархи связаны с преступным миром, 02.07.2015, accessed December 23, 2015, http://theins.ru/korrupciya/10407.

The main political challenges for the State are related to public mood. Falling living standards are a major political challenge for the current government — for the first time in his presidency Vladimir Putin faces a situation of prolonged decline in real income. It is a violation of a tacit contract between State and society, where rulers ensure comfort in exchange for the opportunity to exceed their legitimate powers. 2016 is the year of parliamentary elections, and although authorities control the results (clearly demonstrated during regional elections in autumn 2015), the elections themselves are an occasion to intensify protests as happened after the previous parliamentary elections in 2011). Authorities apparently will significantly increase spending before the election out of populist considerations as has happened before and that in turn is fraught with a surge of inflation and further deepening of the crisis. Conversely, the Kremlin will hardly opt for much-needed structural reforms in an election year.

Conclusion

To sum up, the deep economic crisis, combined with a related drop in oil prices and the effect of economic sanctions, became a powerful blow to the political ambitions of the Kremlin. Moscow has for a long time worked hard to become an influential geopolitical player, comparable in influence with the Russian Empire or the Soviet Union; to attain this a variety of tools were used from gas blackmail to participation in military conflicts. The price for these ambitions was a destroyed economy and political isolation, and now the Kremlin has to worry not so much about world order as about the political and economic stability of the country.

The Kremlin has a difficult choice regarding whether to support the economy (and that means reforms, inflation targeting, reduced social and military expenditures) or to increase its popularity before the elections (i.e. indexing salaries and pensions at the rate of inflation, increased government subsidies to regions, etc.). With the first option the Kremlin might face mass protests, in the second case reserves fund will soon be wasted and the country will approach 2017 with a weak economy and without reserve. It is most likely that authorities will manoeuvre, trying to find an intermediate option between these two scenarios. The Kremlin does not have a long-term strategy; that became clear after the government abandoned the three-year budget planning, citing unpredictable market conditions. It renders some sort of flexibility but at the same time prevents businesses planning their activities. In any case, whatever the choice by authorities, if oil prices do not significantly increase, we should expect growing protest sentiments, tougher tensions among the elites, and the emergence of new regional centres of strain.

As public interest in foreign policy decreases, Russia is likely to reduce its level of activities and will seek ways to normalize relations with the West in order to achieve the lifting of sanctions and attract new investment. A reduced European dependence on Russian gas and the overall drop in energy prices, depriving the

Kremlin of leverage and a strong need for external investments, urges Russia to seek ways of reconciliation. In particular, the Kremlin may be willing to make concessions on the Syrian issue and on the issue of the occupied parts of the Luhansk and Donetsk regions (but not in Crimea). So far, however, Moscow is not sending any signals about the possibility of a new 'reset'.

The Kremlin has tried long and hard to create an image of Russia as a besieged fortress — through views by representatives of State ideology that has helped to strengthen sovereignty and consolidate support within the country. Only now are Russian authorities beginning to realize the country cannot survive for long under siege, because — despite all the statements about imports substitution — it is not able to feed itself. This means that ideological paradigms should be altered. Can the system change itself from within or do strong political cataclysms await Russia — hardly anyone would now predict it.

ECONOMIC DEVELOPMENT IN RUSSIA AFTER 2014 AND ITS CONSEQUENCES FOR THE BALTIC STATES

Liudas Zdanavičius

This article analyzes the main tendencies of the current economic crisis in Russia. A combination of a very broad range of long- and short term factors lead to the situation, which was rightfully described by the Russian Minister of Economy Alexey Ulyukaev as a "perfect storm". Most of the article is devoted to the analysis of the impact of the Russian–Western Sanctions War and how the economic crisis in Russia effects the economies of Baltic countries.

1. Development of the Economic Crisis in Russia in 2014–2015

In 2014–2015 Russia carried out a very ambitious and aggressive foreign policy (including the annexation of Crimea and direct military involvement in Eastern Ukraine), which challenges the current world order. Such activities had immediate negative economic effects and from the end of 2014 a full scale economic crisis began to develop in Russia. Even members of Russia's ruling elites, who in most cases try to mask the real extent of domestic economic problems, managed in rare instances to acknowledge the real extent of the ongoing crisis. For example, in the beginning of 2015 Russia's Deputy Prime Minister Igor Shuvalov acknowledged that: "On the face of it, we're getting indications that it's better than in 2008–2009. But this only seems so. In fact, in terms of depth and difficulty, it looks to me like we've already spent a year on the verge of a longer and more difficult crisis."[1]

Russia's economic performance from 2000 had some positive aspects. The Russian GDP in nominal terms grew from $256 billion USD in the year 2000 to $2.08 trillion USD in 2013.[2] The average wage in the same period increased from $85.00 USD to $1262.00 USD at the end of 2013. The real reason for a comparatively successful Russian economic recovery was a rapid increase of oil and other low added value products prices, exported by Russia. Russia's crude oil exports increased from $25.3 billion USD (144.4 million tons) in 2000 to $173.7 billion USD (236.6 million

[1] Shuvalov Sees Hard Landing in Russia Surpassing 2009 Crisis, Bloomberg Bussiness, 2015-01-23, Accessed December 28, 2015. http://www.bloomberg.com/news/articles/2015-01-23/shuvalov-sees-hard-landing-in-russia-as-crisis-to-surpass-2009.

[2] IMF World Economic Outlook database 2015.

tons) in 2013.[3] The revenues from natural gas exports during the same period increased from $16.6 billion USD (193.9 billion cubic meters) to $67.2 billion USD (196.4 billion cubic meters).[4]

Before the beginning of the Russian aggression in Ukraine the economic situation of Russia could be described as stagnant. The only reason behind the partial recovery after a very serious economic crisis in 2008–2009 was the rapid increase of oil prices in 2010–2011. But even having high incomes from very high world oil prices (the average price of oil in 2013 was $108.56 USD per barrel of Brent) the Russian GDP growth in 2013 was only 1.3 percent compared with 3.4 percent in 2012 and 4.3 percent in 2011 (Federal statistics service).

The beginning of a sanctions war and a particularly sharp drop in oil prices (in December 2015 the price of a barrel of Brent oil reached $36.60 USD) in the second part of 2014 lead to major negative shifts in the Russian economy.

GDP growth of 0.6 percent in 2014 or even a decline by 3.9 percent (the official forecast by the Russian Ministry of finance) do not represent the real extent of the problem. The USD/rouble exchange rate increased from 33 roubles at the end of 2013 to 56 roubles at the end of 2014 (in December 2015 the official rouble exchange rate reached 69 roubles). The nominal Russian GDP in US dollars in 2014 was 37.3 percent smaller than in 2013 ($12,717 billion USD compared with the $2079 billion USD in 2013), which means the Russian share in the global GDP decreased considerably.

Table No 1: Main macroeconomic indicators of the Russian Federation 2008–2016

Subject Descriptor	2008	2009	2010	2011	2012	2013	2014	2015*	2016*
GDP growth, %	5.2	–7.8	4.5	4.3	3.4	1.3	0.6	–3.8	–0.6
GDP, current prices, million USD	1660.8	1222.6	1524.9	1904.8	2016.1	2079.0	1860.6	1235.9	1178.9
Nominal GDP per capita, USD	11638.7	8561.9	10671.2	13320.2	14069.2	14467.8	12717.7	8447.4	8058.3
Inflation, %	14.1	11.7	6.9	8.4	5.1	6.8	7.8	15.8	8.6

Source: International Monetary Fund

** Forecast*

[3] Центральный Банк Российской Федерации, Экспорт Российской Федерации сырой нефти за 2000-2015 годы. Accessed December 28, 2015. http://www.cbr.ru/statistics/print.aspx?file=credit_statistics/crude_oil.htm.

[4] Центральный Банк Российской Федерации, Экспорт Российской Федерации природного газа за 2000–2015 годы. Accessed December 28, 2015. http://www.cbr.ru/statistics/print.aspx?file=credit_statistics/gas.htm.

A sharp decline of the rouble exchange rate, despite having a positive effect on the income of the Russian Federal budget, had negative effects on inflation and the purchasing power of the Russian population. This negative impact was amplified by so-called "contra sanctions" against imports of food products from Western countries, introduced in August 2014. Even official data shows a twofold increase of inflation from 7.8 percent in 2014 to almost 16 percent in 2015. But the price increase of some everyday consumed food products is even higher. This situation is made worse by the introduction of sanctions on food products and other imports from Turkey. The introduction of sanctions against Turkey will also have negative impact.

In the October 2015 the nominal income of the Russian population was 5.6 percent lower than previous year — 10.9 percent lower. Retail trade turnover in November 2015 was 13.1 percent lower than a year ago. If foreign trade statistics in 2014 still looked reasonably positive, the situation in 2015 could be evaluated as catastrophic. Data from the Russian Federal Custom service shows in the first 10 months of 2015 Russian exports were at 31.8 percent and imports 38.0 percent lower than the same period of 2014.

At the same time Russia met the economic crisis of 2014–2015 with some level of preparedness. At the end of 2013 Russia's foreign reserves constituted $515 billion USD (in December 2015 — $364 billion USD).[5] At the same time foreign debt of the Russian government at the same period was only $34.5 billion USD. On the other hand Russia's full foreign debt, including State and private companies, constituted $728 billion USD ($679.4 billion USD October 2015). Economic difficulties had a direct negative effect on the Russian federal budget. After several years of profits the Russian Federation federal budget had 0.5 percent of a GDP deficit in 2014. The planned deficit in 2015 is expected to be around 3.0 percent of the GDP.[6] The budget deficit of 2016 is also planned at 3.0 percent of the GDP level.

Further decrease of oil price at the beginning of December 2015 could render the 2016 federal budget unrealistic. Estimates from the Russian Ministry of Finance say if the average oil price in 2016 is around $40.00 USD, the federal budget could lose up 2.0 percent GDP (1.6 trillion roubles) of incomes.[7] It is clear that such a decline could be compensated by the increased rouble exchange rate. At the time of writing (December 2015) the Russian government uses its traditional strategy to deal with economic crisis — using funds from reserves and to wait for the rapid increase of oil prices. The size of the sovereign fund of Russia (the National

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5 Центральный Банк Российской Федерации, Международные резервы Российской Федерации. Accessed December 28, 2015. http://www.cbr.ru/hd_base/Default.aspx?Prtid=mrrf_m.

6 Александра Прокопенко, Силуанов: Дефицит бюджета-2015 будет меньше 3%. Accessed December 28, 2015. http://www.vedomosti.ru/economics/articles/2015/12/10/620436-defitsit-byudzheta-2015.

7 Потери бюджета РФ в 2016 году при текущих ценах на нефть составят 2% ВВП, INTERFAX. Accessed December 28, 2015. http://www.interfax.ru/business/483871.

Welfare and Reserve Fund) decreased from $176 billion USD in the beginning of 2014 to $131.5 billion USD (11.8 percent of the GDP) in December 2015. It is expected that if oil prices stay at record lows Russia could run out of sovereign funds reserves in 2017–2018.

Russia faces, or will face, a broad range of unfavorable factors and tendencies (including inefficient and corrupt government policy, bad business climate, capital flight, banking crisis, financial problems of the regions, etc.) greatly amplified by low oil prices and sanction wars. To sum up, if there is no serious rise in oil prices or qualitative change in economic policy Russia could face a much deeper crisis than in 2014–2015.

2. Impact of the Russian Sanctions and Economic Crisis in Russia on the Baltic States

Russia in 2013–2014 was still a very important economic partner for the Baltic States, but it's importance considerably diminished compared with the situation in the early 2000s, albeit 1990s.

There are two main aspects of the economic impact on the Baltic States in 2014–2015:

1) Direct economic sanctions introduced by the Russian government in August 2014 (ban on imports of broad range food products from the EU and other Western countries);
2) The economic crisis in Russia which translates into lower demand for Baltic States' goods and services. The Russian crisis also negatively affected situations in Belarus, Ukraine, Finland and other Russian neighbours, which are markets for Baltic States' goods and services too.

   The Baltic States had already experienced Russian sanctions. For example:

   - In 2007 Russia imposed limited economic sanctions against Estonia after the so-called "Bronze Night", when the monument of a Soviet soldier was transferred to another location from the center of their capital city Tallinn;
   - In 2007 Russia stopped operations of the "Druzhba" oil pipeline to the Mazeikiai oil refinery in Lithuania. That was the answer for the Lithuanian government's decision to sell the refinery not to Russia's "Lukoil", but Polish "PKN Orlen", which offered a considerably higher price;
   - In 2009 and 2013 Russia imposed temporary sanctions against Lithuanian (and for short time Latvian) road carriers;
   - In 2009 and 2013 (during the Lithuanian EU Council presidency) Russia, on the official grounds of food safety violations, imposed temporary restrictions on imports of dairy products from Lithuania; Russia also imposed additional country-specific sanctions against the Baltic States, which were as usual "hidden" under accusations of food safety violations;

- From November 2014 to March 2015 Russia unofficially imposed much stricter and detailed custom procedures on trucks from Lithuanian companies. Russian officials stated that sanctions were imposed because of widespread smuggling and the counterfeiting of custom documents. But it is clear that this was also Moscow's revenge for Lithuania's active foreign policy after the beginning of the Ukrainian crisis (including active support for the introduction of economic sanctions against Russia, aims to increase NATO military presence in the Baltic Sea region, etc.);
- In June 2015 Russia banned imports of canned fish from Latvia and Estonia. Despite promises, at the time of writing this ban is not yet removed;
- In December 2015 Russia declared a ban on re-exporting fish products through Lithuania. A ban on the imports of processed fish from four Lithuanian producers was also imposed.

Despite a considerable number of negative predictions (for example, in 2014 Euromonitor predicted Lithuania could lose up to 2.5 percent of the GDP because of Russian sanctions) about the possible influence of Russian economic sanctions, and the economic crisis on Baltic States' economies, the effect of these factors is visible but not catastrophic. At least it seems most economic analysts predict that Russian sanctions and the crisis in this country will have a considerably negative effect, but will not fully stop economic growth in the Baltics, and this seems adequate. For example, "Nordea bank" in October 2014 predicted that Russian sanctions will lead to the loss of 0.46 percent Estonian, 0.44 percent Latvian, and 0.81 percent Lithuanian GDPs.[8] Economist Kaspar Oja estimated an impact of the Russian sanctions as 0.4–0.5 percent of GDP for Lithuania, 0.2–0.3 percent of GDP for Estonia, and 0.1–0.2 percent of GDP for Latvia.[9] In December 2015 a report by the Latvian Ministry of Foreign Affairs estimated Latvia lost 0.2 percent of its GDP because of Russian sanctions, but the impact of the economic crisis in this country had a considerably higher negative impact — 0.6 percent of the Latvian GDP.[10]

The most visible impact Russian sanctions and the development of the economic crisis in this country had was in exports of the Baltic States to Russia. The decline of imports from Russia was mostly influenced by the drop in oil and gas export prices.

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[8] Ž. Mauricas, The effect of Russian economic sanctions on Baltic States, Nordea, 2014. Accessed December 28, 2015. https://nexus.nordea.com/research/attachment/17231.

[9] K. Oja, No milk for the bear: the impact on the Baltic states of Russia's counter-sanctions, Baltic Journal of Economics, 15:1, Routledge, 2015.

[10] Russian counter-sanctions have caused Latvia losses of 0.25 percent of the GDP, LETA, 2015-12-11.

Table No 2: Baltic States export to Russia in the first nine months of 2011–2015 (million euros)

	Latvia			Estonia			Lithuania		
	Russia	**Total**	**Share**	**Russia**	**Total**	**Share**	**Russia**	**Total**	**Share**
2011	639.8	6244.7	10.2%	911.6	8145.0	11.19%	2388.1	14848.0	16.1%
2012	779.3	7084.0	11.0%	1113.2	8431.6	13.20%	3039.1	16440.4	18.5%
2013	805.5	7309.2	11.0%	1023.4	8120.0	12.60%	3521.0	18170.7	19.4%
2014	778.7	7451.5	10.4%	920.1	8042.3	11.44%	3840.1	17924.4	21.4%
2015	588.6	7602.0	7.7%	574.5	7771.3	7.39%	2251.0	16927.5	13.3%

Source: State statistics offices of Lithuania, Latvia, and Estonia.

As can be seen in the table above, Latvian exports to Russia in the first nine months of 2015 was 24.4 percent less than in the same period of 2014, Estonian — 37.5 percent, Lithuanian — 41.3 percent. It is worth mentioning that data for nine months of 2014 already includes almost two months of Russian sanctions (they were introduced at the beginning of August 2014). During the same period Lithuania's total exports decreased by 5.5 percent (this decrease was also influenced by the sharp drop in oil products prices exported by the Mažeikiai oil refinery), Estonia — 3.4 percent and Latvia increased by 2.0 percent. That meant a serious drop of the share in exports to Russia in total exports from Baltic countries.

Table No 3: Biggest losses from Lithuanian exports (including re-exporting) to Russia in the first half of 2015 compared with the first half of 2014 (million euros)

Goods	01-06-2014	01-06-2015	Difference, %	Difference, million euros
85 electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders	314.5	104.8	–66.7%	–209.7
07 edible vegetables and certain roots and tubers	177.5	15.8	–91.1%	–161.7
08 Edible fruit and nuts; peel of citrus fruit or melons	159.6	35.2	–77.9%	–124.4
04 dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	88.0	7.0	–92.1%	–81.1
87 vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	90.4	41.0	–54.6%	–49.4
90 optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments	103.0	63.2	–38.7%	–39.8
22 beverages, spirits and vinegar	94.4	64.7	–31.5%	–29.7
64 footwear, gaiters and the like; parts of such articles	47.8	18.1	–62.1%	–29.7

Table No 4: Biggest losses in Latvian exports (including re-exporting) to Russia in the first half of 2015 compared with the first half of 2014 (million euros)

Goods	01-06-2014	01-06-2015	Difference, %	Difference, million euros
22 beverages, spirits and vinegar	112.8	79.7	–29.4%	–33.1
04 dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	24.4	0.2	–99.2%	–24.2
44 wood and articles of wood; wood charcoal	19.3	6.6	–65.8%	–12.7
19 preparations of cereals, flour, starch or milk; pastry cooks' products	10.1	4.0	–60.9%	–6.2
87 vehicles other than railway or tramway rolling stock, and parts and accessories thereof	14.0	8.4	–39.8%	–5.6
16 preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates	14.4	9.2	–36.1%	–5.2
85 electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	36.8	31.9	–13.2%	–4.8

Table No 5: Biggest losses in Estonian exports (including re-exporting) to Russia in the first half of 2015 compared with the first half of 2014 (million euros)

Goods	01-06-2014	01-06-2015	Difference, %	Difference, million euros
84 nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	170.2	80.6	–52.7%	–89.7
22 beverages, spirits and vinegar	55.5	26.2	–52.7%	–29.3
85 electrical machinery and equipment and parts thereof; sound recorders and reproducers	59.3	32.9	–44.5%	–26.4
04 dairy products; bird's eggs; natural honey; edible products of animal origin, ...	14.8	0.3	–97.9%	–14.5
32 tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and ...	42.9	33.9	–21.0%	–9.0
03 fish and crustaceans, molluscs and other aquatic invertebrates	9.0	0.1	–99.2%	–8.9
87 vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	18.1	9.6	–46.7%	–8.4
94 furniture; bedding; mattresses, mattress supports, cushions and similar stuffed furnishings	13.8	6.3	–54.6%	–7.6

The biggest negative impact from Russian sanctions on local producers was felt by the dairy production sector of Baltic countries. The Russian market was so profitable for Lithuanian milk producers (particularly for cheese exports), that they did not want to withdraw from this market even after two rounds of Russian sanctions in 2009 and 2013. The Russian market was considerably more profitable for Baltic States' dairy producers, because operating under their own brands they could earn higher profit margins, compared with other export markets where products were sold under generic brands (for example, as supermarket chains own branding).

Lithuanian exports of milk products to Russia from January to September 2015 was almost 18 times less than from January to September 2014 (€5.6 million compared with €104.25 million in 2014). In 2013 Lithuania was the third largest exporter of milk products to Russia in the EU. Its milk products export (almost all of Lithuanian origin) in 2013 was €160 million (Finland — €250 million, Germany — €182 million, Poland — €141 million).

Latvian and Estonian dairy exports to Russia from January to September 2015 almost completely stopped (in the first nine months of 2014 Latvia's dairy exports amounted €28.05 million, and Estonian — €16.94 million).[11] Turnover from the main Lithuanian dairy producer "Pieno žvaigždės" in the first half of 2015 was 39.1 percent lower than in the same period of 2014 (€82.4 versus €135.5 million),[12] "Rokiškio sūris" — 27 percent lower (€101 compared with €129 million), "Vilkyškių pieninė" — 29.4 percent lower (€39 compared with the €55.7 million).[13] Turnover for Estonian dairy producers was 17.7 percent (€36.6 million) lower in first half of 2015 compared with the same period of 2014 (at the same time profitability actually increased from 5.0 percent in 2014 to 7.0 percent in the second quarter of 2015).

Losses in the Russian market were only marginally substituted by the growth of exports to other markets. For example, Lithuania renewed its cheese export to the United States (export increased from €1 million in the first half of 2014 to €9.6 million in the first half of 2015). Also in the second half of 2014 Lithuania managed to begin exporting dairy to Saudi Arabia (€15 million in the second half of 2014, but only €4.5 million in the first half of 2015), and Uzbekistan.

The impact of Russian sanctions on the dairy sector was amplified by the global milk products prices crisis, stimulated by oversupply in 2014–2015. The main reasons were rapid growth of dairy products in the EU (also connected with the abolition of EU milk production quotas in March 2015). The introduction of Russian sanctions in August 2014 led to a steep drop in raw milk prices because

[11] Pieno produktų eksportas į Rusiją krito 18 kartų, VZ.LT, 2015-12-04. Accessed December 28, 2015. shttp://vz.lt/sektoriai/agroverslas/2015/12/04/pieno-produktu-eksportas-i-rusija-krito-18-kartu.

[12] AB "Pieno zvaigzdes", 2015 m. 6 men. Tarpinis pranesimas. Accessed December 28, 2015. http://www.nasdaqbaltic.com/upload/reports/pzv/2015_q2_lt_eur_solo_ias.pdf.

[13] AB "Vilkyskiu pienine", Interim consolidated unaudited financial statements for six months of 2015. Accessed December 28, 2015. http://www.nasdaqbaltic.com/upload/reports/vlp/2015_q2_en_eur_con_ias.pdf.

milk product producers were trying to relieve the burden of potential losses on the expense of farmers. For example, in July 2015 raw milk prices in Lithuania were, on average, 23.3 percent lower (in some cases, depending on contract conditions, decline was up to 30–40 percent) than before Russian sanctions in July 2014, in Latvia — 27.2 percent, and in Estonia — 28.2 percent lower.[14]

A considerable number of farmers were forced into a situation where raw milk prices were lower than production costs. If world milk prices do not recover a wave of bankrupted milk farmers can be expected. EU support for milk producers (for example €12.9 million for Lithuania in 2015) is just a partial and temporary solution.

Russian sanctions against Estonian and Latvian producers of canned fish, imposed in June 2015, also had a serious negative economic effect. Latvian producers of canned fish were particularly hard hit. Canned fish was not included in Russia's original sanctions list in August 2015. The imposition of this sanction could be related to the Latvian-EU council presidency.

The Latvian canned fish production sector before the imposition of sanctions constitutes 20 companies with around 5000 employees. By the estimates of Latvian producers, exports of canned fish to Russia in 2014 constituted up to half of the total exports amounting to €200 million. Russian sanctions had an almost immediate negative effect on the job market. Ventspils canned fish factory was forced to lay off all 300 employees, and another big producer Gamma laid off 200 of its 600 employees.[15] Latvian and Estonian producers are trying to find other markets for their products (including China and India), but prospects for substitution of the Russian market are reasonably doubtful.

In order to better understand the real dependency of the Baltic States on the Russian market it is important to understand that actual exports of Baltic States' goods to Russia are much smaller. In all Baltic States exports to Russia, the biggest share is re-exporting goods from the other countries to Russia. The Baltic States were, and still partially are, important re-exporting hubs. For example, in 2014, 88.3 percent of Lithuanian exports to Russia was re-export.[16] In the first nine months of 2015 it increased to 90.3 percent. So the amount of export to Russia of Lithuanian origin goods was only €218 million (compared with total exports of €2251 million), and constituted only 2.2 percent of total exported goods of Lithuanian origin (1.2 percent of total Lithuanian export including re-exports). At the same time in the EU for the re-export market Lithuania was one of the major players before the introduction of Russian sanctions. For example, in 2013

[14] European Commission, EU Milk observatory. Accessed December 28, 2015. http://ec.europa.eu/agriculture/milk-market-observatory/pdf/eu-raw-milk-prices_en.pdf.

[15] Кому по вкусу рижские шпроты: Латвия ищет замену рынку РФ, Deutsche Welle, 2015-09-25.

[16] LR Statistikos departamentas, Užsienio prekyba 2014 m., 2015-06-23. Accessed December 28, 2015. http://osp.stat.gov.lt/informaciniai-pranesimai?articleId=3489708.

Lithuanian exports of vegetables (almost all re-exported) to Russia was €340 million (total EU export to Russia was €780 million), fruit €309 million (EU €1259 million, Poland €339 million).

From Table 3 it is visible that re-export to the Russia sector of Lithuania was hardly hit by Russian sanctions. For example, exports (mostly re-exports) of vegetables decreased by 91.1 percent, fruit by 77.9 percent. "Swedbank" estimates that around 75 percent of Latvian and Estonian exports to Russia are in fact re-exports.[17] Contrary to the Lithuanian case, Estonian and Latvian statistics offices do not publish separate statistics of the exports of goods of Latvian and Estonian origin. For example, besides other re-exported goods, alcoholic beverages are in an important re-exporting position for both countries.

Another important question which for obvious reasons is pretty difficult to answer, is whether Baltic States' exporters and, particularly re-exporters, managed to find ways to avoid Russian sanctions. In Russian and Baltic media there are occasional reports on such activities, which could include legal (processing of milk, meat, and fish in Belorussian factories and export to Russia of the final products) and illegal activities (fake transit inside the Customs Union, and forging documents — when EU fruits and vegetables become "Serbian" or "Moroccan".) For example, Russia's *Forbes* reported that forged documents of Belarus origin cost $5000 USD.[18] And, the after introduction of Russian sanctions on Western countries' food products in August 2014, Belorussian officials openly declared that Minsk planned to benefit from them. For example, they would import Western food products and process them in Belarus for later sales to Russia. In autumn 2014 Belarus considerably increased imports of fruit and vegetables from EU countries. In 2014, compared with 2013, food exports from Belarus to Russia of vegetables increased by 87.2 percent ($262.5 million USD), fruit to 64 percent (to $171 million USD), and fish and seafood by 44.1 percent ($138.2 million USD).[19]

Lithuanian milk producers in the second half of 2014 tried to avoid the negative effects of Russian sanctions by increasing exports of raw milk to Belarus. Exports of dairy products (mostly raw milk) increased from €1 million in the first half of 2014 to €19.3 million in the second half of 2014. In 2015 this export flow was stopped because Lithuanian exporters were disappointed with the financial results problems with payments from the Belorussian side. Also in the first half of 2015 Lithuanian

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[17] Swedbank. Impact of the Russian crisis on the Baltics, Macrofocus, 2015-07-07. Accessed December 28, 2015. http://www.swedbank-research.com/english/macro_focus/2015/july/macro_focus-07.07.2015.pdf.

[18] "Никто не собирается уничтожать тоннами пармезан с хамоном", Forbes.ru, 2015-08-06. Accessed December 28, 2015. http://www.forbes.ru/sobytiya/vlast/296259-nikto-ne-sobiraetsya-unichtozhat-tonnami-parmezan-s-khamonom.

[19] Денис Пузырев, Ирина Жаворонкова, Светлана Бочарова Реэкспорт запрещенной продукции из Белоруссии подтвердился статистикой, RBC, 2015-03-13. Accessed December 28, 2015. http://www.rbc.ru/business/31/03/2015/5519640f9a79472b603f5e14http://www.rbc.ru/business/31/03/2015/5519640f9a79472b603f5e14.

exports (re-exports) of fruit to Belarus increased by 256 percent compared with the same period of 2014 and reached €100.3 million, export (re-export) of vegetables increased by 210 percent and reached almost €40 million. There are no such indicators in Latvian and Estonian statistics of foreign trade.

Russian sanctions and the crisis also had a visible negative impact on services exports to Russia. For example, Lithuanian services exports in the first nine months of 2015 were 32.3 percent lower than in the same period of 2014 (€617.5 million compared with €916.8 million). Estonia– was 22.7 percent lower (€317.8 million compared with €411.1 million). At the same time total exports of services increased (in Lithuania's case) or saw a minimum drop (in Estonia's case), which means losses in the Russian market were successfully compensated for in other markets.

The Transportation Sector

The transportation sector of Baltic countries was expected to be one of the hardest hit by Russian sanctions and the economic crisis. There were some apocalyptic predictions that the Baltic States' transportation sector would suffer a huge blow. The road transportation sector immediately felt the effect of Russian sanctions introduced in August 2014. One of the main reasons was the importance of the Russian market for Baltic States road carriers. For example, in 2013–2014 Lithuanian road carriers controlled around 10–12 percent of the road transportation market between the EU and Russia. In 2013 the total exports of Lithuanian transportation and other logistical services to Russia was higher than the amount of exports of goods of a Lithuanian origin and amounted to €1.27 billion (3.6 percent of the GDP).

The Lithuanian road carrier association "Linava" in March 2015 reported that its members lost almost €220 million, because of Russian sanctions (that is, the sanctions which started in August 2014, and the previously mentioned country-specific sanctions against Lithuanian road carriers). The amount of available freights for road carriers between the EU and Russia after the introduction of sanctions declined by 30–40 percent.[20] Latvian road carriers also reported that amount of orders for road transportations to/from Russia declined by at least 30 percent.

Official statistics shows that total cargo turnover in Latvia and Estonia in the first half of 2015, compared with the same period in 2014, remains mostly unchanged. Lithuanian road carriers were hit considerably harder and lost 11.1 percent of cargo turnover. At least some Baltic States road carrier companies trying to compensate for losses in the Russian–EU market transferred their activities to the Western Europe transportation market (road transportation between EU countries). It worked as a survival strategy, but competition in this area is rapidly growing, which means lower profits. Western European countries also introduced new regulations

[20] M. Atroškevičius: Rusija nuodugniai nebetikrina Lietuvos vežėjų pasienyje, BNS, 2015-03-26.

(such as the requirement to pay a minimum wage for foreign road carrier drivers in Germany), which are treated by Baltic States road carriers as protectionist measures.

Despite difficulties in the Russian market during 2014–2015 there was no "wave of bankruptcies" in logistical and transportation companies.

Table No 6: Cargo turnover of Baltic Sea ports from January — October 2014–2015

Port	Cargo turnover, thousand tons		Change, %
	2014 01-10	2015 01–10	
Total:	308.2	307.9	–0.1
Ust Luga	62.8	73.1	16.4
Primorsk	46.0	48.8	6.1
Saint Petersburg	51.5	43.2	–16.2
Riga	33.6	33.3	–0.7
Klaipeda	32.3	30.1	7.3
Ventspils	22.4	19.3	–14.1
Tallinn	23.6	19.2	–18.5
Vysotsk	14.9	14.7	–1.3
Kaliningrad	11.6	10.7	–7.6
Liepaja	4.3	4.6	8.0
Vyborg	1.4	1.3	–8.6

Source: http://www.portofklaipeda.lt/news/14427/569/Klaipedos-uosto-Butinges-terminalo-ir-kitu-Baltijos-juros-rytines-pakrantes-uostu-krovos-apzvalga-2015-m-sausio-spalio-men

As is seen by the data provided in table No 6, the situation at Baltic Sea ports in 2015 was diverse. Klaipeda and Liepaja considerably increased their cargo turnover While Riga managed to sustain its 2014 results.

Particularly hardly hit are the ports of Ventspils and Tallinn. Ventspils lost 14.1 percent of its turnover in the first 10 months of 2015 compared with the same period in 2014. The most serious was the turnover decline in coal (26.1 percent) and fertilizers (89.7 percent). In both cases almost all lost turnover were in Russian transit goods. Ventspils port felt the direct impact of the imposition of Western sanctions against Russia. One of the most important clients for coal transit from Venstpils port was the coal mine Zarechnaia, owned by the main Russian tank manufacturer Uralvagonzavod. This company was included in the sanctions list and stopped transit of coal through Ventspils port.[21] There is also competition for Russian transit goods between Riga and Venstpils port, which Riga often wins because of a better geographic position (closer to the Russian border).[22]

[21] Lembergs kravu samazinājumu Ventspils ostā skaidro ar sankcijām pret Krieviju, Ventas Balss, 2015-01-15. Accessed December 28, 2015. http://www.ventasbalss.lv/news/read/24371.

[22] Убытки в вентспилсском порту возникают, возможно, из-за интересов олигархов, BNN, 2015-06-15. Accessed December 28, 2015. http://bnn-news.ru/ubyitki-v-ventspilsskom-portu-voznikayut-vozmozhno-iz-za-interesov-oligarhov-120528.

Tallinn port lost 29.5 percent of its oil products turnover and 12.2 percent of container turnover in the first 10 months of 2015 compared with the same period in 2014. The decline in Russian cargo turnover in Estonian ports is a long term process which started before the imposition of Western sanctions against Russia and the economic crisis. Cargo volume decreased from 38.5 million tons in 2012 to 28.3 million in 2014. The main reason is Russian government aims to increase turnover of Russian ports in the Baltics. For example, Ust'-Luga managed to increase its oil products turnover in the first 10 months of 2015 compared with the same period in 2014 by the 20.7 percent; almost the same "natural" amount as was lost by Tallinn's port. Another Russian Baltic sea port Primorsk, in the same period, increased turnover of oil products by 29 percent.

Riga Port in the first 10 months of 2015 demonstrated only a minor decline in cargo turnover (–0.7 percent) compared with the same period in 2014. This minor result comes after impressive growth in 2014 when turnover at Riga Port increased by 15.4 percent when compared with 2013. Such good results for Riga Port can be explained by successful operation of the fertilizers terminals owned by the Russian company Uralchem.

Positive results of Klaipeda Port could be explained by the comparatively low dependency on Russian markets and successful cooperation with Belorussian exporters (particularly in fertilizer and oil products). The share of Russian goods in Klaipeda in 2014 was only around 7.0 percent (including re-exporting goods intended for the Russian market this number could be considerably higher), the share of Belarus around one third of total cargo turnover.[23]

It is also worth mentioning that all Baltic Sea ports (including Russian ones) suffered from the serious decline in container turnover. This could be related with the sharp drop in Baltic States' re-export operations to Russia and a general decline of Russian imports because of sanctions and the economic crisis. Russia's long term strategy to lower its dependency on Baltic Sea ports is not yet fully implemented because in many cases it acts against economic logic (more convenient or economically efficient logistical chains are more attractive for Russian customers than the alternatives in Russian ports). Also, Russian businesses have already made considerable investments in Latvian and Estonian ports (through ownership of port terminals).

At the same time unofficial threats by Russia to begin a full scale repair on railroads in Latvia's direction demonstrated the dangers of Latvia's high dependency on Russian transits. The situation developed in August 2015 after the arrest of the Head of the Latvian State company "Latvian Railroads" Uģis Magonis on corruption charges by Russian Railroads. During this potential crisis (there were no full scale railroad repairs leading to serious constraints to Russian transit through Latvian

[23] Vida Bortelienė, Klaipėdos uostas laikysis pasiektos aukštumos, Lietuvos žinios, 2015-01-31. Accessed December 28, 2015. http://lzinios.lt/lzinios/Ekonomika/klaipedos-uostas-laikysis-pasiektos-aukstumos/195939.

ports), Latvian Transport Minister Anrijs Matīss stated that transit goods constitute 15 percent of the Latvian GDP. If Latvia lost transit of Russian coal direct loses would be around €140 million. In the event of a complete stop of Russian transit through Latvia, up to €1.6 billion and 50,000 jobs.[24]

The most obvious strategy to lower dependency on Russian transit for Baltic countries is development of transit flows from other countries. Particularly attractive to the Baltic transportation sector are the potentially huge transportation flows between China and Europe (different projects in the context of the Chinese with the "New Silk road and economic belt" initiative). Baltic ports and railroads actively compete for this potential market, but in 2014–2015 the Lithuanian port of Klaipeda achieved concrete steps in this field.

In November 2015 during the visit of Lithuanian Prime Minister Algirdas Butkevičius to China, agreements between the Klaipeda free economic zone, Klaipeda State Sea Port, and one of the biggest Chinese corporations "China merchant group" (CMG) were signed. Also, an agreement on the creation of a joint company between Lithuanian railroads and CMG was signed. The Chinese corporation is planning to develop a logistical park of Chinese manufacturers in the Klaipeda free economic zone and to invest in the Klaipeda Port terminals and infrastructure.[25] If plans are successfully implemented, Klaipeda Port will receive serious additional transit flows of goods. It is important to mention that this project is closely linked with the "China merchant group" who plans to invest $550 million USD in the project of a logistical sub-park at a Chinese–Belorussian Industrial Park near Minsk.[26] So Klaipeda Port will also be used for the transportation of materials and goods for the construction and operation of this project. The results of the ports clearly correspond with turnover of Baltic States' railroads.

The results of the State company "Lithuanian railroads" does not demonstrate the serious impact of Russian sanctions and the crisis in this country. In the first nine months of 2015 cargo turnover was just 0.8 million tons lower than in the same period of 2014 (35.3 million compared with 36.1 million in 2014). The biggest negative impact was related to diminishing flows of transit goods to/from the Kaliningrad region. During this period the amount of Kaliningrad transit goods delivered by Lithuanian railroad were 17.4 percent or 1.3 million tons lower than

[24] В. Матулис, Заваленная российским углем Латвия — словно заложница, Jura, 2015-08-24, http://www.jura24.lt/ru/novosti/port/zavalennaia-rossijjskim-uglem-latviia-slovno-zalozhnica-507401.

[25] Agreements between China's CMG and Lithuanian companies to consolidate partnership, PM Butkevičius says, delfi.lt, 2015-11-26. Accessed December 28, 2015. http://en.delfi.lt/lithuania/economy/agreements-between-chinas-cmg-and-lithuanian-companies-to-consolidate-partnership-pm-butkevicius-says.d?id=69682646.

[26] China Merchants Group to invest $550m in logistics subpark in China-Belarus Industrial Park6 BELTA, 2015-11-26. Accessed December 28, 2015. http://eng.belta.by/economics/view/china-merchants-group-to-invest-550m-in-logistics-subpark-in-china-belarus-industrial-park-87250-2015/.

in first half of 2014 (the total turnover in one half of 2015 was 4.25 million tons). This decline was compensated for by increased transit flows to Klaipeda Port.

"Latvian railroads", despite some decrease of transit through Ventspils Port in the first nine months of 2015, demonstrated stable results. The most negative is the situation in Estonian railroads taking 20.48 percent of freight, which fully corresponds with the decrease in Russian transit. The Russian crisis lead to a considerable decline in railroad passenger flows. An additional factor in this case, is growing competition from air transport.

Lithuanian railroads in summer 2015 stopped operating the passenger trains from Vilnius to Saint Petersburgh (the passenger flow in this train in 2014 was around 40 percent smaller than in 2013) and in November 2015 the passenger train from Vilnius to Moscow (the passenger flow of this train in the first eight months of 2015 was only 30,000 compared with the 57,500 in the same period of 2014).[27] The only trains operating on both routes will be transit trains between Moscow/ Saint Petersburg and Kaliningrad.

The Estonian company "Go Rail" in May 2015 also decided to stop operation of trains from Tallinn to Moscow and Tallinn to Saint Petersburg. In July 2015 it was partially replaced by a train travelling from Moscow to Saint Petersburg to Tallinn, operated by "Russian Railroads". "Latvian Railroads" despite loss of passenger flows managed to save both its trains from Riga to Moscow and Riga to Saint Petersburg. The main reason was an introduction of more flexible prices.

The Energy Sector

In 2014–2015 the beginning of deep tectonic changes in the Baltic States energy market could be identified. The main characteristic was a considerable decline of the Russian role in the Baltic energy market, with further potential decline in the future. There are two main components of this process:

Firstly, a rapid implementation of projects which lead, and will lead, to increased independence from the Baltic States on Russia and better integration with EU and global energy markets. A considerable part of these projects are or will be implemented as the part of the EU Baltic Energy Market Interconnection Plan (the Klaipeda LNG terminal is the biggest exception because it was implemented using Lithuanian national funds). The most important projects are: Klaipeda LNG terminal which began operating at the end of 2014 (maximum capacity up to 4 billion cubic meters annually); the undersea electricity cable "Nordbalt" (700 MW) between Lithuania and Sweden scheduled to open towards the end of 2015; the electricity link between Poland and Lithuania known as "Litpollink" (500 MW), which began operations in December 2015.

[27] A. Murauskaitė, Lietuviški traukiniai neberiedės į Maskvą, LRYTAS.LT, 2015-11-06. Accessed December 28, 2015. http://verslas.lrytas.lt/rinkos-pulsas/lietuviski-traukiniai-neberiedes-i-maskva.htm.

Secondly, a considerable decrease in global energy prices and increase of supply. This lead to a considerable drop in natural gas prices in the Baltics. Also there are new potential sources of the raw oil imports.

Tourism

The economic crisis in Russia has had a very negative impact on outbound tourism. Official data on Russia from the Federal tourism agency shows that in the first half of 2015 the total number of outbound trips from Russian citizens abroad was 24 percent lower than in the same period of 2014. The number of tourist trips fell even more, by 33.8 percent.[28]

The main reasons for the rapid decrease in numbers of tourists from Russia to the Baltic States are obvious:

- Devaluation of the Russian rouble (official exchange rate of the euro increased from 47 roubles in July 2014 to 73 roubles at the beginning of December 2015). This lead to a considerable increase of tourism services in roubles.
- Decline in real incomes for Russian citizens. Tourism services during the crisis usually have a much lower priority than basic everyday needs such as housing, food etc.;
- Tense bilateral relations between the Baltic States and Russia. The Baltic States are often portrayed in Russian media as very unfriendly or even aggressive towards Russia as a State, and its citizens;[29]
- Decrease in the number of Russian citizens allowed to travel abroad. On the one hand in 2014–2015 almost all personnel of the Russian Ministry or interior and other "power institutions" lost the right to travel abroad, with the exception of 30 "friendly" countries. It is clear the EU and other Western countries are off this list. On the other hand, there is a growing number of debtors who are also not allowed to travel outside Russia. The number of such Russian citizens increased by 41 percent reaching 1.7 million in 2015.[30]

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[28] Федеральное агентство по туризму, Количество граждан Российской Федерации, выехавших за рубеж. Accessed December 28, 2015. http://www.russiatourism.ru/contents/statistika/statisticheskie-pokazateli-vzaimnykh-poezdok-grazhdan-rossiyskoy-federatsii-i-grazhdan-inostrannykh-gosudarstv/kolichestvo-grazhdan-rossiyskoy-federatsii-vyekhavshikh-za-rubezh/.

[29] Results of the opinion poll, carried by the "Levada center" in June 2015 shows the Baltic States are treated by respondents as one of the most unfriendly countries towards Russia (73 percent named US, 37 percent Ukraine, 25 percent Latvia, 25 percent Lithuania, 19 percent Estonia). On the other hand several years ago the stance against the Baltic States was even more negative. For example, in 2006 Latvia was 46 percent, and Lithuania 42 percent. In general this factor could be seen as much less important than purely economic reasons.

[30] Число невыездных россиян к 2016 году вырастет до 1.7 миллиона, LENTA.RU, 2015-11-06. Accessed December 28, 2015. http://lenta.ru/news/2015/11/06/winterholidays/.

Table No 7: The number of Russian tourists at accommodation establishments in the Baltic States

	Total number of foreign tourists			Tourists from Russia				
	01-09-2014	01-09-2015	Change, %	01-09-2014		01-09-2015		Change, %
				Thousands	Share, %	Thousands	Share, %	
Latvia	1150.5	1189.8	3.4%	240.7	20.9%	160.5	13.5%	–33.3%
Lithuania	1059.1	1084.4	2.4%	177.9	16.8%	118.0	10.9%	–33.7%
Estonia	1572	1510	–3.9%	216.2	13.8%	141.9	9.4%	–34.4%

Sources: Lithuanian state tourism department, Latvian and Estonian state statistics offices. Lithuanian statistics does not include agro-tourism establishments.

The number of Russian tourists in 2014–2015 in the Baltic States sharply fell. However, despite a sharp fall in the numbers of Russian tourists, the total number of tourists in Latvia and Estonia (particularly including domestic tourism) actually saw a minor increase in the first nine months of 2015. Diminishing flows of Russian tourists were compensated for by increased inflows from other countries. For example, in Lithuania in the first nine months of 2015, the number of Russian tourists fell by 59,900 (–33.7 percent) and Belorussia by 17,000 (12.6 percent). This fall was compensated by a rapid increase in tourist numbers from EU countries (65,800 or 11.3 percent more), Norway (8800, a 37.1 percent increase) and Asian countries (16,800 or 34 percent increase).

In Latvia's case a decline in the numbers of Russian tourists was compensated for by the growth in tourism from Lithuania (22.9 percent), Estonia (16.5 percent), the United Kingdom (16.7 percent) and other countries.

The situation in the Estonian tourism sector was worsened by the fact that the number of tourists from Finland, the main tourism market, also declined in the first nine months of 2015 by 2.0 percent. Growth in other tourism markets such as Japan (33 percent increase), Denmark (23 percent increase), and Latvia (12 percent increase) did not compensate for the loss of Russian tourists because of much lower numbers of incoming tourists.

Despite reasonably positive numbers, the actual impact of the Russian crisis on the tourism sector is more extensive because the number of tourists does not evaluate actual income in the sector. On the other hand there are positive scenarios for the increase of Russian tourist flows to the Baltic States. Many traditional holiday destinations for Russian tourists in 2015 became less accessible for geopolitical or security reasons. The Baltic States could have increased attractiveness because of its security and being geographically close to the Russian market.

Investment

Western sanctions against Russia also had direct negative effects on Russian investments in Latvia. The most notable examples were:

- The Russian SMP bank, owned by close ally of Vladimir Putin, A. Rotenberg (included in the EU and US sanctions list), in June 2014 sold its shares in Latvia SMP banka;
- The main Russian producer of tanks and railroad carriage "Uralvagonzavod" declared, that because of the sanctions it cancelled plans to build a new railroad carriage production plant in Elgava (Latvia). Earlier it planned to invest €20 million and create 200 new jobs.[31]

Official statistics of foreign direct investment (FDI) shows that Latvia and Estonia managed to attract a considerable amount of Russian FDI in 2011–2015. In contrast, Russian FDI in Lithuania for the same period decreased. In Latvia and Estonia this inflow did not stop after the beginning of the Ukrainian crisis and introduction of Western sanctions against Russia. In Lithuania's case, a sharp decline in Russian FDI through 2011–2015 could be explained by implementation of the Third EU energy package, which de facto, meant renationalization of the "Gazprom" share of the Lithuanian State company "Lietuvos dujos" (with compensation payment).

Despite the fact that official statistics show Russia is not the top investor in Baltic countries, the real extent of Russian investment is difficult to estimate because Russian businesses actively use other jurisdictions (often offshore) for their investments in the Baltic States. For example, a considerable part of FDI from Cyprus to Latvia and Estonia could be identified as in fact Russian.[32]

One of the factors for growth of Russian investments in the Baltic States is the fact the economic crisis and fears of growing geopolitical instability in Russia is forcing some Russian business people to find safe and more profitable applications of their capital. The Baltic States, despite being a small market, has an attractive business climate. There are new investments in real estate, the IT sector, manufacturing, tourism and other sectors (mostly small or medium size). For example, the Russian producer of plastic plumbing equipment "Ani plast" in October 2015 opened a new plant in Klaipeda FEZ at a total investment of €6 million.[33]

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[31] Россия поставила жирный крест на крупном производстве в Латвии, Bussiness & Baltia, 2015-11-25. Accessed December 28, 2015. http://ru.bb.vesti.lv/politika/item/9164085-rossiya-postavila-zhirnyj-krest-na-krupnom-proizvodstve-v-latvii.

[32] Swedbank: российские инвестиции идут в Эстонию через Кипр, Baltic course, 2015-01-27. Accessed December 28, 2015. http://www.baltic-course.com/rus/_analytics/?doc=101611.

[33] Rusijos "Ani Plast" pradeda gamybą Klaipėdoje, 15MIN.LT, 2015-10-14, Accessed December 28, 2015. http://www.15min.lt/verslas/naujiena/bendroves/rusijos-ani-plast-pradeda-gamyba-klaipedoje-663-533966.

In Latvia's case an important source of Russian investment is temporary residence permits issued in exchange for investment schemes. From the introduction of the scheme in 2010 Latvia managed to attract €1.112 billion in the real estate sector (the largest share was from Russian citizens). From September 2014 Latvia restricted the system of issue for residence permits in exchange for the acquisition of real estate. The lower price limit was increased from €140,000 in Riga and Jūrmala (€70,000 in other regions) to €250,000 in all regions of Latvia. On the other hand in 2015 the possibility of receiving a temporary residence permit in exchange for a €250,000 investment in Latvian State bonds was introduced.

Restrictions with the residence permit/real estate scheme, and Russia's economic crisis, has lead to a sharp decline in interested Russian citizens. In the first nine months of 2015, 534 Russian investors and their family members received Latvian temporary residence (the total number of foreign investors who used this scheme in 2015 was 752). In 2014 temporary residence permits were issued to 3974 Russian investors and family members. Total investments in Latvian real estate in the context of the scheme in the nine months of 2015 was only €56.4 million compared with €397,315.

In November 2015 Lithuania considerably restricted the possibility of receiving a residence permit by opening a company in Lithuania. In order to avoid the creation of fake companies, stricter requirements (such as the creation of at least three jobs for Lithuanian citizens) were introduced. Another important aspect is dependency on Latvian banks' financial operations with capital of a Russian origin (the amount from such operations in Lithuanian and Estonian banks is much lower due to stricter regulation and historical reasons). The amount of non-resident deposits in Latvian banks increased from €6.1 billion at the end of 2012 to €11.9 billion in September 2015.[34]

Conclusion

Russia's economic crisis at the time of writing is just gaining momentum, but deep structural problems cast doubt on any successful exit strategy besides a rapid increase in oil prices. If oil prices stay at levels similar to the end of 2015, for a considerable period of time there will be a considerable acceleration in the decline of the Russian economy.

Russian sanctions and the economic crisis in this country from 2014–2015 had a visible but only partially negative effect on the Baltic States. It has lead to a slowing down of economic growth but did not stop it. The Russian sanctions and crisis was just one of the complex negative factors affecting the Baltic States economies' growth. Sluggish growth from the EU and a slowing down in China were also

[34] Financial and Capital Market Commission, Banking Activities in 3rd Quarter 2015. Accessed December 28, 2015. http://www.fktk.lv/en/statistics/credit-institutions/quarterly-reports.html.

important aspects, which halted development of the Baltic States economies in 2014–2015. In Estonia's case, poor performance from Finland who experienced serious economic problems (partly related to Russian sanctions and the crisis), also had a seriously negative impact. On the positive side, increases in domestic consumption allowed them to achieve growth even in a situation of slowing exports. It is maybe even more important to mention that in 2014–2015 there was no growth in unemployment or a decline in income for populations in the Baltic States.

Russian sanctions and the economic crisis had an extremely negative effect on the export of goods and services from Baltic countries to Russia. Latvian exports of goods to Russia in the first nine months of 2015 was 24.4 percent less than in the same period of 2014, Estonian 37.5 percent, and Lithuania 41.3 percent. Export and re-export of food products (included in the Russian sanctions list) almost stopped. A particularly negative effect was felt by the dairy sector, who was dependent on a profitable Russian market. Latvian and Estonian canned fish producers also felt the negative effects of Russian sanctions.

Negative effects on the Baltic States transportation sector was uneven. The biggest effect was felt by the road carriers and companies that worked in the re-export flows to Russia. The railroad transit and ports situation was uneven, but in the general negative impact was limited.

The economic crisis in Russia considerably lowered (by around one third) tourist flows from Russia to the Baltic States, and decreased the spending of tourists who arrived. This decrease was compensated by the growth of tourist flows from other countries and domestic tourism. However, if the situation in Russia's economy will further deteriorate the impact on the Baltic States economies could be considerably more negative.

Russian sanctions and the economic crisis in this country could have some positive effects because it stimulates businesses and governments to diversify export activities by finding new export markets and look for better opportunities (than exports of low added value products and services to Russia) for economic development.

Part IV: Security

RUSSIAN MILITARY REFORM AND ITS IMPLICATIONS

Aleksandr Golts

Introduction

The role played by the Russian army in the seizure of Crimea, the hybrid war in the Donbas, and the intervention in Syria raises questions about the consequences of radical military reform in an authoritarian state. The main success of the Russian Armed Forces was achieved within a few days after 26 February 2014, when Vladimir Putin ordered a "snap inspection" of the Russian Army.[1] Probably, the Russian General Staff (contrary to Putin's assertion that no one was going to fight in the Crimea) raised the possibility of resistance from Ukrainian units on the Peninsula and could not exclude that Kiev would try to provide them with military support. Therefore, the concentration of Russian forces on the border was originally intended to hamper Ukrainian forces, not to allow throw them to Crimea.

Under the guise of "snap inspections" the troops of Western and Central military districts, the Airborne Troops, Troops of Aerospace Defense, Military Transport Aviation and Strategic Air Forces were raised. According to defense minister Sergei Shoigu, "inspections" included 150,000 troops.[2] The Commander of NATO allied forces in Europe, US General Philip Breedlove, stated that Russia managed to deploy 30–40,000 troops on the Russian-Ukrainian border.[3] According to the "Vedomosti" newspaper, battalion tactical groups on the border with Ukraine were formed by the 4th tank (Kantemirovskaya) and 2nd motorized rifle divisions (Tamanskaya), the 76th air assault division, the 31st airborne assault brigade, the 106th airborne assault division, and the 23rd motorized rifle brigade.[4] Russian General staff were able to accomplish in two to three days the hidden movement of these units and their operational deployment. According to defense minister Sergei Shoigu, command and staff structures of the three military districts and four

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1 Alexander Tiкhonov. Oboronnye prioritety. Krasnaja zvezda. 27.02.2014.

2 *Ibid.*

3 Laura Smith-Spark, Barbara Starr, and Karl Penhaul, "What do we know about Russia's troop buildup on Ukraine's border?", *CNN*, April 2, 2014, accessed November 23, 2015, http://www.cnn.com/2014/03/28/world/europe/russia-ukraine-troop-buildup/.

4 Polina Himshiashvili, Aleksej Nikol'skij. Koncentraciya bez gruppirovki. Vedomosti. 04.02.2014, accessed November 23, 2015, http://www.vedomosti.ru/newspaper/article/653491/koncentraciya-bezgruppirovki.

ground armies took part in this sudden inspection.[5] The same massive deployment was repeated in the fall of 2015 during the military exercises "Tsentr — 2015". These maneouvers consisted of testing a full-scale invasion in the state where civil war had happened. The invasion was conducted by an airborne division and ground army with sufficient air support.[6] Exercise organizers did not hide that the main goal was to prepare troops for a possible ground operation in Syria or Central Asia.

Thus, the ability for rapid decisions then rapid deployment is an undisputable achievement of the Russian army. It appears this achievement is far more serious than the "hybrid war" Russia conducted in Donbas and even the war it wages in Syria. It is appropriate to recall that when the second Chechen war began in 1999, it took more than two weeks to start a deployment of federal troops when armed gangs invaded in the territory of Dagestan.

Strategic mobility (readiness to proceed with the execution of combat tasks a few hours after receiving the order) of 30–40 elite units was the main result of the military reform, which took place in Russia in 2008–2012. It is likely the announced figure of 150,000 soldiers who took part in the so-called "snap inspection" was seriously overstated. However, they were enough to immobilize the forces of the Ukrainian army, and to deprive it of any opportunity to oppose annexation of the Peninsula. It should be noted that, in the result of the reform, today Russia has a military potential providing her absolute military superiority, if not in Europe then certainly in the post-Soviet space.

The Armed Forces that suddenly gained efficiency, and the Kremlin could not even dream of in the 1990s, became the material basis in attempts to prove to people that Russia is a besieged fortress. For the past few years, Moscow's policy toward the West has been a parody of military deterrence. The Kremlin pretends to seriously believe that Russia's security depends on whether it can obliterate half the world if they were to incur an initial US nuclear strike. Yet the "deterrence–parody game" has given President Vladimir Putin a way to verbalize his standard discontent against the US, which he believes is plotting a "color revolution" against Russia. It's looks most suitable for Russian authorities to verbalize its complaints in military terms. After Serdyukov's reforms the parody game became reality.

1. Serdyukov's Reforms

After defeating Georgia in 2008 Russian military-political leadership had realized that despite an annual growth of the military budget by 20 percent within nine years, the Armed Forces were still ineffective. If the enemy had been even

[5] Tiкhonov A. Oboronnye prioritety. Krasnaja zvezda. 02.27. 2014.

[6] Ivan Buval'cev, Oleg Falichev. Blizhnij Vostok na JUzhnom Urale. Voenno-promyshlennyj kur'er. 11.04.2015, accessed November 23, 2015, http://vpk-news.ru/articles/27827.

slightly stronger, it could all end with defeat. This fact gave impetus to the most radical military reform in 150 years. But it's also no doubt that Serdukov managed to fulfill a totally titanic task. Throughout the previous decade it was no secret to Russian authorities what was wrong with the Armed Forces. Vladimir Putin described the problem in an address to the Federal Assembly in 2006, when he recalled the circumstances surrounding the beginning of the second Chechen war: "In order to effectively respond to the terrorists, we needed to assemble a force of at least 65,000 people. And in the whole army, in the combat-ready subunits, there were 55,000, and those were scattered across the country. The army has 1.4 million people, and no one to fight. And here they sent unseasoned boys out under fire."[7] In his article in Rossiiskaya Gazeta (2012) Putin was even more clear. Describing the military legacy he inherited from the Soviet era, Putin wrote about the inability of a mass-mobilization army to meet twenty first century security threats.

"There was only one way out," Putin emphasized. "We had to build a new army."[8] Of course, Putin didn't explain why it took eight years after the end of the second Chechen war to start the reforms. The reform plan was proposed to him back in 2001, but he refused to implement it because Putin would have had to fire thousands of military personnel. According to those directly involved in this plan, Putin did not want to play the same role for the military that liberal economist Yegor Gaidar had played for the country during the period of shock-therapy economic reforms in the early 1990s. As a result, the country's useless military units and depots remained in existence for another eight years, while the military budget disappeared into a mass-mobilization "black hole".

In October 2008 defense minister Anatoly Serdyukov announced a project named "Perspective look of the Armed forces of the Russian Federation and priority measures for its formation in the years 2009–2020" that was to be realized in the next few years. Although the authors of the project avoided the word "reform" it was actually a plan of fundamental reform for the entire military system. Under this reform 135,000 from 355,000 officer positions were eliminated. In the army all skeleton units were closed. As a result, their numbers in Ground Forces were reduced by 11. Of the army's 1,187 units, only 189 remain today. The scale of the reductions was such (as it stands now, one third of the officers of the Armed Forces have been dismissed) that it had become clear that, contrary to official statements, this had nothing to do with euphemisms such as "optimization" or "giving the armed forces a new look".

Another important trend of military reform is the "organizational" change in Armed Forces. Ground Forces transferred from division chain to brigade structures.

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7 Kremlin, accessed December 15, 2015, www.kremlin.ru/appears/2006/05/10/1357_type63372type63374type82634_105546.shtml.

8 Vladimir Putin. Byt' sil'nymi: garantii nacional'noj bezopasnosti dlja Rossii. Rossiiskaya gazeta. 02.12.2012.

Six military districts were reorganized in five joint strategic commands ("West", "East", "Center", "South" and "North"), which now include not only Ground Force units, but the Air Force and Navy. Here we see the first attempt to implement the requirements of joint operations in theory and practice.

The main achievement of the first "quantitative" stage of reform is rejection of the mass-mobilization Armed Forces model. Elimination of reduced-personnel units and the dismissal of surplus numbers of officers means Russian political leadership has decided to abandon the idea of mass mobilization for good. Not long ago defending the country in the event of aggression meant mobilizing 4 to 8 million reservists.[9] Today the army, according to their former commander in chief of Ground Forces, Vladimir Boldyrev, planned to deploy only 60 brigades (about 300,000 people) of reservists.[10] According to the former chief of the General Staff, Nikolai Makarov, in the event of war a total of 700,000 reservists are to be mobilized.[11]

Nearly 60 brigades were created in the Ground Forces instead of 23 infantry and tank divisions. Tamanskaya and Kantemirovskaya divisions were later returned to the divisional structure. The old structure was also kept for a very specific machine-gun and artillery division in the Far East and 17 separate regiments. The Navy, Airborne troops and Strategic Rocket forces also kept traditional divisional structures. The staff of officers who served in the Defense Ministry, General staff, and Main commands of military branches was reduced radically from 22,000 to 8500.

Meanwhile military leaders never repeated a word about reform, but only spoke on how to resolve the "inconsistencies" that had emerged in the 1990s when there was an indiscriminate reduction inherited from the Soviet Army of five million. Serdyukov, for example, claimed he was not going to change anything radically, but merely reduce the officer corps, because "our army today resembles an egg, swollen in the middle. The number of colonels and lieutenant colonels is bigger than the number of junior officers."[12] His words looked the same when he talked about plans to only leave in the Armed Forces units of "permanent readiness" — those that are fully manned, equipped with serviceable weapons systems and able to perform a combat order immediately. It was reported that all "skeleton units" (more than 70 percent from the total number of units in the Ground Forces) had been dissolved.

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9 Istorija voennoj strategii Rossii (Moscow: 2000), 528.

10 L. Khairemdinov, Vremya mobilnosti, Krasnaya zvezda, 10.1.2009, accessed November 23, 2015, www.redstar.ru/2009/10/01_10/1_05.html.

11 Tel'manov D. V sledujushhem godu zarplata lejtenantov sostavit 50 tysjach rublej. Gazeta. 11.14.2008, accessed November 23, 2015, www.gzt.ru/topnews/politics/-v-sleduyuschem-godu-zarplata-leitenantov-sostavit-/208438.html.

12 Ministry of Defence of RF, accessed November 23, 2015, http://www.mil.ru/info/53270/53287/index.shtml.

In fact, this was the only way realize "a new look". The Kremlin had to completely abandon their concept of mass mobilization adopted for Russia in the 1870s. According to the concept, in the event of military threat millions of reservists should be mobilized — almost the entire male population of the country. To be ready for such an emergency mobilization, the state had to have in its disposal millions of trained reservists. That's why hundreds of thousands of conscripts had to pass compulsory military service each year. The Armed Forces had to keep extra numbers of officers who had to command the battalions and regiments of reservists. That's why 70 percents of all units were "skeleton units" consisting of command structures (together with full officers stuff) and stockpiles of weapons and ammunition. This concept could not stay efficient after the collapse of the USSR. Russia is rapidly falling down the "demographical hole". Young men who would begin their service in 2020 have already been born, and their numbers cannot change. In 2011, the country had 648,000 eighteen-year-olds; in 2012 662,000; in 2013, 641,000; in 2014, 613,000; in 2015, 592,000; and so on, descending.[13] The number of eighteen-year-olds will begin to increase slightly only in 2022–2023. This means that any plan for the structure of armed forces should (though it is far from certain that it will) consider the growing shortage of the male population in the most productive age range, between eighteen and thirty-years-old. Remembering at the same time the military industry was unable to arm millions of reservists.

The current commander of the Airborne Troops, General Vladimir Shamanov, explicitly acknowledged the fact this mobilization concept had been hopelessly outdated: "The forms and methods of armed struggle have radically changed since World War II. Now it allows us to get rid of a huge number of "skeleton units" without compromising the defense capability of the state. Let's call a spade a spade: regiments and divisions that were intended to accept so-called "mobilization resources" and deploy them during a period of military threat have become a costly anachronism. With the advent of nuclear weapons, the wars with the positional confrontation of multimillion armies were gone and buried! But the maintenance of useless "skeleton units" became a burden for the military budget. That's why we can't solve a range of vital problems…We need to create a relatively compact, numbering no more than 200 thousand, rapid reaction force with the highest combat potential. It will be mobile, with perfectly trained troops [which are] constantly ready for combat use at every existing theater of war."[14]

Thus the government tried to undertake a very radical change in all systems of military organization and military build-up. In fact it was stopped at the quantitive phase.

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[13] Yevseev, V., Otsrochki ot voennoi sluzhby: Segodnya i zavtra (Deferment from Military Service: Today and Tomorrow) // Otechestvennye zapiski. 2005. №5, accessed December 12, 2015, www.strana-oz.ru/?numid=26&article=1155.

[14] Ministry of Defence of RF, accessed December 12, 2015, http://www.mil.ru/info/53270/53288/index.shtml.

2. Stopping Halfway

Under these circumstances it would be logical to expect a phasing out of the draft and a gradual transition to the formation of voluntary armed forces. In situations where the number of reservists makes up about two-thirds of the size of the army in peacetime (which is characteristic of voluntary, but not conscription-based, Armed Forces), the draft simply does not make sense. If, in the event of military action, only 700,000 reservists are called to duty, why then does the state need to spend a huge amount of resources to train more than 350,000 conscripts each year if no one is planning to call on them, even in a time of war?

At first it was set to recruit 425,000 contract privates and sergeants[15], and new Defense Minister Sergei Shoigu has set the task to recruit by 2020, 495,000[16] contract soldiers. The draft, however, remains but will not exceed 10 percent of the declared million size of the Armed Forces. It will be voluntary: only those who are planning to become a professional soldier will have to pass conscription.

However authorities don't want to give up the opportunity to have 300,000 conscripts in the Armed Forces each year. But the attempt to reduce drafting directly confronts the concept of permanent readiness. It is clear that if a one-year term of service by draft is retained, the combat capability of the Russian army will be highly doubtful. Every six months half the troops will be replaced so that at any given moment a significant part of the military will consist of untrained recruits. By preserving the draft, the "constant readiness" of every unit has been put forth as the most important goal of the reforms. Former Chief of the General Staff Nikolai Makarov even argued that, although any unit is prepared to execute an order within an hour of receiving it, it will be limited by the fact that, numerically, they will all be fully staffed in accordance with the wartime troop list.

Refusal of the mobilization concept demanded a transition to a fundamentally new level of personnel training. It was necessary to reform all systems of military education radically, to abandon the old procedures of officers' service and to establish an institution of professional junior commanders. Serdyukov and his subordinates quite efficiently addressed these issues. The reformers have finally realized that Russia's military academies have not been training professionals but low-skilled technicians who were only needed in a mass-conscription army. The educational process in most academies was designed to give the future officer only as much knowledge necessary to master one or two specific types of equipment.

At the same time it was stated the need for officers could be reduced to seven times the number, the Armed Forces only needs about eight thousand lieutenants

[15] "Serdiukov: v rossiiskoi armii budut sluzhit' 425 tysiach kontraktnikov", 18.03.2011, RIA Novosti, accessed December 14, 2015, http://ria.ru/defense_safety/20110318/355259844.html#ixzz3yuy2fVXX.

[16] V 2020 godu v rossijskoj armii budut sluzhit' polmilliona kontraktnikov. Argumenti nedeli.02.14.2014., accessed December 15, 2015, http://argumenti.ru/army/2014/02/319393.

each year. In these circumstances it was possible to improve the quality of military education. It was announced that Russian army officers will receive only one "high" education, rather than several, as was before. The number of defense educational institutions had to be reduced to 17. This includes the three military educational and scientific centers of Russian Armed Forces, 11 military academies and three military universities.[17]

In military training centers, officers of the Armed Forces had to receive a foundational education in humanities and sciences. The former allows commanders to understand their place in a rapidly changing world and to take responsibility for their subordinates, whereas an education in the sciences enables them to learn any modern weapons system. The system of career advancement and procedures for appointment to senior positions have to become competitive and transparent. A system of continuous education has been developed for officers, as advancing through the ranks is no longer based solely on seniority but also qualifications. A soldier competing for a higher position knows that preference is given to the person who has attained a higher qualification and achieved success in the preparation of their units and subunits.

After Serdyukov's dismissal this part of the reform was reversed. The Defense Ministry decided to retain a number of military academies as independent educational institutions: the Mikhailovsky Artillery Academy, the Military Academy of Air Defense, the Academy of Air-space Defence, the Academy of Radiation, Chemical and Biological Protection, and several others. It was decided to keep 18 military academies and universities and 15 branches. Defense Minister Shoigu considered it necessary "to return to the branches the status of independent educational organizations, to recreate historical typology of military higher educational institutions: academies, universities and schools".[18] Can anyone seriously expect that 33 military academies scattered throughout Russia will provide a high level of military education and training? One military-educational institution, controlled in Serdukov's times by the Department of Education of the Ministry of Defense, is now subordinated to appropriate Main commands of Armed Forces. Solving their bureaucratic tasks, military officials are not interested in giving cadets fundamental knowledge and practical skills. This surely will lead to a return to the old, essentially Soviet, scheme of military education; military school — the Academy of the branch of the Armed Forces — the General Staff Academy.

It is not an accident the Russian MOD refused to continue the reform of military education. It is impossible to imagine that educated, independent and self-confident officers will be happy serve in the Armed Forces of present day Russia. It is unlikely they will be happy with the current system in which the

[17] Vladimir Ivanov. Po amerikanskomu ranzhiru. Nezavisimoe voennoe obozrenie. 04.06.2012., accessed December 15, 2015, http://nvo.ng.ru/high/2012-04-06/1_ranzhir.html.

[18] Shoigu predlahaiet vernut' voennym vuzam samostaiatelnost', accessed November 19, 2015, http://www.interfax.ru/russia/341145.

officer must perform all, even criminal, orders. Otherwise he risks meeting the tribunal. Therefore, the existence of these educated and trained officers could be very uncomfortable for the current government. The situation looks critical if we are to take into account the Kremlin stated the so-called "color revolution" is a new type of warfare.[19] It is clear the government has an intention to use its Armed Forces within the country in case of public unrest. In this case authorities will not need educated but loyal officers.

The Defense Ministry returned to the former policy with an "expanded reproduction" of low-educated officers. It is clear that all military schools will now try to prove their importance and increase the number of students. But many graduates from 2009–2012 had to occupy sergeants positions by the end of 2014.[20] The number of officers will rise also because of a governmental decision to extend their service for five years. It is clear that senior officers — majors and lieutenant colonels are among the first who are interested in such extensions (those who the reformers wanted to get rid of as quickly as possible). The Head of Personnel Department of the Ministry, General Viktor Goremykin, recently reported more than 26,000 troops asked for service extension, and their number is likely to grow.[21] Rising numbers of officers' corps could return the military organization to a mass mobilization concept.

Something similar happened with the system of manning Armed Forces with reservists. At the end of 2008 it was announced that for the first time in Russian history members of military reserves were to become paid and voluntary. Reservists had to be assigned to separate special units that were under the command of a military district. But Russian generals decided the idea was absurd. They proposed to undertake a new "experiment" that would recruit about 5000 soldiers and officers as potential reservists. If it proved successful, the number of reservists would increase to 8000. This is only about two brigades. But Ground Forces need 60 brigades from the reserve. This means 58 brigades have to be formed by so-called "mobilization resources", which includes the entire male population of the country as it had in Soviet times. It's clear the real goal of the "experiment", started in 2014, is to compromise the idea of modernizing the system of reserve organization.

Defense Minister Shoigu has to solve in the near future two interrelated problems. First, he is obliged to perform an order from Vladimir Putin that is impossible to accomplish: to establish one million Armed Forces (currently there are 870,000 troops) — but the demographical situation cannot permit it. Secondly, the Minister must finally choose the system of how to man the Armed Forces. It

[19] Aleksandr Tikhonov. "Cvetnye revoljucii" — ugroza miru. Krasnaja zvezda.04.23.2014.

[20] Nikolaj Gur'janov. Serzhanty ne spravilis'. Vzgljad.05.16.2012.

[21] Ol'ga Bozh'eva. V armii uvelichat srok sluzhby. Moskovskij komsomolec 11.11.2013, accessed November 19, 2015, http://www.mk.ru/politics/army/article/2013/11/11/943499-v-armii-uvelichat-srok-sluzhbyi.html.

seems Shoigu does not want to give up the obvious achievements of Serdyukov's reform, but at the same time wants to escape direct conflict with conservative military top brass.

In 2013 Vladimir Putin, fully supported by Sergei Shoigu, offered such a system of military service for students that permitted them to fulfil their conscript obligations without leaving the walls of their native universities. According to this initiative, students should devote one day a week to military training during one and a half to two years. Upon completion of the course they were supposed to undertake three months camp training. Then they were sent as privates and sergeants in the reserve without active service. "We want you to think of this as a really good opportunity to learn without leaving the educational process. And for this purpose we will create special training centers... In a year we need to get the reserve from 80,000 to 100,000 people."[22] Sergey Shoigu tried to convince the students quite sincerely. But he had his own interests at heart. The MOD would receive the chance to draft tens of thousands of students as troops and formally bring the army to a million soldiers in size. However, this initiative did not suit the generals. Military commanders don't need "paper" numbers, but real soldiers because the number of "active" troops determines the number of general's positions. The military brass started to sabotage the concept. According to the original plan, 58,000 students were supposed to be trained under the new system in 2015. In reality, only 15,000 are participating in this "experiment".[23]

As an experienced politician Sergei Shoigu skillfully maintains a balance between "liberal" military reform and basic principles of the current government, which is that the great powers have a standing army of less than a million. As a result the reform was launched, but it turned out that it clearly contradicted the "ideological foundation" of the state built by Vladimir Putin. Then the President hit the brakes. Not only he, but a significant part of the population considers the army an exact copy of an authoritarian state. "Ironically all these "armies disgraces": bullying, violence, mindless drills — is accepted by provincial mentality as a valuable "discipline" that is needed for our country," says head of the Levada-center Lev Gudkov. "It is the necessary experience of adjusting to a repressive society, which is regarded as "the order"."[24]

Thus conservative military keep all opportunities open to return to the old mass-mobilization system. It is important to note that all strategic military exercises up to the most resent "Tsentr-2015" included training on mass mobilization.

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[22] Aleksandr Tihonov. Studencheskij prizyv: v nogu so vremenem. Krasnaja zvezda. 12.19.2013, accessed November 19, 2015, http://www.redstar.ru/index.php/component/k2/item/13407-studencheskij-prizyv-v-nogu-so-vremenem.

[23] "Predvaritelnije itogi vesennego prizyva 2015 goda razhdan na voennuiu sluzhbu", 18 Jul. 2015, accessed November 17, 2015, accessed November 19, 2015, http://echo.msk.ru/programs/voensovet/1586730-echo/.

[24] "Fond Liebreal'naia Missiia", accessed November 19, 2015, www.liberal.ru/sitan.asp?Num=537&print=1

Now representatives of local and regional administrations have to take part in the training.[25] Furthermore, military doctrine adopted in 2010, in the midst of the "serdyukovs" reforms, were not so different from previous doctrine about mobilization preparation. A new version of the Military doctrine adopted at the end of 2014 is still full of paragraphs on mobilization preparation. We can conclude that by abandoning the concept of mass mobilization, the Russian government still retains the possibility of returning to it.

It can also be assumed that one day the Kremlin will feel dissatisfaction with the abilities of its Armed Forces. The Russian government was so assured in the effectiveness of the reformed Army that it wanted to have those people serving in it complete the tasks that had not be already been fulfilled. In March 2014, the Kremlin had to refuse to repeat the South East Ukraine-Crimean scenario. It was relatively simple to cut Crimea off from the rest of Ukraine by controlling the highway and railway through the Isthmus of Perekop. But the Donetsk and Lugansk regions cannot be dealt with in the same way. Here Russian troops would have to establish "state" borders where they never existed. Hundreds of roads linking the area with the rest of Ukraine would have to be cut off. Something like this cannot be done as a secret operation, or even a covert invasion, but would require the establishment of traditional checkpoints on all reasonably important lines of communication and the ability to prevent troops arriving from the rest of Ukraine. Even if the Kremlin was able to concentrate about 40,000 troops on Ukraine's borders, more than twice that number would be needed for an occupation.

And even now, when the units of constant readiness have to send only the battalion tactical groups to the Ukrainian boarder, there is a shortage of personnel, which is increasingly difficult to fill. Not accidentally in February 2015 when Separatists tried to capture the important strategic railway junction Debaltsevo, Russian command had to send a tank battalion from Buryatia to Ukraine.[26] Ironically Russian Armed forces, in the last few years, were built on the model once proposed by Colin Powell: troops need to be used in a massive advance for a short time and be withdrawn immediately after they gain the victory. The "hybrid" war in Ukraine imposes other requirements. Russian military leaders were faced with the necessity to increase the number of troops and keep them for long periods. But the number of professional soldiers is limited. In this case they should send conscripts to the border. This decision will limit strategic flexibility.

Moreover, the secret operation in the Donbas has caused serious damage to discipline and morale. Trying to hide its losses, commanders of the Armed Forces staged "secret" funerals for those who had been killed in operation. Military officials claimed Russian troops fighting in Ukraine used their vacations but it is well known

[25] Oleg Vladyikin. "TSentr-2015" nikomu ne ugrojaet. Nezavisimoe voennoe obozrenie. 09.11.2015.

[26] Elena Kostjuchenko. "My vse znali, na chto idem i chto mozhet byt'". *Novaja gazeta*. 03.04.2014, accessed November 19, 2015, http://www.novayagazeta.ru/society/67490.html.

that a soldier going on vacation is obliged to write a report to specify the place of intended rest.

But a soldier of the regular army is not a member of a special unit in the Russian security services. His contract says he is obliged to protect the Homeland, and not be engaged in secret operations on foreign soil. Morality and discipline in the army are based on quite different principles than in the security services. For example, it is based on full confidence in the commander, who in turn is fully responsible for the lives of his subordinates. Now it turns out that commanders of the elite units of the Russian Armed Forces were trying to evade responsibility for their orders. Some may say that since the mid-1920s the Soviet army was used in covert operations more than once: in the early 1950s in Korea, and when placing missiles in Cuba. Then came Vietnam, Egypt, Libnon and other undeclared wars all over the world. However, the difference is that Soviet people were sure the state had the right to send them to die abroad in secret wars. It is not doubtful that hundreds of thousands of Russian troops and their relatives are ready to give the government such a right. The Defense Ministry has set an ambitious task to recruit 50,000 contract soldiers per year. It seems that participation of the army in covert operations turned many away from wanting to become a military professional.

The same contradictions are found in Russian operations in Syria. Armed Forces demonstrated a record time for deployment. On 24 September 2015 Russian authorities strongly denied the possibility of using troops in Syria.[27] But on 30 September 2015 aircraft which were secretly transferred to the Latakia air base made their first strikes. The speed of Russia's response after 24 November 2015, when Turkish fighter jets shot down a Russian Su-24 bomber, looks even more impressive. On 26 November most modern anti-aircraft systems S-400 were deployed on the base. This higher speed of deployment is due to the fact that the most important military decisions are made by a single person — President Putin. He does not need to negotiate with Parliament. The Council of Federation spent only minutes to approve the decision that allowed Putin to use military force in Syria. There was no consultation with allies, therefore launches of cruise missiles by ships from the Russian Caspian flotilla was an unpleasant surprise for the leaders of Kazakhstan.

However, a lack of any checks and balances inevitably increases the possibility of strategic mistakes when the speed of the decision making process does not allow consideration of all effects from the decision. The loss of a passenger plane blown up by terrorists over Egypt and the destruction of the bomber Su-24 was the price for the speed of deployment in Syria that Russia has already had to pay.

[27] Kreml ne podtverdil soobscheniya o zaprose v SF po povodu armii v Sirii. Iterfax. 09.24.2015, accessed November 19, 2015, http://www.interfax.ru/russia/468938.

3. Crisis Threatens Modernization

The situation with financing Armed Forces looks more than complicated. At first glance the Kremlin fulfills all its promises and the military budget continues to grow despite the economic crisis. However, now the Ministry of Defence has refused to raise the salaries of military personnel in terms of inflation. The devaluation of the rouble and the economic crisis forced the Ministry of Defence to postpone the most ambitious weapons programs. According to Deputy Defense Minister Yuri Borisov, the decision was made to restrict purchases of the fifth-generation fighter T-50. It will purchase only 12 aircrafts, although originally there were intensions to purchase 52 fighters.[28] The same occurs with the widely publicized tank "Armata". In the next two years the MOD plans to test in the army 20 tanks already made.[29] But in 2012, Vladimir Putin promised to purchase 2,300 new tanks![30] It is likely that an ambitious rearmament program (the intention is to replace 70–80 percent of the military's equipment) will be disrupted.

This should take into account that its implementation was highly questionable even in the absence of the economic crisis. At a time when organization of military production is completely ineffective and when the Ministry of Defense insists on the necessity of producing the full range of weapons, an attempt to begin mass production will inevitably turn into a giant waste of resources,[31] which may also lead to a deceleration or complete cessation of reforms.

Putin's concept of the State-owned corporation represent a sort of famous Soviet "collective farm" (kolkhoz) in which one relatively successful company contains more than a dozen factories close to bankruptcy. Russia's modern defense industry is little more than a parody of a Soviet-era military-industrial complex. Putin built dozens of "vertical" State-owned companies, which are totally ineffective in a market economy. The industry has never undergone any radical restructuring or established the type of cooperative relationships needed for it to function efficiently. Investing in such an industry is tantamount to tossing money to the wind.

One of main obstacles is Russia's inability to mass produce military equipment as a result of the country's de-industrialization after the Soviet collapse. The

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[28] Sergej Sarkisjanc, Aleksej Hazbiev. Sekvestr pjatogo pokolenija. "Expert on-line".03.26.2015, accessed November 19, 2015, http://expert.ru/2015/03/26/sekvestr-pyatogo-pokoleniya/.

[29] Aleksandr Stepanov. Minoborony: k koncu 2015 goda dolja novyh vooruzhenij v rossijskoj armii prevysit 30%. Moskovskij komsomolec. 02.23.2015, accessed November 19, 2015, http://www.mk.ru/politics/2015/02/23/minoborony-k-koncu-2015-goda-dolya-novykh-vooruzheniy-v-rossiyskoy-armii-prevysit-30.html.

[30] Vladimir Putin. Byt' sil'nymi: garantii nacional'noj bezopasnosti dlja Rossii. Rossiiskaya gazeta.02.12.2012.

[31] At State Duma hearings dedicated to a new armament program (four previous ones had failed), acting chief of armaments of the Russian Army Lieutenant-General Oleg Frolov said the program would require 36 trillion roubles, and not 23 as originally planned.

Soviet-era factories that produced the basic nuts and bolts — both literally and figuratively — upon which more complex equipment could be built have disappeared. In the Soviet economy most of those products were manufactured at civilian plants. Many of these enterprises went belly-up in the 1990s, while others were completely refitted to manufacture other products. Moreover, many defense subcontractors — particularly at the third and fourth levels in the production chain — have been privatized, and they prefer to pass on loss-producing orders from the Defense Ministry and focus their time and energy on filling more profitable orders from private-sector clients and foreign governments. The Defense Ministry could try to "persuade" private subcontractors to fulfill its orders by employing all of its available administrative resources, or it could incorporate these enterprises into a new State-owned corporation.

The problem is that no private company can survive in a market economy if it sells only a dozen or so low-ticket weapons parts a year. As a result, component parts are manufactured in the same plant responsible for final assembly. For example, when the State-owned Komsomolsk-on-Amur Aviation Production Plant received a large government order for the production of dozens of Su-35 combat aircraft it spent the whole year manufacturing the necessary parts. The plant only began to actually assemble the aircraft afterward. Western sanctions together with disruption of production ties with the Ukrainian defense industry make perspectives regarding the realization of the Rearmament Program even more gloomy.

There is only one way to fulfill the Rearmament Program — to immediately begin a radical reform of the military industry. An industrial cooperative has to be formed on the basis of a small number of priority projects desperately needed to maintain the combat readiness of Armed Forces. In doing this, government finances not corporations but rather, specific projects. Under these projects a revolution in military affairs is achieved. First and foremost, these are projects concerning tactical control, communications, and intelligence systems. Specific enterprises and their subcontractors are reequipped technically as part of these projects' realization.

There is no indication that Russian authorities are ready for such reform. First, such a reform is impossible without a complete rejection of the concept of organizing the defense industry, whose author is Vladimir Putin. Secondly, restructuring of the defense industry will inevitably lead to bankruptcy of many enterprises, and the firing of their employees. But these workers have proved to be the most loyal supporters of Putin. Therefore, it is most likely the military industry will not be reformed. In the best case scenario trillions of roubles will be spent with little or no result.

In the best case trillions of roubles sent to realize the Rearmament Program will be spent with little or no result. All the while Armed Forces continue to receive, in the best case, isolated deliveries of "modern" military technology: in reality it is called modern only because it was never manufactured.

4. Contradictions with Putin's State

All this explains why full and final military reform proved to be impossible in Vladimir Putin's Russia. The political will for reform can be achieved only through strict civil control, which in turn is based on parliamentary control (such control, of course, is impossible under the current system of government in which representative bodies have been transformed into an appendage of the executive branch). This would require the adoption of a law "On civil control," which would institute "positive" oversight over the spheres of defense and security. Parliament — with the help of independent experts whom it engages for the purposes of providing professional analysis of specific problems in military structuring and in determining the direction of military and technical development — critically evaluates the proposals of the Ministry of Defense, law enforcement agencies, and the special services, and allow only those programs to receive financing that, according to the people's representatives, correspond with the country's interests and opportunities. Thus, public policy in the field of defense and security is formed openly and publicly.

At the same time military expenditures must be as detailed and open as possible, which requires that legislators radically revise a number of laws — in particular the Budget Code and the law "On State Secrets," as well as a number of regulations. The military budget must not only comply with UN standard on States' military expenditures but must also be substantially broader and more detailed so lawmakers and their outside experts are able to understand and evaluate main trends in the development of the Armed Forces, their supply of weapons, and the provision of a range of allowances to service members.[32] (Current classification of military expenditures in the Russian Federation does not even comply with the UN standard, and contains only the most general and vague wording.) And the report itself, detailing military expenditures of the Russian Federation, is sent to the UN, bypassing the State Duma. In this case international officials have (albeit lagging) more information than legislators do when they vote for the budget.

Parliament should be given the function of "negative" control — that is, a legally enforceable right of control over how previously appropriated funds are spent. Civil control is not limited to parliamentary level. It would seem necessary to establish an ombudsman for the Armed Forces whose responsibilities would include monitoring compliance with the social and political rights of service members.

In addition, it is essential to create institutes of independent expertise in the area of defense and security. These think tanks should provide objective analysis of processes taking shape in the field and develop recommendations that are not dictated by the ministries concerned. At the same time such research centers should also establish educational institutions that would prepare not only future researchers

[32] Currently, the budget of the Russian Ministry of Defense fits on 20 pages, while, for example, in Germany it fills a separate volume of 190 pages. In the United States, it takes up more than ten volumes.

but civilian specialists who are competent in the field of defense and security. It is precisely these specialists who should make up the staff of civil servants in the Ministry of Defense.

Military reform must be accompanied by the demilitarization of all remaining so-called power structures.[33] It will represent a decisive break not only from Soviet tradition in the Armed Forces but also from three centuries of an entrenched Russian military culture based on the idea of compulsory service, and also from the political system in which the main priority is neither effectiveness nor the expansion of opportunities for citizens but rather the consolidation of a political monopoly. These reforms, which fundamentally change the relationship between citizens and the State cannot but give rise to determined resistance not only from the commanding officers of all "power structures" but also from most officer corps.

This option can only be realized when given a radical change in the political regime. If one considers the specific, deeply militaristic nature of the current system of power,[34] the transformations described above must become a primary element of internal political change.

The second Russian President Vladimir Putin fully exhibits the features of civilian militarists as they were described by Alfred Vagts: unconditional preference for "war values, manners, principles and relations" and "a deep contempt for civil politics, the institution of elections, parliamentarism, and political parties". The war was the powerful force that propelled Putin to power. Russian voters frightened by the gang invasion of Chechen militants into Dagestan and the subsequent terrorist

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[33] Successful military reform is possible only in the event that the Armed forces and its command hierarchy is recognized as a unique institution and part of a democratic society. In the present circumstances, where military service is required in more than ten ministries of the Russian Federation and where more than half the people in uniform serve in these ministries, the idea of the "special" status of service members is blurred; society offers them special benefits in appreciation for the fact that, for the sake of national security, they condemn themselves to a number of limitations.

[34] The word "militarism" characterizes this kind of state best. German Historian Gerhard Ritter, speaking of German militarism, for instance, observes that some of its fundamental characteristics are, first, that all important political decisions are based on military-technological calculations, rather than on a comprehensive analysis from the point of view of national interests, and second, that the military approach absolutely dominates the nation's way of dealing with various problems. *The Political Role of the Military: An International Handbook.* (Greenwood Press). 1996. p. 143. In his book, *A History of Militarism: Civilian and Military*, Alfred Vagts describes the civilian aspects of militarism as "the unquestioning embrace of military values, ethos, principles, [and] attitudes; as ranking military institutions and considerations above all others in the state; as finding the heroic predominantly in military service and action including war-to the preparation of which the nation's main interest and recourses must be dedicated, with the inevitability and goodness of war always presumed. Such high regard leads to the advocacy of applying military values, organization-notably hierarchical features — the totality of a nation's life." Attending these values, Vagts argues, is a "contempt for civilian politics" shared by members of the military, as well as by government officials and the public (Alfred Vagts, A History of Militarism: Civilian and Military (New York: Meridian, 1959), 13.

attacks, along with the explosions of houses in Moscow and Volgodonsk, hastened to support the one who said be will provide security and promised to do it in a simple and understandable way — with the help of military force. The Russian President demonstrates a sincere love for the parade and heroic life of the Armed Forces. From the first days of his term in the Kremlin, Putin began to build so called "power vertical". Putin is sure the best management model for Russia is a hierarchical system like the army. On top of the pyramid is the President who is also the commander in chief, and below his level are the holding executive and dedicated officials, capable of bringing the will of supreme leader to every corner of the vast country.

In fact, the introduction of this system means power in Russia is still built on the military-feudal principle: the power of the present ruler reigns. The entire practice of Putin's regime which lowered parliament and judiciary authorities to the role of puppets shows: the principle of division of powers is seen as heresy, and the principle of unity of command extends to the political system of the State.

In this logical system any crisis is seen as the result of hostile forces who want to disarm Russia. This is most clearly demonstrated by Putin's response to Beslan. He then blamed external forces that help terrorists, "They help, believing that Russia — as one of the largest nuclear powers in the world — is a threat. Therefore, it is necessary to eliminate this threat. And terrorism — is, of course, just a tool to achieve these goals."[35] He has declared almost the same thing for the past 10 years explaining the conflict with the West and the desire to disarm Russia: "You know, at the Valdai [International Discussion] Club I gave an example of our most recognisable symbol. It is a bear protecting his taiga. You see, if we continue the analogy, sometimes I think that maybe it would be best if our bear just sat still. Maybe he should stop chasing pigs and boars around the taiga but start picking berries and eating honey. Maybe then he will be left alone. But no, he won't be! Because someone will always try to chain him up. As soon as he's chained they will tear out his teeth and claws. In this analogy, I am referring to the power of nuclear deterrence. As soon as — God forbid — it happens and they no longer need the bear, the taiga will be taken over".[36]

The 1500 nuclear warheads that Moscow has, in Vladimir Putin's eyes, are the only factor that equates Russia with the United States, the most powerful world power. This can explain why the Kremlin so painfully perceived the US withdrawal from the ABM Treaty 1972 and US intentions to deploy a missile defense system. The ABM Treaty was a unique international document which stated there was a State capable of destroying the US, and, moreover, the United States have to put up with this fact.

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[35] Kremlin, accessed November 19, 2015, http://www.kremlin.ru/appears/2004/09/04/1752_type63374type82634_76320.shtml.

[36] "Direct Line with Vladimir Putin", accessed November 19, 2015, http://en.kremlin.ru/events/president/news/49261.

These militarist stereotypes have a decisive impact on Russian policy in the post-Soviet space. The logic of Moscow's actions in Ukraine and Georgia is explained by the certainty that rapprochement of these countries to the West will inevitably turn into the arrival of "NATO bases". As a result the Kremlin is embroiled in a lengthy and pointless conflict and was in serious international isolation.

Another sign of the militarist mindset of the Russian government is from its "securitization". The secret side of any activity seems important. Any public information is seen as specially prepared disinformation. This situation inevitably leads, at best, to narrowing channels of information and at worst an inadequate perception of it. As a result, unverified rumors are brought to the attention of the Head of State. At the same time no one pays attention to those very important processes taking place in front of everyone.

It is impossible to implement radical military and other reforms to a single institution without reforming the entire authoritarian system of government. And without support from the public, military reformers will always be hostages to Mr. Putin's understanding of political risks. And reformers cannot single-handedly hold sway against the entire Russian bureaucracy that has no interest whatsoever in reforming the decaying army.

It looks as though that reform process has to be slowed if not stopped. In fact it will be stopped on in quantitive phases. The "Serdyukov" reforms followed a path typical of the majority of Russian reforms. They focus on meeting certain formal measures and characteristics (in the case of military reform this includes size of the armed forces, the number of units, new structures, and so on), and at the same time avoid making decisions that would require radical changes in the country's political and social life.

The reform ended by so-called restructuring, as well as the elimination of reduced-strength units and the dismissal of thousands of "redundant" officers. Joint strategic commands are created, to which a diverse range of forces will report: the army, the air force, and the navy. Three dozen military institutions of higher education are also eliminated. However, internal logic of the reforms contradicts the main priority mentioned above: authorities seek to avoid major changes in political and social spheres. This is precisely why the Ministry of Defense is not abandoning the draft. The process of professionalization, not imposed from the top, is beginning to gradually break through from the bottom.

Conclusion

So, right now, in a situation when the Russian army seemingly demonstrated its efficacy, there are increasingly apparent problems of reform. On the one hand, the Kremlin was limited to "quantitative" changes: downsizing of officer corps and the number of military units, abandoning qualitative changes clearly contrary to the "ideological foundation" of the State built by Vladimir Putin. Reform of the armed

forces passed through to the "quality" stage could, in the long term, have a major impact not only on military organization, but also Russian society as a whole. For three hundred years, since establishment of the regular armed forces, the State is seen by the inhabitants of the country first and foremost as a resource for war. The whole ideological system of governance was built on the idea of a country which is a single military camp; the besieged fortress. Abandonment of the concept of mass mobilization and the transition to volunteer Armed forces could dramatically change the relationship between citizen and State. So the President hit the brakes because not only he but also a considerable part of the population still consider the army an exact copy of an authoritarian State.

The rejection of mass mobilization threatened to destroy the entire system of the "ideological" government. It is possible that this is why the Kremlin suspended reform, limiting itself just to "quantitative" results. The defense minister abandoned the intention to reform the system of military education, the intention to obtain a new type of officer, responsible and independent. It turns out the current "modern" organizational model of Armed Forces is superimposed on the ideology of mass mobilization.

As a result, reform was stopped in the middle and Putin's regime provided a few combat-ready units which were enough to capture Crimea. Averagely trained, well-paid military units carried out the order for aggression. It means "liberal" military reform will not lead to any positive developments while the country remains authoritarian.

Even more so, positive changes in the Armed forces due to reforms can be eliminated very quickly. This may occur as a result of a combination of several factors. Firstly, Russian generals are still strongly opposed to reforms. Rejection of the concept of mass mobilization, and the shift to all-volunteer Armed forces means a sharp reduction in the army. This means reducing the number of generals positions. Around 70–80 percent of all units in the mass mobilization army are skeleton units full of staff officers. Secondly, Russia's political leadership is confident the authority of a great power depends on the size of the Armed Forces. Thirdly, the imperial ambitions of the Kremlin may require occupation of a neighbouring country. The current Russian army because of its size and type of organization is not able to occupy large areas for a long time. All this may lead to the fact that at some point Russia can return to the concept of mass mobilization. This proves that even "liberal" military reform does not lead to a change a society. Moreover, military reform which is not accompanied by political reform inevitably strengthens the authoritarian regime. It is possible that right now we are watching the emergence of a "new militarism" in which "modern" models of military organization join with the ideology of a mass mobilization army.

THE ANNEXATION OF CRIMEA AND ITS IMPLICATIONS FOR THE BALTIC STATES' SECURITY

Riina Kaljurand

Introduction

Russia's annexation of Crimea in February 2014 marks a clear shift in NATO's, the EU's and single member states' policies and approaches towards Russia. It is often stated that the existing legal order and security system of post-Cold War Europe has collapsed. Although this was the second time Russia used military force to seize control of another country's territory after Georgia, nobody really expected such a change of territorial borders in the twenty first century.

The term "hybrid war" is often used in order to describe the attacks both in Crimea and later on in the Eastern part of Ukraine. Although the term itself is debateable, it encompassed a multidimensional subversion campaign in which Russian armed forces were deployed only after the likelihood of a full scale military conflict was minimised. Other tools of influence were used simultaneously like insurgency, economic blockades, political and diplomatic pressure, and information operations etc. An element of surprise was the speed of the whole operation. The Russian Federation launched a coup on the Crimean Government and Parliament, and annexed the peninsula in less than a month.

For a long time there was an understanding that military warfare happens when other tools of influence fail. Russia's tactics in Ukraine showed that all these elements were used together. The war has been brought back into the spectrum of modern statecraft. As Mark Galeotti puts it, the war is a political instrument — the military was used as a political instrument to let the world know that Russia was back.[1]

Since the conflict started in 2014 Western security analysts have been pointing out military and societal vulnerabilities of the Baltic States. The war against Ukraine is seen as a threatening precedent and a likely model for Russia's next attacks in the Baltic States or even Poland. Speculation about "will Narva be next?" is more common than one would like to admit.

[1] Galeotti, M. 2015, Hybrid War as a War on Governance, in ISN ETH Zurich, September 10, 2015. Accessed on November 11, 2015: http://www.isn.ethz.ch/Digital-Library/Articles/Detail/?id=193372.

On the one hand we need to ask what the incentive for an attack would be and what kinds of tools will be used in order to achieve the desired goals. On the other hand, is the West ready to respond? Are the Baltic States ready to counter the variety of tools, ranging from conventional to irregular combat operations, financial support of political parties and protests, economic sanctions and powerful information campaigns?

This paper will analyse whether Russian foreign and security policy objectives have changed in general, or specifically, in the Baltic region; what the new challenges are for the region and what counter measures have been taken to tackle them.

1. The Rise or Fall of "Great Russia"?

It must be asked, what makes the war in Ukraine so unique that many governments in Europe and the US have been forced to reassess their approach to Russia only now? It has been widely accepted, at least for the time being, that Russia can no longer be a partner or an ally and that differences outweigh common interests. What has changed when compared with the 2008 war in Georgia after which Western leaders were relatively willing to quickly go back to business as usual with Russia? Has Russia changed its foreign policy course, its message, its military tactics and its ambitions?

The answer is surely "no". Russia has not changed its foreign policy course towards its neighbours nor on a global scale. Seizure of Crimea and intervention of mainland Ukraine was simply the latest and most blatant implementation of Russia's persistent view of international relations.[2]

Russia has pursued the same foreign and security policy path for more than a decade in order to fight for hegemony in Europe, for a seat at the global negotiations table, and to re-establish primacy in its former sphere of influence. The Western democracies have chosen to ignore that in a hope that economic hardships, dropping oil prices, war with terrorism and the rise of China would force Russia to desperately look for good relations with Europe and the US and behave sensibly (according to Western expectations). This has not been the case though. The annexation of Crimea and the war of Ukraine showed Russia really means what it has been saying all along. The main difference between Russian policy ten years ago and today is that thanks to a decade of high oil prices and firm handed leadership, Russia has been able to develop its capabilities to match its intentions and ambitions.

However, the Ukraine war can still be considered unique because it has become the last drop that spilled the Western cup. Some even say this has initiated the renewal of NATO as a military alliance or at least reminded NATO of its primary task — territorial defence. A Europe that has been suffering from ambiguity and

[2] Giles, Keir, "Russia's Toolkit", in *The Russian Challenge,* (Chatham House Report, June 2015), 40.

different approaches to Russia for different reasons for a long time has never been more united than today. Surely there are still issues which are difficult to agree upon, but the general understanding of what Russia is capable of is there. For better or for worse Russia and the West seem to have made a choice and the world seems to be polarising again. The question is about advantages and disadvantages: whose strategy will last longer and whose tactics will cause more damage?

The overly optimistic period in relations between Russia and the West remained very short. When Vladimir Putin was elected a president for the first term in 2000 he aimed to bring Russia back to the global arena. At that time he planned the comeback of Russia in more economic than military terms. He sought to modernise and diversify the economy, reducing its dependence on natural resources.[3] Until 2003, the West believed Russia could be integrated into global structures and international institutions, and become a true democracy and strategic partner.

However, in 2003, the Putin administration started to change course. Russia took a worried stance toward the Rose Revolution in Georgia in 2003 and the Orange Revolution in Ukraine in 2004. Even if the Baltic States joining NATO and the EU in 2004 was previously accepted by Putin, intrusion of NATO to the borders of Russia was seen in a negative light.[4]

The aggressive tone was justified also by developments in Russia, such as the rise in oil prices and economic growth, as well as by the consolidation of power in the hands of the *siloviki*.[5]

During Putin's second term in power from 2004–2008 we saw an increasing and systematic interest from Russia's side to use its soft power tools in neighbouring countries starting from energy cut-offs to ethnic engineering and meddling with internal politics. This did not only happen in the Baltic States but Moldova, Ukraine, and Georgia. However, for Russia the concept of soft power means something different than for the West. Russian terms include coercion and destabilisation by all means but hard power — from information campaigns to demonstrations of military strength and air-space intercepts. The period of 2004–2008 was dominated by Russian imperialist rhetoric in international relations. Putin's ambitions were thereafter also gradually introduced in strategic planning documents: the 2008 Foreign Policy Concept, 2009 National Security Strategy, and 2010 Military Doctrine.

The period culminated with the war in Georgia. In Georgia's case military intervention was justified as a response to discrimination and suppression of rights and freedoms and legitimate interests of Russian federation citizens in foreign

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3 Vladimir Putin's Annual Address to the Federal Assembly, 16 May 2003.

4 Lynn, Roderic, "Russia's Changed Outlook on the West: From Convergence to Confrontation", in *The Russian Challenge,* (Chatham House Report, June 2015), 2.

5 Ehin, Piret; Avery, Graham 2007, "The Eastern EU Neighbourhood — an area of competing policies: shared neighbourhood between the EU and Russia". *Policy brief for the European Parliament's Committee on Foreign Affairs.* EP/EXPOL/B/AFET/FWC/2006-10/Lot1/07, PE 385.532, European Communities.

countries. As a result, an amendment was made in the 'Russian Federal law on Defence' in 2009 in order to legitimize these types of interventions in the future.

The future arrived in 2014 when the same alibi was used to legitimize military intervention in Crimea followed by Eastern Ukraine.

It has been widely argued whether Russia acting out of might has the right instinct or is a more sophisticated ideology. The narrative of the victory of World War II, has been shaping up for years and was very successfully exploited by Russian state media during the events on Maidan. We should recall another round of memory wars was started by Russia in 2005 when the sixtieth anniversary of the victory over Nazi Germany was used as a loyalty test for politicians of neighbouring countries. With Putin's return to the idea of "Great Russia", the Great Patriotic War became a link connecting the pre-revolutionary imperial glory of Russia to the hope of a new revival.[6] As Russia has never gone through a phase of nation building, the narrative of victory has been used to symbolise national pride and mobilise the nation.

Some observers say the memory of World War II is Russia's form of soft power trying, with the help of the past, to mobilise memories and legacies of an imagined and real common history. That might have been the case until Ukraine happened and the same narrative was used differently. Anti-fascist discourse was used to incite pro-Russian insurgence and the memory of the Great Patriotic War became an element of Russia's newly-discovered hard power.[7] In the case of Ukraine, we see a perfect combination of these two elements in Russia's toolkit: the compatriot policy and the Great Patriotic War. These repeatedly exploited categories have been the "fascist coup" in Ukraine and the "Russian citizens" who suffer from it.[8]

Thus, Russia is no longer a merely imperialist or revanchist power looking for compensation for geostrategic losses. It is most probably a combination of both with an even bigger aim. The aim is to matter, to be taken seriously, and to be feared. Putin seems to be shaping the new ideology of "Great Russia", which helps build an image of Russia as a moral world leader, again saving the world from growing fascism and Nazism. In order to support the ideology, Putin needs a strong military and efficient propaganda.

His long-term plan has been to create armed forces that have military superiority of Russia over the entire territory of the former Soviet Union and to project limited military force on a strategic global level. During the last decade Putin has definitely managed to upgrade Russia's military capabilities but the work is still in progress. Assuming modernisation of the Russian military continues to be prioritised by government, the other areas of Russian society will continue to suffer

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6 Zhurzhenko, Tatiana, "Russia's never-ending war against "fascism"." Memory politics in the Russian-Ukrainian conflict. An article from www.eurozine.com.

7 *Ibid.*

8 Snyder, Timothy, "Crimea: Putin vs. Reality", http://www.nybooks.com/blogs/nyrblog/2014/mar/07/crimea-putin-vs-reality/

from underfinancing. Besides, the Crimea operation demonstrated that Russia is willing to use the most capable parts of its military while the main force is still developing.[9]

Another strategically important tool for Russia is information warfare. This is also reflected in Russia's latest Military Doctrine at the end of 2014. Huge investments have been made to spread the Russian version of truth in multiple languages via visual media, online-media and social media.

Thus, almost fifteen years later, Russia is still not economically diversified, and the economy is heavily declining because of costly adventures in Crimea, Eastern Ukraine and now Syria. The oligarch regime that emerged in the last fifteen years has monopolised economic and political control over the country to such an extent that retaining and especially increasing openness in any sphere of society has become a real threat to its monopoly.[10] Despite a collapsing economy, Russia is still heavily investing in rearmament, breaking international laws and preferring confrontation to any kind of rapprochement. It seems that Russia has consciously or unconsciously chosen a path of self-isolation sending a message of its unique role in global politics.

The threat of an external enemy should justify high military spending and explain the decline in living standards. Today Putin is exercising more as a military leader, and military legitimacy requires constant fear mongering and military victories.[11] In that sense Crimea was a perfect step regarding propaganda. There was a demand for such a victory at home. Their military involvement in Syria serves the same goal. Masha Gessen argues the strategic purpose of Putin's wars is war itself. Both Ukraine and Crimea are wars with no end in sight because, in Putin's view, only when at war can Russia feel at peace.[12]

There are analysts who predict Russia's inevitable fall. After Ukraine, Russia has only one trajectory of development left — the one that leads to its regime's imminent degeneration and collapse. The only question is time. Analyst Nikolay Petrov argues that the country is held hostage to the regime; the regime is hostage to Vladimir Putin, and Putin is himself a hostage of his actions that narrow his options. If a mistake is made the power vertical is unable to reverse itself.[13]

Others say Russia is not necessarily losing interest or ambition in asserting itself against its closest neighbours. On the contrary, Moscow is at its most dangerous when weak.[14] Russian people are used to tough times (in fact, for them these times

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9 Giles, Keir, "Russia's Toolkit", in *The Russian Challenge,* (Chatham House Report, June 2015), 46.

10 Petrov, Nikolay, "Spiraling Down the Funnel", 2015. Article in the author's possession.

11 *Ibid*., 1

12 Gessen, Masha, "Putin's Forever Wars", (New York Times, November 02, 2015): http://www.nytimes.com/2015/11/03/opinion/vladimir-putins-forever-wars.html?rref=collection%2Ftimestopic%2FGessen%2C%20Masha&action=click&contentCollection=opinion&region=stream&module=stream_unit&version=latest&contentPlacement=1&pgtype=collection&_r=0.

13 Petrov, Nikolay, "Spiraling Down the Funnel", 2015. Article in the author's possession.

14 Giles, Keir, "Russia's Toolkit", in *The Russian Challenge,* (Chatham House Report, June 2015), 41.

never seem to end) and they do not necessarily see a connection between the annexation of Crimea and an empty fridge.

Although Russia's attention seems to be elsewhere at the moment with an ongoing war in Eastern Ukraine, the economic and political integration of Crimea into the Russian Federation, and Russia's military endeavours in Syria, there is still enough reason to stay alert in the Baltic Sea region. The Balts remember the Bronze Soldier incident in Tallinn and the comprehensive cyberattack against Estonia in 2007, the war in Georgia in 2008, and the gas war with Ukraine all too well. After all, according to the Russian version, the Baltic States seem to embody both elements that Great Russia is fighting against: discrimination of the compatriots and fascism.

2. The Outlook for the Baltic States

"Will Narva be Next?"

This is a question that is asked far too often and on somewhat false grounds. On the one hand, Narva has simply become a symbol of Russia's continuous confrontation with the West, the US and NATO. On the other hand, this question indicates a certain scenario of Russia's hybrid approach, the seizure of territory with the help of local pro-Russian populations.

Many Western analysts see the Ukrainian war with hybrid elements as a very threatening precedent for the Baltic States, especially for Estonia and Latvia having big Russian minorities. They see these war tactics as something unique and originally Russian, at least with the way Russia made use of the variety of tools together. Others recall this was just Russia's attempt to catch up conceptually to the realities of modern war with which the United States has struggled with for more than ten years in Iraq and Afghanistan.[15] Both versions certainly deserve more attention but when it comes to understanding the situation in Ukraine, one must admit that compared with the war in Georgia, Russia has made impressive progress in both planning and implementing these types of operations

There are no essential differences between the Baltic countries when it comes to admitting that. All three condemn the Russian act and take developments on the ground seriously because the Baltic States have actually experienced most elements of the so called Russian hybrid war except the military one.

However, it would be wise to start off by pointing out a couple of key differences between the Baltic countries and Ukraine, which makes repeating the Ukraine model difficult, if not impossible. Firstly, the Baltic States are members of NATO and they are protected by Article 5. A war against any Baltic state would be a war against NATO. Even if NATO's response speed has to be improved, Russian leadership knows Article 5 works.

[15] Giles, Keir, "Russia's Toolkit", in *The Russian Challenge,* (Chatham House Report, June 2015), 41.

The level of corruption is very low in the Baltic States when compared with Ukraine where corruption has been part of the system for too long hindering the state's development in a healthy environment and rhythm. Russia has invested in a model of warfare designed to cripple a state before the start of conflict. For years President Yanukovich had enabled Russian loyalists, agents and money to penetrate Ukraine's military, security service and police.[16] Russia knew Ukraine in and out, and one can say the purpose of Russia's military card has been to deny Ukraine the baseline it requires for political sustainability, fiscal solvency and structural reform.[17] Russia lost that kind of total internal insight in the Baltic States a long time ago.

The mindset of local Russians in the Baltic States is somewhat different from Russians living in i.e. Crimea. Most Russians living in Crimea have never felt an affiliation with Ukraine. A sense of loyalty from the population in a consolidated democracy is much higher. Several studies have demonstrated the Baltic Russian population is reasonably well integrated into their local societies and, at least on the surface, does not appear to be receptive to Russia's protectionist policies.[18]

Russia conducted two distinct phases of operations in Ukraine, beginning with the annexation of Crimea and invading Eastern Ukraine's Donbas Industrial region. In Crimea, unique history, timing, and military assets in place conspired to create a singular opportunity for Moscow to conduct the operation.[19] In the case of Eastern Ukraine, Russians had to be more creative because of resistance from the Ukrainian side. They tested several hybrid tools supported by military forces close by to make an advance. Thus, as preconditions are very different, the Ukrainian scenario will probably not be used as an exact model for Russia's future power projection in the Baltic States or anywhere else in the post-Soviet space.

A Surprise or Not?

Another aspect that gives the Baltic States an advantage compared with Ukraine is the fact they started reforming their defence forces and preparing themselves for similar attacks since the war in Georgia. For Estonia, Latvia and Lithuania the serious wake-up call came in 2008 when Russia invaded Georgia. This was a clear warning to everyone who did take Russia seriously. Although the Russian invasion in Georgia was a setback in military terms revealing the flaws of its military capabilities, it should have had a sobering effect on the West and its

[16] Sherr, James, "A War of Narratives and Arms", in *The Russian Challenge,* (Chatham House Report, June 2015), 26.

[17] *Ibid,* 28.

[18] Grigas, Agnia, "Russia — Baltic Relations after Crimea's Annexation: Reasons for Concern?", (Cicero Foundation Great Debate Paper No. 14/05), 13.

[19] Sherr, James, "A War of Narratives and Arms", in *The Russian Challenge,* (Chatham House Report, June 2015), 28.

partners. Indeed, it provoked wide-spread international condemnation, spreading panic among foreign investors, and leaving the East European and Baltic members of NATO calling for protection from a "resurgent Russia", but the West went back to business as usual with Russia sooner than expected.

Thus, the use of military power for strategic purposes in Crimea should have not come as a total surprise for anybody. It certainly did not come as a surprise for the Baltic States. For them, it was a surprise but merely a tactical one. Baltic experts and officials had been warning their allies about Russia's intentions and capabilities since the Georgian war happened. There had been speculations about Ukraine being next but they were not taken seriously by the Western allies who still thought Russia could be talked to.

The main lessons learned from the Georgian case were Russia's readiness to launch a military attack in the first place, and to spread disinformation and engage local populations. The issuing of Russian Passports to imagined compatriots and rather successful information operations to blur the lines between the actual aggressor and those being under attack, were something to keep in mind.

Other worrying signs for the Baltic States have been the military build-up along Baltic borders since 2010, the increasing number of air-space violations and military exercises. Since 2010 the Russian Army has stepped up military exercises simulating attacks against the Baltic States and Poland. The Russian Military exercises Zapad 2009, Zapad 2011 and Zapad 2013 have all included preventive nuclear strikes against Poland.

One of the consequences of this apprehension was an effort by NATO military planners in December 2009 and January 2010 to expand the Alliance's Eagle Guardian "defence plan", which initially only applied to Poland, and have it cover the entire "Baltic region".

The Baltic States started reforming their Defence Forces to meet the new security situation by developing self-defence capabilities parallel with capabilities used in international operations, and started to talk about the need for a permanent presence of NATO troops on the ground in 2010 even if it was considered as twentieth century thinking.

Consequently, the main threat perception in the Baltic States has not changed significantly since the annexation of Crimea. Unfortunately, the Balts have been right all along.

Lessons from Ukraine for the Baltic States

Being right about Russia does not mean nothing was learned from the Ukrainian experience. Lessons from Crimea and Eastern Ukraine have mainly confirmed Russia's readiness to take what it wants by using all means necessary. It has been a lesson about how the Russian military operates in an undeclared

warzone side by side with the proxies, how occupied territories are governed, how conventional deterrence is employed parallel to the other elements of power, and how state propaganda or snap exercises are used.[20]

Military

Several very important military lessons have been learned for the further development of capability gaps in the Baltic region.

The most astonishing component of the operations has been speed, which did not only impress the Western community in the case of Crimea, but also during the escalation of operations in Ilovaisk and Debaltsevo in Eastern Ukraine. Speed has to be seen on two levels: decision making and actual deployment speed. Decision making in an authoritarian regime is certainly faster than in a democratic alliance of 28. Another component to keep in mind in the context of speed is the number of troops deployed. It became clear that Russia was able to move a whole division (approximately 14,000 to 15,000 men) in 24 hours, which was impressive.

Russia has a time-speed advantage, which is a serious challenge for NATO in the Baltic Sea region. Geography being the way it is, even in a very unlikely crisis between the Baltic States with Russia, NATO should be prepared to deter and defend the Baltic Allies, which is difficult with the current force posture.

The Baltic Sea is the only Alliance region where Russia has a massive peace time conventional superiority. During the last five years Russia has systematically built up its military capabilities in the region to be able to organise an assault operation by regular forces with a short or non-existent notification time; to block any unwanted air-traffic in the airspace of the Baltic countries; to hit the majority of land targets in the Baltic Sea region and Poland deterring the Alliance from intervening.[21] The often used argument that NATO is infinitely conventionally stronger than Russia does not help much if the need arises.

Russian leadership probably has no doubts about Article 5 but they know NATO's response may take up to two weeks, which makes a limited scenario quite possible.

In Eastern Ukraine, Russia actively used drones but what was surprising was that Russia did not use its air force capability. Either there was no need or Ukraine had air defence capabilities in place.

The use of Anti-Area Access Denial (A2/AD) capabilities in Crimea blocking a large territory of the Black Sea has also been an important lesson. The A2/AD capabilities that Russia possesses constitute a serious problem for NATO. Russia has

[20] Vosman, Andres, "Learning the Right Lessons from Ukraine", in *European Defence Planning and the Ukraine Crisis. Two Contrasting Views* (IFRI Security Studies, Focus Stratégique No 58), 14.

[21] Kaas, Kaarel, "Russian Armed Forces in the Baltic Sea Region", (Diplomaatia, No. 130/131 June/July 2014)

A2/AD in Kaliningrad, Crimea and Syria, and analysts have been arguing whether this, rather than hybrid operations, is a new modus operandi for Russia.

The concern with regard to the Baltic States is the potential for Russia to deploy the most modern air defence and offensive missile systems in Kaliningrad, which would make it very difficult for US and allied air power to operate over the Baltics. The US is used to operating ground forces holding that it has air dominance. That will challenge the whole concept of operations the US is used to. Russian forces would likely attempt to entrench their positions by surging highly capable, mobile air defence systems behind their troops. This outcome would make access to the entire Baltic Sea region costly for NATO.[22]

A very important component of Russian warfare are 'snap exercises'. The Russian military adopted doctrinal change in 2014, placing greater emphasis on speed of movement, the use of Special Operations Forces, information and cyber warfare. They also instituted 'snap exercises'. These no notice drills serve the dual purpose of sharpening military readiness while also inducing strategic uncertainty as to whether they will swiftly transition from training to offensive operations.

Crimea started off as a snap exercise, which was used as a disguise to hide the actual movement of the forces. The increased frequency of these exercises is meant to lull Europe into a false sense of security as the exercises become increasingly normal. The Russian authorities want to raise the readiness of their forces and also make European nations more relaxed to a new norm where the Russian Air Force often conduct snap exercises. There is a danger that we will lose attention and do not see the threat indicators. A realistic scenario against the Baltics would be a 'normal' Russian snap exercise that without notice turns into a quick assault on one or several of the Baltic States' capitals.[23]

Since Crimea, Russia has held several 'snap exercises' in the Baltic Region and the North. One of the most large scale exercises took place from 16–21 March 2015. The exercise began as an operation in the far North centred on the Northern Fleet but quickly expanded to encompass the entire Russian Federation. The exercise would eventually involve 80,000 personnel, 12,000 pieces of heavy equipment, 65 warships, 15 submarines, and 220 aircraft. The scale of this exercise means it could only have been a scenario simulating a war with the US and/or NATO.[24]

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[22] Chivvis, Chistopher, "On Baltic Security Ecosystem after Crimea", interviewed by Octavian Manea: http://www.roec.biz/bsad/portfolio-item/christopher-s-chivvis-on-baltic-security-ecosystem-after-crimea/.

[23] Hurt, Martin, Interview for Business Insider, February 23, 2015, http://www.businessinsider.com/military-expert-russian-snap-military-drills-could-turn-into-assaults-on-baltic-capitals-2015-2.

[24] Thomas, Frear, "Anatomy of a Russian Exercise" , European Leadership Network (August 12, 2015) http://www.europeanleadershipnetwork.org/anatomy-of-a-russian-exercise_2914.html.

Cyber and Information Warfare

When it comes to cyber warfare, one has to admit Russia is in a position to make full use of its sophisticated cyber tools. Cyber actions that have been visible in Crimea and Ukraine have been, rather, facilitators for broader information operations — interference with internet infrastructure has been directly linked to influencing decision-making. This reflects a rather holistic nature of the Russian information warfare approach, where cyber activity is not a separate discipline but is included in a much wider range of tools to affect the information space.

The Baltic States should be concerned about Russia accessing the information systems of military, diplomatic and government organisations to predict the tactics and thinking of its smaller neighbours.[25]

Crimea and Ukraine have also demonstrated that Russia is engaged in full-scale information warfare, which in Russia's case means a combination of tried and tested tools of influence and new technology and capabilities. It has been said that information warfare is central to Russia's understanding of modern geopolitics; information often serves the technical purpose of preparing the way for war.

The aggressive disinformation campaign about events on the ground in Crimea and Ukraine has been organised and financed at the highest level. Timothy Snyder argues that propaganda in Soviet terms is not a flawed description but a script for action. Accordingly, the invasion of Crimea was not a reaction to the actual threat but rather an attempt to activate a threat so that violence would erupt. Thus, propaganda is part of the action it is meant to justify.[26]

Russian media-fed perceptions in Crimea that ethnic-Russians would soon become second-class citizens raised the ratio of those who wanted to secede and join Russia right before the annexation.[27] This shows Russian propaganda landed on very fertile ground.

Receptiveness of that kind of disinformation would be low among Baltic Russian minorities as the real situation on the ground proves different. However, Russia's rhetoric even if factually incorrect, is of deep concern: the Kremlin showed in Crimea how it could incite and exploit "the protest potentials of the populations to create a prelude for the land-grab".[28] This is the context where Narva in Estonia and Daugavpils in Latvia are often cited as potential targets. In Lithuania's case the anti-Lithuanian Polish minority would play this role, as the Russian minority is small and relatively well-integrated.

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[25] Giles, Keir, "Russia's Toolkit", in The Russian Challenge, (Chatham House Report, June 2015), 45.

[26] Snyder, Timothy, "Crimea: Putin vs. Reality", http://www.nybooks.com/blogs/nyrblog/2014/mar/07/crimea-putin-vs-reality/.

[27] Kofman, Michael and Rojansky Matthew, "A Closer look at Russia's "Hybrid War" ", (Wilson Centre/ Kennan Institute, Kennan Cable No. 7, 1 April 2015).

[28] Lucas, Edward and Nimmo, Ben, "Information Warfare: What Is It and How to Win It", (CEPA Infowar Paper No. 1, November 2015), 7.

Even if the Baltic States are not fully comparable with Ukraine or Crimea and the threat perception has not radically changed in the region since the annexation of Crimea, Russia's decisiveness to act rapidly and unpredictably has reminded the Baltic States and their allies of the need to urgently fulfil the military capability gaps and work on societal resilience.

3. What Countermeasures Have Been Taken to Tackle the Situation?

Allied Response

One of the key lessons from Ukraine is the importance of military superiority. It has been the use and the threat of conventional military superiority from Russia that has made using different hybrid tools possible. Hence, most of the military capability gaps and vulnerabilities of the Baltic States that need to be remedied are connected to NATO's territorial defence capabilities and force posture. What Estonia, Latvia and Lithuania are expecting from the Alliance is a pivot back to the collective defence of its Member territories.

The outbreak of war in Ukraine has already brought about several positive developments to secure the Baltic Sea Region. The number of US and NATO led military exercises has increased considerably, also engaging non-allied Sweden and Finland.[29]

The outcome of the 2014 Wales summit was also positive for the Baltic States when the Alliance approved the Readiness Action Plan (RAP) including two pillars: Reassurance Measures enhancing the presence of NATO forces on Eastern allies territories and Adaptation Measures reflecting changes to the Alliance's long term military posture and capabilities.[30] Since then, the Alliance has been implementing the RAP and its ambition is to finalise this by the Warsaw Summit in July 2016. The expectations for Warsaw are to change the Wales structures and have the solutions become more permanent.

Even if the wish-list of Baltic countries has not changed radically, the Allied response to that has certainly turned more positive, due to understanding the urgency of the situation. The only difference is the level of detail when it comes to what the Balts really need in order to be able to hold large scale military exercises or provide the necessary infrastructure for persistently rotating troops.

The US has played a leading role in the process of strengthening NATO's presence in the Baltic States. They were the first to act bilaterally and then under the roof of NATO. Before Ukraine the Balts were happy if the US sent a company

[29] Gotkowska, Justyna; Szymanski Piotr, "NATO's presence in the Baltic states — reassurance for its allies or deterrence for Russia?", (OSW Commentary, Number 169, 29.04.2015).

[30] NATO Fact Sheet, February 2015, http://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2015_02/20150205_1502-Factsheet-RAP-en.pdf.

to the exercises. Today, a company is constantly present in every Baltic state. Within the bilateral framework with the US, a Special Forces unit is currently in Estonia.

European allies like Germany, Denmark, United Kingdom and Belgium are to follow. Denmark and the United Kingdom will deploy the largest number of troops in 2015.[31] Germany has already rotated in Latvia and Lithuania. France has also promised a small contribution to the rotations but as the country is currently tackling a serious threat of terror attacks it probably has to postpone its physical engagement.

Non-aligned Sweden and Finland, key for the performance of NATO operations in the Baltic States, have emphasised their military and political readiness to co-operate with NATO in the event of potential crises or conflicts. Although, Sweden and Finland take the Russian threat much more seriously today, having allocated additional resources to upgrade their readiness level, neither country has openly said they would join NATO. Public debates about the topic, however, have certainly turned public opinion more in favour of NATO membership. Besides, a generational shift in key political parties is more receptive and accepting towards NATO rhetoric than the older generation. Nevertheless, when it comes to the Baltic States, they cannot yet take Sweden and Finland for granted in their planning processes. There is still a line between members and non-members, be it as thin as it is.

Thus, NATO's military presence in the Baltic States has increased significantly compared to the pre-Ukraine situation but the scope is still limited when compared to the mobilisation capacity of Russia. The procedures agreed upon in Wales should become NATO's every-day business and part of the Force Generation processes to be able to give enough allied support on the ground, at sea and in the air. NATOs legal procedures on allies' mobilisation have to be worked on as well.

Russia's renewed capabilities have increased the pressure to preposition forces in the Baltics States but questions today are more about what the optimal composition of forces should be, how much is enough and what is an adequate level of forces. A desired solution would be one battalion in every Baltic State and a brigade in the region, which was put forward as a joint request of the three Baltic CHODs at one point to the Military Committee. But ground forces are probably not enough and the Alliance should also think about an integrated air and missile defence system for the whole region to counterbalance Russian A2/AD capabilities. In order to pay for such systems, however, European states may need to increase their defence spending beyond 2 percent of the GDP NATO goal.[32] According to Kurt Volker, it is high time to stop talking about reassurance and actually start

[31] Gotkowska, Justyna; Szymanski Piotr, "NATO's presence in the Baltic States — reassurance for its allies or deterrence for Russia?", (OSW Commentary, Number 169, 29.04.2015).

[32] Chivvis, Chistopher, "On Baltic Security Ecosystem after Crimea", interviewd by Octavian Manea: http://www.roec.biz/bsad/portfolio-item/christopher-s-chivvis-on-baltic-security-ecosystem-after-crimea/.

talking about defence. The only way to show an adversary that the Alliance is serious, is a proper escalation or readiness to escalate.[33]

However, this seems unlikely as European allies are financially over-stretched, having to confront new challenges caused by the war in Syria like masses of refugees and the increased wave of terror attacks in Europe, which makes it difficult get unified support for Baltic concerns. There is also a deficit of political will because of unconvinced domestic audiences. The Baltic States have often been blamed for hijacking NATO's agenda even if, for obvious reasons, NATO's role in the Baltic Region is bigger than the Southern flank, while the EU can do more in the South.

Another problem is sustainability of the current military solution. Current rotations are in place only until 2017. Russia is unlikely to change the course of its policy and actions, which means Western confrontation with Russia is going to be long lasting. Long lasting problems should have long lasting solutions in order to make NATO more efficient in the region.

Strategic disinformation about what is going on is a threat, and a real danger is when this disinformation spreads from a public to government realm influencing decision-making.[34] When it comes to cyber and information warfare, Western allies should take strategic leadership to counter this threat at the highest level.

The EU's foreign affairs department launched a rapid-response team to counter what it considers biased Russian media reports. The unit, including up to 10 Russian-speaking officials and media professionals from EU Member States, became fully operational at the end of September and became part of the European External Action Service (EEAS).[35]

The NATO Strategic Communications Centre of Excellence was launched in January 2014 just before the events in Crimea. The centre received NATO accreditation on 1 September 2014 and was mentioned as a meaningful contribution to NATO's efforts in the area of strategic communications in the Wales's declaration.

NATO Member States adopted a new hybrid war strategy on 1 December 2015, admitting the fight against hybrid war elements, like i.e. 'little green men', is within the competence of the Alliance's Article 5.[36]

National Responses

In parallel with actions taken by allied forces Baltic countries have to be ready to make changes in order to defend themselves, mobilise societies and offer support to allied troops on the on the ground. Regional cooperation between Baltic States

[33] Volker, Kurt, Speech at Riga Conference 2015.

[34] Sherr, James, Speech at the Riga Conference 2015.

[35] http://www.politico.eu/article/russia-propaganda-ukraine-eu-response-disinformation/.

[36] 'Little green men' is the term used to describe unidentified armed men in green uniforms but without insignia. They first appeared in Ukraine during the Crimean crisis.

but also with Sweden, Finland and Poland has improved because everybody has a role to play.

Estonia has not changed the priorities outlined in the national defence planning document to 2022 except in the decision taken to bring forward the procurement of Javelin anti-tank weaponry. The Peace Time National Defence Act is currently being changed and will come into force on 1 January 2016. The main goal is to have the same readiness level of forces during peace time and war time. The 2 percent of GDP for defence will be kept and the government has decided to support the allies' presence on the ground, which makes Estonian defence expenditure at 2.05 percent of the GDP.

The country is keeping its conscription system and reserve based mobilisation system. The goal is to plan and train for mobilisation. The mobilisation exercises have also been held at Government level. The priorities of Estonia's land forces are the continuing formation of two brigades, equipped with modern infantry fighting and armoured vehicles, which provides increased firepower, rapid response capabilities and training of defence forces. Two key capabilities have been identified as critical — formation of a tank battalion and medium range air defence — but these have currently been postponed due to costs.[37]

Another crucial element is the 24,000 strong volunteer force Defence League (Kaitseliit) that has been undergoing reforms. The aim is to provide volunteer formations with equipment similar to that of regular forces, and further develop the Kaitseliit's anti-tank potential; develop infrastructures such as shooting ranges and headquarters; and increase the organisation's size to 30,000 members by 2022. The Defence League is also expected to support the military in guerrilla warfare, to neutralise groups of armed civilians, control riots, strengthen the security of critical infrastructure, or use their knowledge of the terrain to support asymmetric actions. The comprehensive approach to national defence has to be implemented to respond to hybrid threats, which requires a reaction from the whole society.[38]

For Estonia's minimal air force, the aim is to improve situational awareness, to upgrade radars, have better integration of NATO's command and control and further develop the Ämari airbase. The Navy continues to improve its mine-countering capability which is a critical Alliance-wide shortfall.

In the case of Latvia a strong commitment has been made to raise the defence budget. After substantial economic reforms and budget cuts during the economic recession, the Latvian National Armed Forces suffered from underfinancing, spending only 0.9 percent on defence in 2012. Gradually Latvia has stepped up its

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[37] Vosman, Andres, "Learning the Right Lessons from Ukraine", in *European Defence Planning and the Ukraine Crisis. Two Contrasting Views* (IFRI Security Studies, Focus Stratégique No 58), 15.

[38] Ministry of Defence (Estonia), Estonian Long Term Defence Development Plan 2009-2018, 22 January 2009, http://www.kmin.ee/files/kmin/img/files/SKAK_2010_eng.pdf; Ministry of Defence (Estonia), National Defence Development Plan 2013-2022, 24 January 2013, http://www.kaitseministeerium.ee/files/kmin/nodes/13373_NATIONAL_DEFENCE_DEVELOPMENT_PLAN_2013.pdf.

defence budget, aiming to spend 1.4 percent in 2016 and 2 percent by 2018.[39] At the end of November 2015, the Latvian President announced a new national defence and security laws package, drafted with the lessons of Ukraine in mind.

Measures to prevent threats to internal security include strengthening security and defence at state borders, capacity of law enforcement services, crisis management and communication, and enhancing the asylum policy and combating radicalization. The measures intended to prevent security threats posed by foreign intelligence and security service include developing the capacities of national security services, stepping up counterintelligence and preventive measures, improving protection of state secrets, efficient control of the temporary residence permit program and boosting cooperation with partner agencies. In order to prevent military threats, Latvia intends to improve its defence capabilities, ensure a long-term allied presence and strengthening response capabilities, as well as meeting collective defence commitments. The main priorities intended to prevent threats to Latvia's information environment include the development of public media, reducing the influence of Russian propaganda and promoting media literacy.[40]

A modernisation of Latvian National Guard (Zemessardze) is a main priority of the Latvian Defence Ministry. Plans include expanding reserve forces to better involve the public in building up defence capabilities. The debates on territorial defence forces in Latvia mainly concern purchases of new arms and military equipment, extending the duration and scope of exercises, increasing the voluntary formations' size and combat readiness, decentralising arms storage, and making service in the National Guard more attractive.[41]

By 2018, 18 National Guard units with higher combat readiness and increased rapid response capabilities will be established in Latvia. The structural changes are expected to entail an increase in the number of Zemessardze members to 12,000 by 2020. The defence forces rapid reaction units will be better equipped and trained.[42] Over the next eight years, the extra allocation will be spent on new airspace monitoring sensors and radars, individual anti-aircraft defence systems and weapons, upgrading current air-defence capabilities, equipping patrol boats with the necessary systems and developing tactical reconnaissance capabilities, as well as training troops.[43]

As the risk of potential societal unrest caused by an ethnic Russian minority in Lithuania is lower, it is believed that a more likely scenario of conflict with

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39 "Defense budget increase to enable Latvia to help other NATO members — chief of defense", *BNS*, http://www.bns.lv/en/topic/1905/news/50157315/.

40 BNS, http://www.bns.ee/topic/769/news/54359327/print/true/.

41 Szymanski, Piotr, "The Baltic States' Territorial Defence Forces in the face of hybrid threats", OSW Commentary, 2015-03-20.

42 "18 rapid response units to be created in National Guard", Jul. 30, 2014., http://www.sargs.lv/lv/Zinas/Military_News/2014/07/30-01.aspx#lastcomment.

43 *Ibid*.

Russia would be an attempt to create a land corridor connecting the militarised Kaliningrad oblast with the territory of Belarus.

Lithuania has modernised the Iron Wolf motorised infantry brigade and set up a second brigade. Lithuania's response to rising uncertainty in the region has consisted in forming a rapid reaction force on the basis of 2,500 land troops: two battalion battle groups with the support of Special Forces, air force and logistics units, capable of responding to territorial incursions, and border incidents or "uprisings". The troops have been training intensively together with law enforcement and border guard forces. Plans are afoot to increase this task force to 5,000. More mobilisation and training exercises are planned for the coming years.

Parliamentary parties in Lithuania have agreed to raise defence spending to 2 percent by 2020, but current trend sets the course to achieve this by 2018. In 2015 and 2016 the defence budget has increased by 30 percent, which is rather unprecedented during peacetime in NATO. In addition, a very ambitious modernisation programme has been launched, aimed at increasing mobility and firepower.

In December 2014 the Lithuanian parliament amended the statute on the use of military force. The changes introduced authorise the use of weapons by armed forces in four cases, including defence of state territory in the event of threats other than armed aggression.[44]

The Lithuanian parliament adopted legislation reinstating conscription for a period of five years on 19 March 2015. First, people were expected to join the service voluntarily. As this has happened no enforcement measures have been adopted.

Both Latvia and Lithuania, like Estonia, are increasing investments in Host Nation Support (HNS) and training infrastructure in order to be able to host a rotational presence of allies and improve capability for their reception.

Societal Resilience of the Baltic States

The Baltic governments should not only be concerned about the Russian government's policies but also reassess their own policies towards Russian minorities. The 2015 Estonian Society Monitoring report notes that young Russian speakers are better integrated in Estonian society than older generations are, which indicates overall polarisation of society is diminishing in time. This is probably also the tendency in other Baltic states. The governments, however, should not be complacent about the countries' Russian speaking minorities — alienated Russian speakers with no

[44] "New Statute on Use of Military Force will allow to immediately use Armed Forces in response to non-conventional threats in peacetime", 2014.12.16, http://www.kam.lt/en/news_1098/news_archives/news_archive_2014/news_archive_2014_-_12/new_statute_on_use_of_military_force_will_allow_to_immediately_use_armed_forces_in_response_to_non-conventional_threats_in_peacetime.

role in home societies may find the invitation to join the virtual "Russian World" attractive. It is not a question of being pro-Putin or pro-Russia. If people do not have a welcoming context in this country, they might start looking for something else.[45]

The best countermeasure is to solve socio-economic problems and to do something about the ethically and linguistically segregated labour market: to show everybody is treated equally before the law. Technically anything that unites the country's population is a good counteraction to Russian propaganda. More attention should be paid to those Russian speakers who are loyal citizens, who have done well and feel completely integrated.

The Estonian Public Broadcasting Company ERR, launched a Russian language channel, ETV+ at the end of September 2015. The aim is not to counter Russian propaganda but to raise Russian-speakers self-esteem. They address their Russian speaking community with local news and stories — to feel more connected to the state, to Estonians, but also to other Russian speakers. Latvia has decided not to follow this example.

One of the most important tools is raising general awareness in countries about the Russian disinformation campaign. One has to be aware of the threats, and critical of sources. It does not only concern the realm of information but also the realm of education. As societies are different, solutions also have to be home-grown and tailor-made to fit needs.

Conclusion

Russia's aggressive and assertive behaviour in its neighbourhood during Putin's presidency is hardly a surprise, hence the threat perception in the region did not change dramatically as a result. The wake-up call for the Baltic States was the war in Georgia in 2008. Ukraine pinpointed the weakness and gaps of the Alliances' capabilities and plans forcing them to deal with the region urgently.

The war in Ukraine has shown that, for Russia, military capabilities have become a legitimate tool of international relations. Years of high oil prices have given Russia the opportunity to upgrade its military and to shape the ideology which would justify its use. Putin has become a military leader rather than a democratically elected reformist and Russians have become a warrior nation fighting for its compatriots and rooting out fascism — putting things right again.

Russia has modernised its military capabilities and weaponry. Although, the process is still ongoing, Putin has demonstrated willingness to use its most capable part. Russia's ability to combine conventional capabilities with soft power

[45] Dougherty, Jill and Kaljurand, Riina, "Estonia's "Virtual Russian World": The Influence of Russian Media on Estonia's Russian speakers", (2015, ICDS): http://www.icds.ee/publications/article/estonias-virtual-russian-world-the-influence-of-russian-media-on-estonias-russian-speakers/.

and information campaigns has borne fruit, making the West alert and the Baltic States worried, as an alibi in terms of compatriots suffering from discrimination and fascism could be easily created.

The question, "Will Narva be next?" is often asked but somewhat on false grounds. Preconditions between Baltic NATO members and Ukraine are too different to even tempt Russia to follow the scenarios of Crimea and Donbas. Of course, different scenarios could be created and implemented avoiding an Article 5 situation. Decisiveness and unpredictability are words characterising Russia's actions today.

There are several factors of concern when it comes to defence of the Baltic States. Firstly, the Baltic Sea is the only region where Russia has a massive peace time conventional superiority, which is a huge challenge for NATO in terms of time and speed. Secondly, the possession of A2/AD in Kaliningrad makes it very difficult for the US and allied air power to operate over the Baltics. Thirdly, the development of a snap-exercise into a quick assault on one or several Baltic countries would be difficult to detect. Fourthly, Russia makes full use of modern cyber and information tools, spreading its version of truth aiming to influence not only compatriot communities but also decision making processes of the EU, NATO and single member countries.

As a result, NATO's presence has increased both in terms of exercises and troops on the ground and the Baltic States themselves have undertaken serious reforms, although many of them were initiated earlier. Nevertheless, the scope of changes is still limited and solutions offered in Wales that are temporary in character must become more sustainable and hopefully a natural part of NATO's Force Generation processes after the Warsaw Summit in 2016.

Much more effort should be put into strengthening the social resilience of the Baltic societies and communication to their Russian-speaking minorities. In light of Russia's aggressive information campaign in many languages, informing the Baltic Russian-speakers about our positions, values and our version of truth in the Russian language, is the least we can do.

Russia is back as a global player. Even if part of its might is imaginary, it has made it clear there is no conflict which can be solved without Russia. In this high stakes game any small country, especially in its closest neighbourhood, can be easily turned into a poker chip.

CONCLUSION

Andis Kudors

Are the ideas from 2005 about the fortress "Russia" still topical today? Although several Russian thinkers assessing the probable impact of the 'coloured revolutions' to Russian policies appealed those in power to move towards isolationism, it really never happened in practice. Russia practised protectionism and still does it (even after becoming a member of the World Trade Organization) however the general trend was to keep active economic relations with the outside world, especially the European Union.

The Kremlin sought to launch its own regional globalization project — its political and economic components are shaped as the Eurasian Economic Union, while the ideology appears as the 'Russian world' to have an Orthodox flavour. It is quite interesting that the idea of dragging its neighbours inside the walls of the fortress was already pronounced in 2005 or in some instances earlier. A virtual fortress is being constructed instead of classical isolationism, with walls in the hearts and minds of the people. However a certain degree of isolation was attained when, after the annexation of Crimea, many opened their eyes in the West toward what is happening in Russia. Russian engagement in Syria is an attempt to get out of this isolation. Thus, the fortress "Russia" is multi-dimensional; some of these dimensions are more exposed to the outside than others.

Putin's abilities to present Russia as an attractive regional power are quite limited, not to mention globally. Has modern Russia helped any neighbouring country reach higher living standards, good governance and life with dignity for an individual? The answer is negative. Putin's goals are attained in a virtual/propaganda sphere which has a narcotic effect of bringing relief for a while, but aggravating the situation in the long run. Regional dominance (real or imagined), unfortunately, is paid with real budgetary funds and the lives of people.

Russia has not carried out de-Sovietization as the Baltic States did (maybe in some spheres but not in a full extent). Even worse is Putin's statement in 2005 about the collapse of the Soviet Union being the worst catastrophe, so the Soviet period has been presented as an epoch of Russia's might. This kind of positive attitude towards the Soviet fortress is required from Russia's neighbours, too. Reminding people of the sufferings in Soviet-occupied nations and political prisoners in Siberia is cynically regarded as the defamation of Russia. De-Sovietization would change the policy of contemporary Russia in principle — it would allow a renouncing of Utopian ideas, encourage each individual to take care of his/her life and to demand responsible policy from the government. A positive portrayal of KGB activities,

centralised power, and sacrifice of human lives in the name of the 'bright Communist future' has an impact on modern Russia's political culture. An individual who is just a small screw in the big machine, without choice and responsibility, fits in well with the centralised Putinist system, where the elites do not need an active civil society but an obedient sheep-flock who do not believe things can get any better. May the shepherd scare away the bad wolf, then we will somehow survive inside the paddock on poor pasture...

Media have a key role in building the virtual fortress because there was no real enemy who would have lurked from the West before it had been invented. The cynicism of the Russian media spreading propaganda and disinformation is unbeatable. Lies and the cultivation of fear are routine; they must lie that Russia is a besieged fortress — the nation will rally around the leader then. The fortress "Russia" is not fully closed, though — it is sending its warriors of influence to raid near and far. Media, foundations and trolls work hard to prevent the free world from creating a uniform policy with respect to Russia's dangerous ventures, moreover, they try to confuse those who try to assess adequately what is going on inside Russia itself. Unfortunately, the Baltic States suffer from the Kremlin's informative pressure every day because of their geographic proximity and a well-targeted policy by Moscow.

Although Russian propagandists state the contrary, practice shows Baltic countries have tried to implement a pragmatic policy towards Russia for many years while the compatriots' and media policy carried out by Moscow is directing the splitting of society in the Baltics. The Balts feel they have been frontline states for quite some years, those first enduring the revanchist ventures of the Kremlin. The Baltic response should be directed inwards by rallying the nation round national symbols and democratic values as well to the outside by working out a common EU foreign policy which would contain the destructive influence of Russia. The West should understand that strengthened national identity of the Balts is a mighty defence tool against authoritarian and revanchist Russia, whose goal is not to improve democracy in the neighbourhood but to use the openness of the Baltics for its own regional dominance purposes.

The problems of Russia have an impact on the economy of Baltic countries, but not to such an extent as one would expect, bearing in mind that we are neighbours. The 1998 economic crisis in Russia and regular sanctions from its side helped the Baltic States realise that external economic contacts should be diversified. There is no sign the electoral cycle of 2016–2018 will be an easy time for Russia with economic problems getting more severe with each month. These problems did not begin with falling oil prices. They were programmed in the last fifteen years — the time Putin's regime had not focused on structural reforms and modernization, but mostly just got along with energy sales. This is not a sustainable economy. The turn to Asia is not bearing the fruit Russia was hoping for; besides, spoiled relations with the West does not necessarily mean an improved relationship with the East.

Military reform will be not implemented in the scope it was envisaged a few years ago. Still, sabre-rattling in the European part of Russia does not let Latvians, Lithuanians, and Estonians fall asleep; they try to balance military power with Russia even to a limited extent while the latter is regularly playing out the conquest of the Baltic States and Poland in its military exercises. The NATO Summit 2016 in Warsaw should help decide locating additional military units and armament in the Baltic States. Putin's power attacks on neighbouring countries has gone that far that one cannot explain to the Russian public that it has no enemies around there. Putin's aggressive regime must be contained, reminding ourselves of a number of methods used during the Cold War era. A uniform position from the US, NATO and the EU is paramount. In this context, let us remember what George Kennan wrote about the USSR back in 1946, namely: Moscow knows how to daunt others, but when faced with superiority, it retreats.

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The Centre for East European Policy Studies (CEEPS) is a non-governmental, non-profit organisation founded in Riga in 2006. The main objectives of CEEPS are: to make its contribution to the development of Latvian foreign policy by doing research work in the scientific fields of politics, history, and the economy of Eastern European countries; to develop cooperation with scientific institutions and other organisations of Latvia and foreign countries; to be aware of, and explain, Latvia's state interests abroad. The most recent CEEPS studies have focused on the influence of Russian public diplomacy and propaganda on the social and political processes in Russia's neighbouring coutries. CEEPS activities up until now have been financially supported by the following institutions: the Ministry of Foreign Affairs of the Republic of Latvia, the Ministry of Justice of the Republic of Latvia, the Ministry of Culture of the Republic of Latvia, the Social Integration Foundation (Latvia), the Konrad Adenauer Foundation and Friedrich Ebert Foundation (Germany), the Soros Foundation Latvia, the National Endowment for Democracy (US), the American Latvian Association (ALA), the NATO Strategic Communications Centre of Excellence, the European People's Party (EPP) Group at the European Parliament, and private donors.

Friedrich-Ebert-Stiftung (FES) was founded in 1925 as a political legacy of Germany's first democratically elected president, Friedrich Ebert. Ebert, a Social Democrat from a humble crafts background who had risen to hold the highest political office in his country, in response to his own painful experience in political confrontation proposed the establishment of a foundation to serve the following aims: furthering political and social education of individuals from all walks of life in the spirit of democracy and pluralism, facilitating access to university education and research for gifted young people by providing scholarships, contributing to international understanding and cooperation. Friedrich-Ebert-Stiftung, banned by the Nazis in 1933 and re-established in 1947, continues today to pursue these aims in all its extensive activities. As a private, cultural non-profit institution, it is committed to the ideas and basic values of social democracy. Current, particular important topics of our work are: fair society, innovation and progress, active democracy.

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