

# Chapter 1

## Eastern Challenges

*Daniel S. Hamilton and Stefan Meister*

### Russia under Putin

Russia under Putin is an authoritarian system cloaked in the trappings of “democracy” yet run by a kleptocratic oligarchy<sup>1</sup> that excludes all but a few insiders from political power and uses administrative resources to enrich itself and to control or suppress media, opposition and civil society. The rule of law and an independent judiciary exist only on paper. Through censorship, propaganda and efforts to silence elites and potential opponents through repression or cooptation, the regime seeks to maintain domestic support by convincing the public that the only alternative to its continued rule is chaos, instability and subservience to outside forces.<sup>2</sup>

Russia’s actions abroad are directly linked to the Kremlin’s main goal of securing its political survival at home. Following the chaos and upheaval of the Yeltsin years, Putin’s first two terms in office rested on an implicit social bargain in which public passivity and the regime’s legitimacy were tied to greater stability and better economic performance. Annual growth rates of 7 percent between 2001 and 2008 trickled down to nearly every part of Russian society. Unemployment fell, poverty levels declined, and consumption boomed along with Putin’s popularity. In the 2004 presidential elections, Putin received 71 percent—much more than in his first election in 2000 (53 percent). Constitutional limits did not allow Putin to run in 2008, so he nominated Dmitri Medvedev, who obtained 70 percent of the vote—at par with Putin’s own 2004 result.

At about this time, however, Russia’s growth ran out of steam. The global financial crisis of 2008/09 changed the situation fundamentally, making it clear that the Russian economy had not diversified and in

---

<sup>1</sup> See Karen Dawisha, *Putin’s Kleptocracy. Who Owns Russia?* (New York: Simon & Schuster, 2014).

<sup>2</sup> Michael Ignatieff, “The New World Disorder,” *The New York Review of Books*, September 24, 2014.

many areas had become uncompetitive. It had exhausted the sources fueling its decade-long growth—rising oil prices, unutilized production capacity, growth in retail lending, and the liberal reforms of the early 2000s. Instead of using nearly eight years of growth to diversify the Russian economy, dependency on the price for oil and gas grew over this period. Russia's reserves helped buffer the blow, but Putin's social contract was beginning to unravel.

Reforms could have come—in fact they were promised by Medvedev. But the decision for Putin to return was also a decision against modernization of the economy and serious reforms because they would have undermined the power position of the regime. Productivity growth and new investment would have required the government to reform the business and investment climate, reduce government ownership and intervention in the economy, protect private property, enforce contracts and fair competition, and curb corruption. Such initiatives would have collided with the entrenched interests of Putin's extractive oligarchy of corrupt bureaucrats, politically connected business people and employees of state-owned companies, whose support had become even more critical to the regime's survival.

Russia's failure to implement reforms resulted in stagnating productivity and investment, massive capital flight, and meager growth. The regime used the country's energy wealth to enrich itself rather than build a broader base of support by investing in Russia's future by modernizing creaking infrastructure, deal with its horrendous demographic, health and environmental challenges, or shift from a resource-based economy to a more sustainable model.<sup>3</sup> This means it remains extremely vulnerable to energy price fluctuations. The precipitous fall of these prices whacked Russia and plunged it into slower growth. By the time of the Crimea crisis, Russia's economic growth had essentially come to a halt. Its GDP declined by 4 percent in 2015 and may decline by an additional 1-2 percent in 2016.

The regime tried to defuse rising discontent and deflect attention away from Russia's growing economic woes by stepping up its propaganda and censorship and in conjuring internal enemies as the 5th column of the West. Putin then set forth a second informal social contract exchanging continued political loyalty for restoration of Russian

---

<sup>3</sup> Andrey Movchan, "Just an oil company? The true extent of Russia's dependency on oil and gas," Carnegie Moscow Center, September 14, 2015.

national pride as a great power.<sup>4</sup> Putin's regime used its interventions into both Georgia and Ukraine to consolidate its hold on power at home, and since 2012 by fueling nationalist fervor while further repressing civil society and independent media. Enforcing Crimean annexation over Western opposition became an excellent opportunity for Putin to shore up his approval ratings. He has turned to anti-Western and anti-American approaches as a key source of his legitimacy, presenting his illiberal regime as a conservative alternative to Western liberal social, political and economic models and saturating his population with disinformation about how the West besieges the Motherland.<sup>5</sup> His ratings remain high.

Over the longer term, economic and political pressures will continue and accumulate. Oil prices are unlikely to recover any time soon. Russia's economic health is linked to its participation in the global economy, yet Russia has reacted to Western sanctions with import substitution and counter-sanctions of its own, which worsens the situation for the Russian people. The regime scrapped free trade with Ukraine and, after the downing of a Russian fighter, cut multiple trade, tourism and infrastructure ties with Turkey.<sup>6</sup> Russia's ambitious military modernization program has come at the cost of investments in health, education and civilian infrastructure. The government has cut 2016 spending by about 9 percent and has stopped indexing pensions to inflation. While the Reserve Fund is sufficient to fund the budget deficit in 2016 and possibly in 2017, the numbers for 2018 do not seem to add up. Not surprisingly, the government has stopped producing 3-year budgets, sticking only to annual ones. Net emigration of the most active and productive part of the Russian society rose from 35,000 people a year from 2008 to 2010 to more than 400,000 in 2015.<sup>7</sup>

Russia's economic problems are daunting. Still, some perspective is warranted. The quality of life in Russia has improved dramatically since the Yeltsin years. Real incomes now exceed 2000–2002 levels by at least three times, if not more. While the real disposable income of an average Russian may have declined 8–9 percent over the past year, that

---

<sup>4</sup> F. Stephen Larrabee, Peter A. Wilson, John Gordon IV, *The Ukrainian Crisis and European Security* (Santa Monica, CA: RAND, 2015)

<sup>5</sup> Ibid.

<sup>6</sup> Ignatieff, op. cit.

<sup>7</sup> Vladislav Inozemtsev, "Putin's self-destructing economy," *The Washington Post*, January 18, 2016, p. A15.

is not enough to provoke widespread public opposition. Russia's significant financial reserves can keep the economy afloat for at another few years, while some degree of import substitution has reduced the price (and, of course, also the quality) of many daily goods. Military modernization shores up Putin's support within the armed forces. And the regime's political and informational control, the lack of a viable political opposition, and the regime's capacity and determination to strike out at its opponents are all likely to reinforce Putin's authority. In short, despite Russia's domestic challenges, Putin and his regime is likely to be with us for some time, and even a change of president is unlikely to mean a fundamental change of the regime or system.

### The *Ozero* Maxims

Russia's domestic and foreign policies are controlled in an exclusive and opaque fashion by Putin and the small circle around him. This circle of loyalists has become smaller since 2012, and has shifted from a rough balance between economic "liberals" and *siloviki* to a more dominant role for those focusing on security issues. We are not likely to be dealing with this circle for all time, but we are likely to be dealing with them for some time to come. German Chancellor Angela Merkel, has stated that "Mr. Putin lives in another world." Understanding how to deal with Russia today, therefore, means understanding Putin's world. That world's understanding of events, its discourses, its methods, its policy rationales and its calculus of risks differ fundamentally from those of the West.<sup>8</sup>

Some time after Vladimir Putin returned from his KGB service in Dresden, he and a group of close associates built a cooperative for a dacha community, which they called *Ozero* (Lake), in Solovyovka, on the eastern shore of Lake Komsomolskoye near St. Petersburg.<sup>9</sup> There is considerable speculation and growing evidence that Putin's early riches and his meteoric rise to the Presidency can be traced to his *Ozero* associations. For instance, the cooperative kept a common bank. Each could put money in, and anyone could take it out. Confidential documents

<sup>8</sup> James Sherr, "The New East-West Discord," Clingendael Report, December 2015, p. 6.

<sup>9</sup> Luke Harding "Putin, the Kremlin power struggle and the \$40bn fortune," *The Guardian*, December 21, 2007; 15 лет самому мутному «Озеру» в мире! *Novaya Gazeta*, November 11, 2011; Fiona Hill & Clifford G. Gaddy, "How the 1980s Explains Vladimir Putin. The *Ozero* group," *The Atlantic*, February 14, 2013; Mumin Shakirov, "Who was Mister Putin? An Interview with Boris Nemtsov," *Open Democracy*, February 2, 2011; Dawisha, op. cit.

obtained by the International Consortium of Investigative Journalists reveal that members of Putin's circle used this arrangement as a profit-sharing model for a clandestine network that over the years has secretly shuffled \$2 billion through shadow companies and financial institutions, including Bank Rossiya.<sup>10</sup> As Putin went on to become President of the Russian Federation, the other members of the *Ozero* cooperative became top Putin associates and some of Russia's wealthiest business leaders.

What we dub the "*Ozero* maxims" is shorthand for a set of perspectives that came to shape Putin and his close associates during the formative period of the mid-to-late 1990s and beyond. These perceptions have continued to evolve over many years, and new ones have been added, as circumstances have changed and as challenges and opportunities have emerged. They are representative points of orientation, not ideological fixations, less strategy than predilection, more perspective than prescription. Yet they may be said to encapsulate the worldview that frames the Putin regime's thinking about Russia, its future, and its relations with other countries. They may be summarized as follows.

***The power of the powerful.*** When Putin rose to the presidency he was determined to extricate Russia from the turbulence of the Yeltsin years, amidst concern that the unity of the vast Russian Federation was at stake in the face of dysfunctional central and regional governments and growing separatist pressures. He consolidated his rule via the so-called "power vertical," a centralized system of hierarchical authority among high-ranking officials and between Russia's regions and its center with him at the top. He replaced directly elected governors with appointees and stopped moves toward autonomy of mostly ethnic republics. He ensured that the party in power (today United Russia) was in control of the Duma and regional legislatures and that party members in regional and local governments toed the line orchestrated by the Kremlin. Media, which was mostly owned by oligarchs, were taken over by loyal persons or by state companies like Gazprom. All together, Putin has generated a mutually reinforcing system of patronage, inside and outside of government, in which jobs, money and influence are meted

---

<sup>10</sup>See Jake Bernstein, Petra Blum, Oliver Zihlmann, David Thompson, Frederik Obermaier and Bastian Obermayer, "All Putin's Men: Secret Records Reveal Money Network Tied to Russian Leader," <https://panamapapers.icij.org/20160403-putin-russia-offshore-network.html>. Boris Nemstov, the opposition leader assassinated on a Moscow bridge in February 2015, featured *Ozero* in a 2011 report documenting alleged corruption in Putin's inner circle. *Putin. Corruption. Independent report*, available at <https://larussophobe.wordpress.com/2011/04/03/special-extra-the-nemstov-white-paper-part-v-putin-the-thief/>.

out to protected loyalists who wield power to the benefit of his inner circle. As Vladislav Inozemtsev has noted, “at every level of the hierarchy a certain degree of bribery and clientelist parochialism is not only tolerated but presupposed in exchange for unconditional loyalty and a part of the take for one’s superiors.... The weak pay tribute up, the strong provide protection down.”<sup>11</sup> Corruption is not an aberration, it is central to the system.

***Authoritarian state capitalism.*** The Kremlin relies on both direct government intervention in key sectors of the Russian economy and control of politically connected businessmen to further the political and commercial interests of the Russian state and those who run it. In contrast to Ukraine, oligarchs are not independent actors who control the state, they depend on the sources and decisions of the Kremlin. This dependency has become even more important since the global financial crisis in 2008/2009 and the economic crisis since 2014. Putin and his associates knew they could not return to the command economy of Soviet times, yet as a result of the situation in the 1990s they were fearful that truly free markets could spin beyond their control to enrich independent power centers that could ultimately challenge their rule. They opened Russia to the global economy, but they want to be able to calibrate and control the interdependencies that such openness generates, for instance energy or financial flows. The regime uses the system to dominate key economic sectors, using state-owned and politically loyal privately-owned companies to intervene in global resource markets and other industries. As Ian Bremmer has noted, the ultimate motive is not to maximize growth or improve living standards but to maximize the state’s power, the regime’s chances of survival, and the welfare of the circle around the president.<sup>12</sup>

***Restoration of Russia as a Great Power.*** The Russian political elite was traumatized by the collapse of the Soviet Union and many want to

---

<sup>11</sup> Vladislav Inozemtsev, “Neo-Feudalism Explained,” *The American Interest*, March–April 2011, <http://www.the-americaninterest.com/article.cfm?piece=939>. See also Alexander Goltz, “Putin’s Power Vertical Stretches back to Kursk,” *Moscow Times*, August 17, 2010; P. Baker and S. Glasser, *Vladimir Putin’s Russia And The End Of Revolution* (Washington D.C.: Potomac Books, 2007); Andrew Monaghan, “The *Vertikal*: Power and Authority in Russia,” *International Affairs* (88:1, 2012), available at [http://www.chathamhouse.org/sites/default/files/public/International%20Affairs/2012/88\\_1/88\\_1monaghan.pdf](http://www.chathamhouse.org/sites/default/files/public/International%20Affairs/2012/88_1/88_1monaghan.pdf), pp.1–16.

<sup>12</sup> Ian Bremmer, “The Rise of State Capitalism,” Real Clear Politics, May 21, 2010, [http://www.realclearpolitics.com/articles/2010/05/21/the\\_rise\\_of\\_state\\_capitalism\\_105677.html#ixzz3xXDeAStb](http://www.realclearpolitics.com/articles/2010/05/21/the_rise_of_state_capitalism_105677.html#ixzz3xXDeAStb).

reverse perceived past geopolitical losses. Putin believes that the post-Cold War European security order does not reflect Russia's interests or its importance. He wants to renegotiate that order with leaders of other big powers, particularly the United States, to affirm mutual respect for state-centric balances of power. His model is Yalta, not the Helsinki Final Act, it is Metternich, not Monnet.

This big power perspective ranges beyond Europe. In Putin's view, only the UN Security Council, rooted in negotiation among big powers, each with its own veto, is the legitimate basis for international law. The rising popularity of such concepts as the BRICs and G-20 in a "multipolar" world afforded Putin means to reassert influence by fashioning Russia as an independent global pole of power. In Putin's world, big powers guarantee stability. Every big power is responsible for one region, which means that Russia's great power status is based on its dominance of the post-Soviet region, even though the regime has no interest in building a new Soviet Union. On some issues, such as the Iran nuclear negotiations or the Paris climate change talks, this has meant alignment with Western powers. But Moscow has also intervened in the Syrian crisis to protect its client and assure itself a seat at the negotiation table.<sup>13</sup> Putin wants Russia to be recognized by other big powers, particularly the United States, as a key player on global issues. In these ways, Putin's Russia continues to define Russian greatness in terms of external influence and power projection rather than in terms of improved livelihoods, better health or the secure exercise of basic civil rights by and for the Russian people.<sup>14</sup>

*Russkiy mir.* When the Soviet Union dissolved, 25 million people living outside the Russian Federation found themselves to be former citizens of a non-existent country; in many cases it was questionable whether they had just as suddenly become equal citizens of their newly independent countries of residence. Putin's declaration that the breakup of the Soviet Union was the "greatest geopolitical catastrophe of the 20th century" reflected his perception that Russians suddenly living in other nation-states were often being treated as second-class citizens. He has responded to this ambiguous situation by asserting a right to "protect" ethnic Russians or Russian speakers wherever they are located and whatever their citizenship, that Russian law can be used to bring charges

---

<sup>13</sup> Larrabee, et. al, op. cit.

<sup>14</sup> Ibid.

against non-Russian citizens who are not residents in Russia for crimes not committed on Russian territory if their actions are “against the interests of the Russian Federation”, and that Russian military forces can take preemptive action, including occupation through military forces, to protect themselves from the possibility of danger posed by foreign forces on foreign soil.<sup>15</sup> His precept of a unique “Russian world” is grounded in expansive *völkisch* concepts of Russian ethnicity unrelated to territorial borders.<sup>16</sup> Moscow used this rationale in part to justify its right to respond to conflicts in Georgia’s separatist territories by attacking Georgia itself. It was a reason that Putin cited for seizing the Ukrainian region of Crimea, even though there was no evidence of any threat to ethnic Russians on the peninsula, and for his support for Ukrainian separatists in Donetsk and Luhansk. One must question whether the Kremlin might seek to apply this self-proclaimed right elsewhere. This has tremendous implications for Ukraine, Kazakhstan, Belarus and Moldova, none of which enjoys consensus on its respective national identity or has ever existed as a state within its current borders. Putin reportedly told President George W. Bush in 2008 that “Ukraine is not even a state” and has been known to refer to Ukraine as “Little Russia”—a term used during the Russian Empire to describe parts of modern-day Ukraine that came under czarist rule. He has made similar claims about Kazakhstan, claiming that “Kazakhs never had any statehood” prior to the rule of President Nursultan Nazarbayev. Moreover, NATO members Estonia and Latvia each have populations that are about one quarter ethnic Russian.

*The post-Soviet space is treated as a sphere of Russia’s “privileged interest.”* In Putin’s world, Russian hegemony over its post-Soviet neighborhood is one foundation for its credibility as a great power. It offers insulation against encroachment, either from the West or from civil society. The regime seeks to exert as much influence as possible over its neighborhood, without running the risk of subsidizing pliant yet fragile states, which would only drain Kremlin coffers further. These precepts inform Moscow’s actions in its neighborhood. Moscow’s interventions in Georgia and Ukraine were designed to ensure its hegemony in its neighborhood, prevent inroads by NATO and the EU, and consolidate its domestic support. The Kremlin views so-called “color revolu-

---

<sup>15</sup> See Frederick W. Kagan, “Situation report, Russo-Georgia Conflict,” August 9, 2008, AEI, <http://www.aei.org/publication/situation-report-russo-georgian-conflict/>.

<sup>16</sup> Timothy Garton Ash, “Putin’s Deadly Doctrine,” *New York Times*, July 18, 2014.

tions” as instruments of the West designed to undermine Russian influence. This leads to an important deficit in Russian policy: it always underestimates civil society as a political actor, and therefore believes that only Western influence can be the reason why Ukrainian society went into the streets in 2004 and 2013-14.<sup>17</sup> Russia’s leadership believes that the agency of civil society in this region can be instrumentalized and magnified by growing Western activities to threaten its hold on power at home. It is not only willing to pay a much higher price to assert influence over its neighborhood than any Western state, it has shown it is prepared to use force to protect what it believes is Russia’s sphere of influence.

*The West, by its nature, is seen to threaten the regime’s goals, which puts Russia in conflict with the West.* Traditionally, Russian concerns revolved around U.S. and NATO activities. But now these concerns have come to embrace the EU as well. This has not always been the case. After the collapse of the USSR, the EU came to be seen as a potential partner in Russia’s own modernization. In the early 2000s Moscow showed considerable interest in developing a strategic partnership with the EU, and did not resist the EU’s own expansion with the vehemence with which it opposed that of NATO—even if it did point out possible negative consequences for Russia. From the outset, however, the EU-Russia strategic partnership has been fraught with inherent tensions and misperceptions regarding their common neighborhood. Russia’s interest in such a “partnership” was premised on its impression of the EU as a weak security actor and its low profile in the post-Soviet space.<sup>18</sup> The EU’s European Neighborhood policy (ENP) was of such a general nature that it did not awaken Russian concerns. In 2008, however, in a context of marked deterioration in relations between Russia, the United States and NATO over the latter’s possible expansion to Georgia and Ukraine, the independence of Kosovo, and finally the war in Georgia, the EU’s shift to hard-law integration under the Eastern Partnership was understood in Moscow as a bold and potentially destabilizing initiative. From the Kremlin’s perspective,

---

<sup>17</sup> Stefan Meister, “Getting Putin right. Why the Putin crisis is a Russia crisis,” DGAP Standpunkt 6, September 2014, <https://dgap.org/en/think-tank/publications/dgapviewpoint/getting-putin-right>.

<sup>18</sup> See the paper of the Ministry of Foreign Affairs of the Russian Federation from 1999, “Russia’s Middle-Term Strategy towards the EU (2000-2010)”; also Hisiki Haukkala, “False Premises, Sound Principles: The Way Forward in EU-Russia relations” (Helsinki: FIIA Briefing Paper No. 20, 2008).

Deep and Comprehensive Free Trade Agreements (DCFTAs) and many sectoral chapters of the EU's Association Agreements, in particular, would imply a drastic shift towards the EU's legal framework and ultimately integration into the EU's internal market, and a corresponding attenuation of these countries' ties to Moscow. The regime has thus come to view the EU as a threat to Moscow's position in the region and even its hold on power at home. When the Eastern Partnership's offer materialized, with the negotiation of four Association Agreements and DCFTAs, Russia adopted an overtly confrontational position vis-à-vis the EU. The EU has begun to change the political, economic, social and legal context in which domestic reform debates in these countries are now occurring. The Rose, and especially the Orange, revolutions set off alarm bells in the Kremlin because they signaled waning Russian influence and growing Western influence in the region.

These maxims should not be surprising to anyone following Russian developments. Putin himself has expressed them clearly. In 2007, for instance, he set forth in Munich a fundamentally different view of post-Soviet developments than those commonly held in the West.

What is new is the regime's determination to make use of a full toolbox of instruments, including the use of force, to defend and where possible control informal ties and rent-seeking opportunities. This new determination is buttressed both by a renewed sense of Russian strength and a perhaps equally vibrant sense of concern for instabilities in the neighborhood and at home. With the forcible annexation of the eastern Ukrainian region of Crimea, Putin made it clear that he proudly and manifestly rejects the post-Cold War order in Europe.<sup>19</sup> Fyodor Lukyanov summarized Russia's new attitude:

This reluctance of the West to stare the facts in the face is because, ever since the late 1980s, Europe and U.S. have become used to Moscow always leaving room for compromise, no matter how loudly it initially protested.... Now Russia is acting regardless of the costs, which renders the previous model of relations with its

---

<sup>19</sup>Igor Torbakov, "Understanding Moscow's Conduct. The Analysis of the Domestic Politics-Foreign Policy Nexus in Russia," in Stefan Meister, ed., *Economisation versus Power Ambitions. Rethinking Russia's Policy towards Post-Soviet States* [Baden-Baden; Nomos, 2013, pp. 19-33.; Kadri Liik, "Putin's New World Order," European Council on Foreign Relations, March 18, 2014.

leading Western partners obsolete. But that means its relations with the East, too, need to change.<sup>20</sup>

## Putin's Toolbox

The current Russian regime has energetically applied the full suite of Russian power to advance its interests abroad.<sup>21</sup> Particularly notable are:

**Military modernization.** Strengthening and modernizing the Russian military has been central to Putin's ambition of reasserting Russian power on the world stage. The 2008 Russia-Georgia war showcased Russia's military shortcomings and saddled it with additional Caucasus headaches via the occupied territories of Abkhazia and South Ossetia.<sup>22</sup> The regime launched a 10-year, \$700 billion defense modernization initiative to expand Russia's fleet, modernize its nuclear arsenal and its air forces, increase the capabilities of its Special Operations Forces, improve its capacity to mobilize and deploy large forces quickly, deploy new missiles, and militarize the Arctic. It is developing long-range conventional precision-guided munitions that could have effects previously achievable only with nuclear weapons, thus creating a new "pre-nuclear" rung on the escalation ladder.<sup>23</sup> Putin has been steadfast in his support for Russia's arms modernization program in the face of mounting budget pressures.

Russia has deployed its military forces in provocative ways from the Arctic Ocean to the Mediterranean and the Middle East to demonstrate capability, to intimidate, harass, disrupt and divide Russia's neighbors, and to probe Western resolve. Russia's military is increasingly able to project significant anti-access/area denial capabilities in the Arctic, the North Atlantic and the North Pacific. The annexation of Crimea has significantly increased Russia's strategic footprint in the wider Black Sea region. The expansion of the Black Sea Fleet will strengthen Russia's

<sup>20</sup> Fyodor Lukyanov, "Крым на весь мир," *Ogonyok*, March 24, 2014, <http://www.kommersant.ru/doc/2432085>; in English as "Russia has positioned itself at the epicenter of global politics," *Russia direct*, March 26, 2014, <http://www.russia-direct.org/opinion/russia-has-positioned-itself-epicenter-global-politics>

<sup>21</sup> See Ian Brzezinski, "United States Policy on Europe," Testimony to the U.S. Senate Committee on the Armed Services, April 28, 2014.

<sup>22</sup> See Marek Menkiszak's chapter in this volume.

<sup>23</sup> Brzezinski, *op. cit.*

ability to project power in the region and raises important questions about how Russia will use that power.<sup>24</sup>

Large-scale Russian military exercises, some conducted on very short notice, are cause for concern. Russia has held major exercises in the Arctic, joined with China in naval drills near Japan, and tens of thousands of troops conducted exercises on NATO's eastern flank. It has sponsored exercises intended to simulate the invasion of Denmark and the Baltic states and nuclear attacks on Poland. In some cases, exercises have been used to mask long-term Russian troop deployments, such as in Syria and in eastern Ukraine.

*Little Green Men.* Moscow has supplemented its hard power projection with active use of an array of soft power tools to seek influence within European societies.<sup>25</sup> It employs holistic, multi-dimensional and flexible diplomatic, economic, military and subversive measures to target key societal functions and arteries, both in its neighborhood and in the West, to mask its intentions, confuse and disrupt adversaries, strain their solidarity, sap their resources, slow down their decision-making and impede effective responses. This is combined with a greater readiness for brinkmanship, which also means greater potential for local actors, as well as Russia and the West, to misread each another's actions and intentions.

The Russian approach was initially labeled by some in the West as "hybrid warfare" and treated as a new phenomenon. But this term only captures part of Russia's approach, which leverages non-military means and the threat of force with a new emphasis on surprise, deception, disruption and ambiguity in intent and attribution. The Russian approach is geared toward achieving strategic aims without war, with a primary concern being to stay below NATO's threshold for reaction. However, as in the Ukraine crisis, Russia's steadily improving full-spectrum forces could be poised to act should non-military means fail, to deter potential reactions to Moscow's adventures, and to exploit opportunities for easy wins. As Paul Bernstein has noted, it is this element of brinkmanship

---

<sup>24</sup>Ibid.; Heather A. Conley, Testimony to the Senate Armed Services Committee, October 8, 2015; Larabee, op. cit.

<sup>25</sup>Mike Winnerstig, ed., *Tools of Destabilization. Russian Soft Power and Non-military Influence in the Baltic States* (Stockholm: Swedish Defence Research Agency (FOI), December 2014).

that makes the non-military elements of a hybrid campaign dependent on the threat of military violence.<sup>26</sup>

In Crimea, for instance, Russia employed a skillful mixture of overt military measures and covert action, combined with an aggressive use of propaganda and disinformation carefully calculated to avoid crossing established thresholds for military response. By deploying special operations forces in unmarked uniforms, Russia was able to sow enough confusion and doubt to prevent effective countermeasures from being taken. In eastern Ukraine, Russia employed some of the same tactics that it had used in Crimea and in Georgia in 2008. Russia massed troops and conducted exercises along the Ukrainian-Russian border. This was a transparent attempt to exert psychological pressure on Ukraine. But it also kept Russian troops in a state of high readiness in case they actually had to be deployed in combat missions.<sup>27</sup> The Kremlin has also sought to destabilize and distract the Ukrainian government from addressing its pressing economic, financial and other challenges, as well as from drawing closer to the European Union through implementation of the EU-Ukraine Association Agreement and Deep and Comprehensive Free Trade Agreement.

***Manipulating frozen conflicts.*** Russian troops and irregular forces now occupy five regions in three neighboring countries—Georgia, Moldova, and Ukraine. Five of the EU's six Eastern Partnership countries now have a separatist conflict on their territory where Russia either directly occupies territories or supports one of the conflict parties. Only Belarus has no conflict of this type, but does have Russian military bases on its territory. In the wake of the Soviet Union's dissolution, Russian-backed separatists seized control of Georgia's Abkhazia and South Ossetia regions as well as Moldova's Transnistria region. In both situations the Kremlin exploited local conflicts to help local proxies seize de facto control of a breakaway region. These regions have become engines for corruption and criminality, and Trojan horses to block progress in countries on Russia's periphery. When Georgia started to make significant progress in its ambitions to draw closer to Western institutions in 2008, Moscow invaded the two regions to stop Georgia's westward drift. Moscow has since declared Abkhazia and South Ossetia to be independ-

---

<sup>26</sup> Paul Bernstein, "Rethinking Deterrence and Assurance," NATO Defense College Conference Report, September 2013; Lilia Shevtsova, "A new way for the west to contain Putin's Kremlin," *Financial Times*, February 8, 2015; Brzezinski, op. cit.

<sup>27</sup> Larabee, op. cit.

ent, but has also signed treaties with both that hint at annexation. The international community has yawned.

The same game is now playing out in eastern Ukraine, where the Kremlin seeks to create an additional “frozen conflict” to use these regions to have leeway on decisions in Kyiv and prevent the Ukrainian government from achieving desperately needed reforms and weakening the country economically. Putin’s endgame is to federalize Ukraine from the outside and give the so-called Donetsk and Luhansk “peoples republics” as much as autonomy as possible within the Ukrainian state. Through these two separatist regions Moscow can block every rapprochement with the EU. Moscow has no interest in annexing these territories as it did Crimea, but rather to create a frozen conflict on Ukrainian territory that it can control. Kyiv would end up paying for this bleeding wound, which Moscow can use either to weaken or threaten the Ukrainian central government and undermine the sovereignty of the Ukrainian state. Such an outcome in eastern Ukraine could also weaken other regions and open the way for a real “Bosnianization” of Ukraine.<sup>28</sup> While Ukrainian President Petro Poroshenko has said he would not allow a Transnistrian scenario in eastern Ukraine, he may not have much choice. Until Russia and its proxies can carve out clearly defined continuous territory, it will be difficult to freeze the conflict,<sup>29</sup> although Russia’s economic crisis may change its cost-benefit calculation and may lead Moscow to freeze the Donbas conflict now to get rid of Western sanctions. The Minsk 2 agreement includes everything that the Russian leadership wants to reach in Ukraine: recognition of separatists, dictated constitutional and decentralization reform, and Ukraine’s financial responsibility for the occupied territories without political control. Implementation of this agreement can only weaken the Ukrainian state.<sup>30</sup>

Russia seeks to distract the governments in Kyiv, Chisinau and Tbilisi from successfully pursuing reforms to reduce corruption and build representative institutions. Instead of concentrating on improving their own governance, these disrupted countries must deal with the charged and emotional issues associated with territorial conflict. Moreover, separatist conflicts serve as Kremlin patronage vehicles, fueling the organ-

<sup>28</sup> Arkady Moshes, “The EU won’t fight for Ukraine,” *Kyiv Post*, August 25, 2014.

<sup>29</sup> Brian Whitmore, “Why Eastern Ukraine Could Become Russia’s Next ‘Frozen Conflict,’” *The Atlantic*, August 29, 2014.

<sup>30</sup> Stefan Meister, “Welcome, Escalation! Why Minsk 2 is not going to work,” DGAPstandpunkt 2, 23.02.2015, <https://dgap.org/en/article/getFullPDF/26470>.

ized crime and corruption that is the oxygen of Putin's system of governance. The conflicts provide opportunities for transferring money and power to Russia's Federal Security Service and its military. These institutions are an important base of power for Putin, and the spoils seized in these territories yield new resources for buying their loyalty at a time when his regime can no longer count on a flood of petrodollars to meet such needs. Putin cannot allow the rebels in eastern Ukraine to fail because it would weaken his position among important nationalistic and patriotic circles at home. At the same time, he cannot permit the government in Kyiv to succeed because that would present the Russian people with an alternative governance model.

*Using the energy tool.* Putin seeks to maintain European dependence on Russian gas and continues to use that dependence as an instrument of influence; he deftly applies a "divide and conquer" strategy to undermine Europe's cohesion. We see this also through the Nord Stream I pipeline, which connects Russia directly to Europe while bypassing Ukraine, in efforts to construct a Nord Stream II link over the objections of many European countries, and in Russia's gas pricing tactics which reward its friends and punishes its opponents.<sup>31</sup> Russia's influence is based in part on strategic control of transportation corridors through which oil and gas can be delivered to the West.<sup>32</sup> These pipeline networks imply the opportunity to control the countries in-between through rent-seeking opportunities for their elites. At the same time the gas price has always been a Russian tool to inculcate loyalty among post-Soviet and EU countries.

*Using soft power.* Russia's means of influence in wider Europe, via soft power tools such as media, language, business networks and labor markets, are much stronger than those of the EU. Shared tsarist and Soviet pasts reinforce Russia's immense influence in the region. The Russian language remains the lingua franca. The Russian Orthodox Church, state agencies like *Rossotrudnicestvo* and foundations are very active in these countries. Russian state media is engaged in an informational contest for the hearts and minds of Russian-speakers wherever they may be. Russia is a key trading partner for most post-Soviet states. Its market is broadly accessible to countries that share the legacy of Soviet standards and struggle to meet World Trade Organization

---

<sup>31</sup>James L. Jones, Testimony to the U.S. Senate Committee on Armed Services, October 8, 2015.

<sup>32</sup>Brzezinski, op. cit.

(WTO) requirements. Russian influence is further enhanced by mobility and migration flows. Over the past two decades Russia's neighborhood has largely remained visa-free. Remittances from migrants working in Russia contribute significantly to economies ranging from Armenia and Moldova to Tajikistan. Russia's soft power capital ensures that its influence remains strong throughout the region.<sup>33</sup>

***Promoting Russian-led integration projects.*** The Kremlin has created institutions like the Eurasian Customs Union and the Eurasian Economic Union to give form to its hegemony over its neighborhood and to thwart the EU's Eastern Partnership. In principle, neighborhood countries could sign DCFTAs with the EU and also sign free trade agreements with the Russian-led Customs Union. But the Kremlin has pressured them to become full members of the Customs Union, which would end their sovereignty over trade policy and set common tariffs that are incompatible with elimination of tariffs as planned under the DCFTA. This is incompatible with the DCFTA, a sign that Russia is using its integration projects to compel countries to choose between it and the EU.<sup>34</sup> Other institutions include Russia-led security organizations such as the Collective Security Treaty Organization or the Shanghai Cooperation Organization, which is dominated by Moscow and Beijing. Their purpose is to create an alternative institutional framework to Western-led regional and international institutions.

***Bullying neighbors.*** Moscow has deeply undermined Ukraine's stability and sovereignty. But it has also been able to counter the EU's association process in Armenia and it acts as a spoiler in Georgia and Moldova. It uses economic sanctions to prevent reforms or integration with the EU.

Moscow attempted to sway Moldova's 2015 elections with massive support for new pro-Kremlin parties, is courting separatists and instrumentalizing the Transnistrian conflict to disrupt and destabilize the country. It has imposed sanctions to penalize Chisinau for signing the EU Association Agreement and the DCFTA.<sup>35</sup>

Despite Georgia's efforts to normalize relations with Moscow, the Kremlin has continued its creeping annexation of Georgia's breakaway

---

<sup>33</sup> See Laure Delcour and Hrant Konstanyan, "Towards a Fragmented Neighborhood: Policies of the EU and Russia and Their Consequences for the Area That Lies in Between," Center for European Policy Studies, October 2014.

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

regions of Abkhazia and South Ossetia. It has used pressure to undermine further progress of EU integration in Georgia by threatening to suspend the 1994 free trade agreement, by constructing barricades along the administrative border with South Ossetia, and by gradually expanding the territory by moving the fences.

By questioning Armenia's security situation with regard to Azerbaijan, Moscow was instrumental in pushing Armenia to join the Eurasian Economic Union rather than finalize an Association Agreement, including a DCFTA, with the EU. Armenia will now have to increase its external tariff from an average 2.9 percent to 7.02 percent after its entry into the Eurasian Economic Union. The Armenian government asked for almost 900 exemptions from external tariffs. This high number reflects Armenian concerns about the economic consequences of Eurasian Union accession. Moreover, if the exemptions are not granted, Armenian membership to the Russia-led Custom Union will greatly add to its economic difficulties. At the same time, Kazakhstan successfully entered the WTO at the end of 2015 even though it increased custom tariffs for Russian products due to its declining competitiveness vis-a-vis the Russian economy as a result of the high inflation of the Russian currency and low prices for Russian products. The Kazakh example shows how other EEU member states are working to balance Russian influence and unilaterally create new barriers to trade. Neither Kazakhstan nor Belarus, for instance, have followed Russian counter sanctions against the EU in the context of the Ukrainian crisis.

*Subverting Western unity.* Russia deploys an array of soft power tools to seek influence within EU and NATO member states. Actors financed or directed by the Russian Federation are actively engaged in media and other efforts to influence the relatively sizable Russian-speaking minorities in Estonia and Latvia, undermine the confidence of non-Russian populations in the ability of the EU and NATO to assist them in the event of an external crisis, undercut Baltic credibility through a drumbeat of accusations regarding their allegedly "fascist" past and current attachment to "fascism", and interfere directly in the domestic political systems of the Baltic states via nontransparent financial flows, for instance between the Russia's United Russia party and the Estonian Centre Party, the Latvian Harmony party and the Lithuanian Electoral Action of Poles in Lithuania.<sup>36</sup>

---

<sup>36</sup>Winnerstig, op. cit.

Moscow also funds extremist parties of both right and left within the European Union that rail against both the EU and the United States, deploys an army of internet trolls, fans historical and ideological embers, and targets some of the EU's weakest links to assert influence in some of Europe's most troubled corners, disrupt the European project itself, and break Western unity over the conflict in Ukraine and on sanctions against Russia. It uses the very arteries and mechanisms of open societies to disrupt those societies. Russia's role in Cyprus is a case in point. A secret deal struck in spring 2015 allows Russian warships to dock in Limassol, Cyprus' commercial hub, which has become heavily dependent on wealthy Russians who set up shell companies to shuffle their assets overseas.<sup>37</sup>

## The Common Neighborhood

When the Soviet Union collapsed, it revealed among the peoples of the entire region both a strong yearning for civil society and powerful ethnic and nationalist passions. It was inevitable that there would be some tension between the two. "This post-communist Europe of ours is rent by a great conflict of two spiritual cultures," Poland's Adam Michnik wrote in 1990. "One of these cultures says, let us join Europe and let us respect European standards, while the other says, let us go back to our own national roots and build an order according to our national peculiarity." Decades earlier, the Hungarian thinker Istvan Bibo warned that the greatest threat to democracy would come when "the cause of the nation separates from the cause of freedom."

Of course, these dangers have never been confined to Europe's east, and the fact that they still resonate within Poland, Hungary and other EU and NATO members today remind us that they are also not a feature particular to the successor states of the Soviet Union. Yet the struggle between forces of inertia and forces for change has become the everyday drama of societies throughout wider Europe today.

### *Forces of Inertia*

Throughout Europe's vast eastern spaces, the forces of inertia are strong—and often abetted by Moscow. As Ian Bond notes in this vol-

---

<sup>37</sup> Andrew Higgins, "With cash and charm, Putin aims at sanctions," *International New York Times*, April 7, 2015.

ume, the biggest threat to the integrity of these countries is not Russian intervention or economic collapse (although both are possible); it is that the countries will be destroyed from within by corruption and crony capitalism.<sup>38</sup> Widespread, systematic corruption is arguably the greatest obstacle to development in all the post-Soviet states. When the Czech Republic, Poland and the Baltic states emerged from the Empire, they soon took comprehensive steps against corruption—starting with lustration and transforming the police, prosecutor general’s office and judiciary. Georgia took some important steps in this direction following the Rose Revolution with police and administrative reforms. Former President Saakashvili effectively tackled petty corruption, but the country still lags in addressing high-level corruption. Moldova, however, has yet to address this problem in a serious way, while Ukraine has now taken first steps to address corruption in the gas sector and is in the process of creating honest traffic police in major cities. Ukraine has become one of most transparent countries in Europe in terms of openness of registers of real estate property, cars and other private property. Improvements in public procurement have been made with the ProZorro online system. Following many delays and scandals, new independent institutions for fighting corruption have been established (Anti-Corruption Bureau, Anti-Corruption Prosecutor)—though still some of them incompletely (National Anti-Corruption Council, Agency for Assets Recovery). These institutions finally need to be set up; those which are already in place have already started work and we anticipate seeing real results. The main test is whether these institutions will really work or if they will only imitate fighting corruption, as has been the case in Moldova, where similar institutions were built in the context of the EU’s action plan, but which produced no results.

A second immediate danger to reform-interested societies in the common neighborhood is posed by weak institutions and states, which have been undermined and robbed by their own elites over the past quarter century. Dysfunctional governments based on informal rules with a bureaucracy disinterested in reforms are not only a threat to the security of these countries and their neighbors but open opportunities for Russia to influence decision-making and elite opinion. Weak institutions make reforms very difficult in states where officialdom, and society at large, need to have both desire and ability to resist corruption. Lack of rule of law, opaque decision making and dysfunctional checks

---

<sup>38</sup> See Ian Bond’s chapter in this volume.

and balances undermine necessary reforms and economic development, and are a threat to the integrity of these countries.

As John Herbst discusses in this volume, the situation becomes even more alarming with regard to such security organs as the ministries of defense and interior, intelligence, the border guards and, in some countries, the Ministry of Emergency Situation or financial institutions like the Central Bank, the Ministry of Finance, and tax authorities. Throughout this space—with the exception of Georgia, which energetically rooted out Russian agents in its power ministries following the Rose Revolution—much of the senior leadership in these ministries was trained in the Soviet Union. Russian security organs have gone to great effort to place agents, retain contacts and exert influence in these organs. At the start of Moscow's hybrid war in Ukraine's east, Ukrainian officials assessed that only 6,000 of its soldiers were politically reliable, trained and equipped to participate in a counter-offensive.<sup>39</sup> In the Donbas, a good number of Ukrainian police and secret police joined the Russian-organized military operation. Moldova's challenges in this area are severe as well.

Third, vast swaths of the common neighborhood are still beset with historical animosities and multiple crises, including a number of conflicts that affect all of Europe. Tensions over Transnistria, Nagorno-Karabakh, Abkhazia and South Ossetia, which some euphemistically label “frozen” or protracted conflicts, are in reality festering wounds that absorb energy and drain resources from countries that are already weak and poor. They inhibit the process of state-building as well as the development of democratic societies. They offer fertile ground for corruption, organized crime, trafficking and terrorism. They foster the proliferation of arms and a climate of intimidation. They are a major source of instability within these countries and the broader region. These conflicts severely undermine future prospects for these countries, while giving Moscow major instruments for leverage on domestic policy and to question the sovereignty of these states. Within the past three years Moscow has forced leadership changes in Abkhazia and South Ossetia to assert greater control and influence in Georgia, although it failed to push its candidate through in Transnistria. Ukraine, already impoverished, insecure and in turmoil, can only lose from a situation that enshrines two more festering conflicts on its territory in Crimea and the

---

<sup>39</sup>See John Herbst's chapter in this volume.

Donbas. Moreover, the separatist entities across the common neighborhood are establishing diplomatic relations, which is generating a new dynamic of separatist polities in communion with one another.<sup>40</sup>

### *The Changing Economic Map*

Beyond these challenges, the economic map is also changing. Trade is declining between Russia and Ukraine, Moldova and Georgia, which have started to implement DCFTAs with the European Union. Between mid-2014 and mid-2015 Russia's share in Ukraine's exports fell from 21 percent to 11 percent and its shares in Ukraine's imports declined from 24 percent to 17 percent. Russia's shares of Moldova's exports and imports also declined from 21 percent to 13 percent. Russia's share of Georgia's exports and imports are already low at around 8 percent for both imports and exports. These changing interdependencies are likely to accelerate. As of January 2016 the EU-Ukraine DCFTA went into effect over Russian objections, prompting Moscow to cancel its own free-trade regime with Ukraine and to ban agro-food imports from Ukraine—an illegal act under WTO law. That same day the EU extended coverage of its preferential DCFTA with Moldova to encompass its separatist region of Transnistria. It is also important to recall that the decision to end the FTA between the Confederation of Independent States and Ukraine was made in Moscow, not Kyiv. For Ukraine it would not have been a problem to be party to an FTA with Russia and one with the EU at the same time. The EU may also agree to visa-free travel for Ukrainians and Georgians, which Moldovans already enjoy, even as Russia threatens to introduce visas for Ukraine. Civil aviation bans by Ukraine and Russia have further pulled the two economies apart. Moreover, Ukraine's energy dependence on Russia has fallen. This has been due in part to economic decline, but also to Kyiv's decisions to stop electricity imports from Russia and to engineer reverse-flow gas arrangements with EU partners.<sup>41</sup> In 2011 Ukraine imported 91 percent of its gas from Russia. By 2015 it only imported 23 percent of its gas from Russia.

<sup>40</sup>On November 12, 2014 South Ossetia established diplomatic relations with the "People's Republics" of Donetsk and Luhansk. On January 28, 2015 Luhansk recognized the independence of South Ossetia, and on May 12, 2015 Donetsk recognized the independence of both Abkhazia and South Ossetia. See Philip Remler, "Ukraine, Protracted Conflicts and the OSCE," *Security and Human Rights*, 26 (2015) pp. 88-106.

<sup>41</sup>Michael Emerson, "2016 already puts its mark on the economic map of Europe," CEPS, January 8, 2016, <https://www.ceps.eu/publications/2016-already-puts-its-mark-economic-map-europe>

### *The Maidan Precepts*

Counterpoised to these forces of inertia, and to Putin's *Ozero* maxims, is another powerful force for change across the common neighborhood that we call the *Maidan* precepts. They take their name from the protest movement that began at the end of November 2013 on Kyiv's Independence Square, and which led to the toppling of the Yanukovich regime and elections leading to a new Ukrainian president, government and parliament. Like the *Ozero* maxims, the *Maidan* precepts are shorthand for a diverse set of perceptions and predilections. Unlike Putin's maxims, however, which reflect the worldview of a small group of powerful insiders, the *Maidan* precepts encompass a wide variety of perspectives from a jumble of actors, most of them outsiders.

As a reaction to a regime that sought to undermine basic principles and human rights that already existed in Ukraine, the *Maidan* precepts are rooted in a shared belief in the agency of civil society and the power of societal transformation. As growing parts of Ukrainian society started to become citizens instead of Soviet people, the country's ruling elites failed to understand or support this transformation. The *Maidan* was civil society's answer to a weak and dysfunctional state that had been undermined by Ukrainian elites and which could not fulfill basic tasks. Their message of the *Maidan* was that these stupendous failures left civil society with little choice but to fill this gap and to demand greater responsibility and accountability from decision makers. It was a reaction to the threat that Ukraine could become more like Putin's Russia, which was triggered in particular by Yanukovich's desperate attempt on January 16, 2014 to suppress dissent by introducing what the opposition labeled "dictatorship laws," based on Russian models, which would have made the country much more repressive.

The *Maidan* precepts mix high principles and basic needs. They are grounded in the understanding that the improvements in living standards are linked to basic rights and principles like rule of law, freedom of expression, independent media as well as free and fair elections. The people of the *Maidan*, and the millions who supported them, sent a clear message that they didn't want to live in a authoritarian and corrupt "little Russia" but in a European Ukraine that guarantees these basic principles. The message of the *Maidan* protesters was that Ukrainian society could simply no longer afford the revolving-door replacement of one set of corrupt oligarchs with another. *Maidan* was driven by dignity and a commitment to human rights and fundamental freedoms, anti-oli-

garchic and anti-corruption sentiments; and a vision for the country's future development based on European rather than Russian models.

The “Euromaidan” demonstrations and civil unrest in Ukraine began the night of November 21, 2013, the moment the Ukrainian government reneged on its intent to sign an Association Agreement and Deep and Comprehensive Free Trade Agreement with the European Union. The European flags on the *Maidan* signaled that Ukrainians were not Russians, they were Europeans—despite their corrupt elites.

The *Maidan* precepts represent an ideal—a benchmark against which to judge a highly imperfect reality. Circumstances are unique in each country, and achievement does not always match aspiration. At their best, for instance, the *Maidan* precepts embrace tactics of active, nonviolent protest. Reality has differed. These coalitions can also be short-lived. Bickering among the winning forces behind Ukraine's 2004 Orange Revolution paved the way for Viktor Yanukovich's eventual political return in 2010. Contradictions between the Euromaidan's intellectuals, civil society activists and radical nationalist wings have also been strong.<sup>42</sup>

Nonetheless, these ideals continues to animate those committed to a better life, those who believe that civil society, not government decree, is the earthquake driving the Soviet succession, and that eventually this earthquake is likely to rumble throughout Europe's east, including Russia. Their fragility and ephemeral nature underscore what is at stake.

### *Ukraine's Meaning and Importance*

Ukraine is now the crucible of change for Europe's grey zone, not just because of its size and location in the heart of Europe, or because of its rich resources or its poor economy, but because of its meaning. Ukraine has always been a critical strategic factor for European and Eurasian security, but today it stands at a critical crossroads between a more open society increasingly integrated into the European mainstream and serving as an alternative model to that of Putin for the post-Soviet region; or a failed, fractured land of grey mired in the stagnation and turbulence historically characteristic of Europe's borderlands.

---

<sup>42</sup>Leonid Luks, “Putin needs a Polish Lesson in Ukraine,” Open Democracy, April 1, 2014, <https://www.opendemocracy.net/od-russia/leonid-luks/putin-needs-polish-lesson-in-ukraine-solidarnosc-solidarity-maidan%20>.

Ukraine's future orientation will influence Russia's long-term geostrategic orientation and political path. A stable, independent, democratically oriented Ukraine on Russia's western border with close ties to the EU and the transatlantic community would resonate throughout wider Europe and into Russia itself. A failed, dependent, corrupt and authoritarian regime would hold little attraction for the Russian people and would strengthen Putin's efforts to impose his maxims in Russia and the rest of the post-Soviet space.<sup>43</sup>

Ukraine is also important to the future of Europe itself. Commenting on the Euromaidan, Myroslav Marynovych, a former Gulag political prisoner, said that "Ukraine is not a trouble spot, it is a partner offering a vision—a reminder of the original European spirit: youth, dynamism, and a profound belief in the principles and values that founded the European project. The Ukrainian youth carries this vision, and have been martyred for this same hope. What is Europe's answer to them?"<sup>44</sup>

Putin's aggression is more than an attack on Ukraine; it is an assault on basic principles and structures underpinning Europe's security—no forceful changes of borders, the right of countries to choose their allegiances, equal security for all countries. These principles go to the heart of what the transatlantic community stands for. Putin's aggression is also test of the West's ability to refute his efforts to establish contrary principles, such as his claim that Russia has an inherent right to defend the interests of ethnic Russians and Russian-speakers, regardless of territorial boundaries. Such a generalized right would wreak havoc in a world where most states are multiethnic.<sup>45</sup> Putin seems to understand the key role of Ukraine much better than Western countries, because he is investing much more in the failure of post-*Maidan* Ukraine than the EU or the United States are investing in its success.

As Ukraine goes, so goes much of the region. But Ukraine's reforms are stuttering. Corruption is not being addressed adequately. The country remains in a state of war, and has no control of around 400 kilometers of its eastern frontier. It is still an open question whether the momentum for change can be sustained, or whether oligarchic interests and legacy structures, aided by Putin's tactics, will be able to delay, distract, disrupt and ultimately derail reform efforts.

---

<sup>43</sup>Zbigniew Brzezinski, *The Grand Chessboard*, New York: Basic Books, 1997, p. 46; Larrabee, op. cit.

<sup>44</sup>Cited in Riedemann, op. cit.

<sup>45</sup>Garton Ash, op. cit.