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RUSSIA AS A NEIGHBOUR



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Ed. Hanna Smith

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Russia, quo vadis?

The Committee for the Future has published a study dealing with Russia from year 2007 every four-year term. The first looked at Russia's political development, the second focused on modernisation of the Russian economy and now the theme of the third is Russian foreign policy. The theme is approached from the perspective of a great power's neighbours. When we were launching our latest research, we had no way of knowing how topical it would turn out to be.

Political power has begun to be concentrated in Russia, patriotic sentiment is strengthening and there is a desire to shield domestic production from international competition. Russia's involvement in events in Ukraine has brought tension to foreign relations. The EU has imposed sanctions on Russia, to which Russia has responded with counter-sanctions. As a result of the general recession and sanctions, the Russian economy is plunging through recession into a depression. Also the Finnish economy is suffering from this situation.

There is a Russian proverb: "If you fear the wolf, don't go into the forest". Do the great power's neighbours trust Russia? Why has trust in Russia weakened? Russia emphasises that it is a European country and wants to engage in economic and scientific cooperation with the rest of Europe. Will Russia observe common rules of the game and WTO rules that create stability and predictability in business operations? Does Russia want to properly modernise, or will it continue to be an economy centred around natural resources?

There is a belief in European countries that Russia does not respect shared values. Russia, in turn, does not approve of being the target of sanctions without reason. It is demonstrating its military strength especially towards the West. Does Russia intend to place China before the EU as a partner?

This is a report written by experts. Thank you all. Committee for the Future, it's 17 members of Parliament, is going to take it on agenda in the beginning of January. So, opinions and statements of the Committee will be published later in 2015.

Päivi Lipponen

Chair of the Committee for the Future

Ph.D., MBA

Foreword

In September 2013, when the steering group for the Committee of the Future's Russia project was considering the thrust and objectives of the future project, almost the first matter to be brought up was the choice of heading, i.e. the angle of approach, for the project. There was a desire for a broad handling of the matter. There was a feeling that the project should be approached in broad terms. The final outcome was a principal theme labeled as 'Russia in the Eyes of Neighbours'.

Now, slightly over a year and a half later, it can only be noted that the angle of approach could not have been more apposite and topical. There is plenty of the renowned irony of fate in the situation. Events in the Crimea and Ukraine, Russia's general change in behaviour as well as a broader return of geopolitics to the European and Nordic scenes have attracted unexpected additional interest in the project – and at the same time also challenges in its implementation.

The most difficult thing during the final phase has been to decide when to wrap things up. What could happen in the time that it took to do the layout for the publication and print it? We were able in good time to ask leading experts in Russia's neighbouring countries for their assessments of how Russia's development looked in their eyes. Compiling their share was a challenging task, because it is difficult to picture a moving train. Also illustrative is the fact that no assessment could be obtained from Ukraine even by asking for it.

This is not the first time that the Committee for the Future is working on a report on the theme of Russia. The theme interested the Committee also in 2007 and 2011. Thus this third volume represents a continuing demonstration of competence in this challenging, but fascinating sector. Consequently, a kind of timeline of enlightened forecasts is already beginning to come into being. What was forecast in the earlier reports, what subsequently happened and how did the replies to those two questions influence the scenarios outlined in this report?

The "Russia 2017 – three scenarios" theme examined in the 2007 report involved an examination of alternative paths of development for Russia's future. The third scenario, which was ominously dubbed "Power Elites's Russia", contained the following prediction with respect to Russia:

"An antagonistic nationalism plays a central role in the scenario. The elite has transformed criticism of itself into hatred towards other peoples both within and outside the country. It consoles those living in poverty that they can proudly say they are Russian and disparage others. Officials actively feed suspicions that foreign civic organisations are threatening order and Russianness. Wars in the southern Caucasus and elsewhere are being utilised in a patriotic spirit, defending the Russian populace. Through secret police operations, attempts are being made to keep Central Asia and Ukraine within the Russian sphere of influence. A close confederation has been developed with Belarus."

The beginning of the introduction to this scenario contained the rhetorical question: “Is this kind of scenario even possible? Today, nearly eight years later, we can note that the scenario seems astonishingly familiar, especially where the last lines in it are concerned.

With respect to Ukraine, the reality has turned out to be even more violent than the scenario outlined above. In place of the secret police or alongside it, Russia’s tool has been the army.

Why, therefore, is predicting Russia’s future a necessary pastime? Would it not be better to speculate less, assume the role of a mere witness and let things go ahead under their own momentum? Isn’t it so that we cannot influence the development of our eastern neighbour in any case? Indeed, we can not. But it is precisely this fact that makes it completely justified for a good neighbour like Finland to make various assessments of the factors that are forecast to guide Russia’s development. Namely, what happens in Russia – or what fails to happen – will affect also the situation in Finland and decisions made there, in the senses of foreign policy, trade policy and military policy. We shall always be Russia’s neighbour, whatever kind of Russia it is.

Thus we are genuinely interested in the direction of development in Russia, in just the same way as we are interested in the future in general. Namely, the future is a place where we will be spending a lot of time.

The researcher Hanna Smith from the University of Helsinki’s Aleksanteri Institute was responsible for drafting the report. The person with responsibility on behalf of the Committee for the Future was Representative Stefan Wallin. I wish to thank the authors, those who participated in the work of the steering group as well as those who made presentations at the seminar “Russia in the neighbours’ eyes” arranged by the Committee on 21.5.2014: Ole Norrback, Paula Lehtomäki, Riitta Myller, Matti Anttonen, Kauko Jämsén, Tuomas Forsberg, Osmo Kuusi, Laura Solanko, Jaakko Hissa, Katri Pynnönniemi, Janne Helin, Juha Vättö, Edwin Bacon, Ivan Timofeev, Katalin Miklossy, Jeremy Smith, Jouni Järvinen, Mila Oiva, Dragana Cvetanovic, Erkki Tuomioja, Seppo Kääriäinen, Pertti Salolainen, Liisa Jaakonsaari, Teija Tiilikainen, Timo Vihavainen, Gustav Hägglund, Kimmo Rentola, Sari Autio-Sarasma, Saara Karhu, Riitta Kosonen, Pekka Sutela.

The Committee for the Future has long been interested in Russia. That is completely natural given that Russia is a major question of the future, not just for the country itself, but also for its neighbours, not to mention globally.

When the steering group for the Russia project, with which this work deals, decided on the angle of approach in September 2013, we could not have had the slightest inkling of how topical “Russia in the neighbours’ eyes” would become in the coming year that the project took. The events in Ukraine and the Crimea, but also in Russia itself have therefore provided countless impulses, which have left their concrete marks in our conclusions. It has been especially interesting to develop the scenario of Russia’s future development that this report culminates in.

The future is interesting because it is a place where we shall be spending so much time. This report is a way of trying to judge what is going to happen and how this something will affect the future for Finland.

Stefan Wallin

Chair of the steering group for the Committee of the Future's Russia project

Riksdagens framtidsutskott har under en längre tid intresserat sig för Ryssland. Det är helt naturligt eftersom Ryssland är en stor framtidsfråga, inte bara för landet självt utan också för dess grannar, för att inte säga globalt.

Då styrgruppen för det Rysslandsprojekt, som detta alster handlar om, i september 2013 slog fast infallsvinkeln för projektet kunde vi inte ana hur aktuellt "Ryssland sett med grannarnas ögon" skulle bli under det kommande året då projektet pågått. Händelserna i Ukraina, på Krim men också i själva Ryssland har därför bjudit på otaliga impulser, som också lämnat konkreta spår i våra slutsatser. Speciellt intressant har det varit att arbeta fram de scenarion för Rysslands framtida utveckling, som denna rapport delvis utmynnar i.

Framtiden är intressant, särskilt för att vi kommer att tillbringa så mycket tid i den. Denna rapport är ett sätt att försöka bedöma vad som komma skall och hur detta något påverkar framtiden för Finland.

Stefan Wallin

Ordförande för styrgruppen för framtidsutskottets Rysslandsprojekt

Part I: The futures of Russia – The Picture of Russia through Scenarios

Edwin Bacon, University of London, Birkbeck College, and **Hanna Smith**, University of Helsinki, Aleksanteri Institute

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For Finland, Russia as a neighbour is an opportunity and a challenge or, to put it differently, it presents benefits and threats. Therefore it is essential to be able to detect both the negative and positive trends in Russian political life, international relations, economy and society. A single event, a law that has been passed, a conflict that becomes frozen, election results or a discovery of some sort can appear to have a significant influence on a country’s development or even sometimes on the international system and the dynamics of foreign relations. For this reason, scenarios of the future are useful to present potential paths along which Russia may travel. This paper surveys these scenario accounts of Russia’s future in order to identify trends, key drivers, and potential outcomes.

What are scenarios?

Before diving into the detail of individual scenarios, or even presenting a summary of many scenarios, it is essential to understand what scenarios are for and what scenarios can do.

Scenarios are not predictions of the future. The scenario method has been developed to anticipate a number of potential futures, not to predict outcomes. Any set of scenarios about Russia should establish a number of possible paths along which Russia might travel. Usually between 3 and 7 scenarios are developed. They differ according to a number of factors, for example, key drivers, preferred outcomes, or a focus on a particular area of policy.

Scenarios are to guide policy formation. The scenario method was first used during the Cold War by the US government and later in the Shell oil company in order to 'game play' what the policy response should be in any given set of circumstances. Scenarios about Russia are best used to develop a response to a range of potential futures. Scenarios use expert analysis to suggest what futures have the potential to develop so that whichever future arrives it will not be a complete surprise, and policy actors will have been able to consider a response to that scenario type.

Scenarios' details are for illustration. Scenario accounts of the future often use narrative to tell the story of possible futures. Such narratives may be detailed. However, the details are the background. It is the overall trend which matters more. For example, in 2007 the Center for Strategic & International Studies published a set of scenarios called 'Alternative Futures for Russia in 2017' which included a scenario in which President Putin would be assassinated and Russia would experience a hardline authoritarian turn. The important point in this scenario was not the (rather provocative) detail of an assassination, but the idea that the potential for an authoritarian turn existed in Russia and should be included in any set of scenarios.

Scenarios have inputs and outputs. Scenarios are developed by looking at inputs (key drivers), thinking about different ways in which they will behave, and anticipating what the output (overall outcome) will be. Inputs are more obvious than outputs. It is easier to identify key drivers than to anticipate how they will act and interact. For example, it is straightforward to say that low oil prices will have a negative impact on Russia's economy. It is more difficult to anticipate whether the wider political outcome would be greater integration with the West, or a more isolationist response.

Scenarios encompass a wide range of possibilities. The easiest future to anticipate is continuity from the present. Many forecasts take for granted the basic elements and the accepted wisdom of the present. Taking the continuity approach can mean failing to anticipate profound changes, such as the collapse of the Soviet Union. An effective process of scenario development includes continuity as an option, but also considers more radical options. The pioneer of the scenario approach, Herman Kahn, insisted that space should be made to 'think the unthinkable'. The best scenario development still does this. For example, 'Alternative Futures for Russia in 2017' developed an anti-democratic scenario designed to 'break virtually all the stereotypes that dominated thinking about Russia in Washington for the first 15 years after the collapse of the Soviet Union'.

Textbox One. An example of scenario development and usage.

In 2014 Russia accepted Crimea into the Russian Federation, effectively annexing the territory of a neighbouring state (Ukraine). Russia has engaged in a proxy conflict in support of pro-Russian separatists in Ukraine. At home there has been a resurgence of nationalism, with strong Russian nationalist propaganda in the media. Some opposition activists have been arrested. The Putin regime has used strongly anti-western rhetoric. Russia has been hit by sanctions from the West, and has responded with anger and defiance.

No scenario anticipated exactly these events. However, the purpose of scenarios is not to write a precise account of the future, but to anticipate broad possibilities. The Valdai Club (2011) set out 7 scenarios for Russia. It is a regrettable omission that none of these involved military conflict or territorial expansion. However, one scenario consists of a domestic policy involving nationalist resurgence, arrests of opposition, closing down of free media, mass propaganda, and attempts to close borders. Although this scenario (called the 'hard-line authoritarian regime' scenario) presents a domestic outcome more severe than what has occurred, it nevertheless offers an outcome quite close to events in Russia after March 2014.

The Valdai Club experts judged that the 'hard-line authoritarian regime' scenario was 'extremely unlikely' but that 'we cannot completely disregard such a scenario'.

The Valdai Club scenario exercise represents a largely successful process for two reasons. First, it developed a wide enough range of possible outcomes so that even when 2014's unpredicted events happened, a scenario reasonably close in terms of domestic policy had been anticipated. Second, although the experts thought that outcome unlikely, they kept the scenario in their report, recognising that their role was not to predict but rather to anticipate potential outcomes.

Scenarios of Russia's future – an historical overview

There have been a large number of writings about Russia's future. One striking factor in nearly all of Russia's future scenarios dating from 1906 to 2014 can be found: they all include the notion that Russia's political system lacks stability and the possibility for systemic change exists. To be able to talk about a change in political system means that somehow the existing political system is either not credible or that the system is in a process of transition from one point to another (see Figure One).

Twice the Russian political system has collapsed due to the system's inability to adapt to a changing world: Imperial Russia and the Soviet Union. In both cases it has been suggested that economic factors were the main drivers for the collapse of the system. Scenarios of Russia's future have variously concentrated on economics, politics, society, international relations, or a combination of these four aspects. The question of which factor is most influential is a matter of debate, and has been so for centuries. As this paper notes in the following section, the selection of inputs (key drivers) depends on the point of view or the specific area of interest of scenario developers. Even if, for example, business people understand each other better than others do, and the same goes for the military, the political context still influences how 'the money and metal' can be used. Similarly, the strength of the economy or of the military will influence the range of political options which are open.

Figure One. Russia’s constant transition

From	To	Approximate dates of transition	Coding
capitalism	socialism	1905 - 1920	ECON / POL
monarchy	Bolshevism	1917 - 1928	POL
Imperialism	socialist internationalism	1905 - 1920	INT
market economy	planned economy	1917 - 1928	ECON
rural society	urban society	1928 - 1941	SOC
agricultural economy	industrialised economy	1928 - 1941	ECON
Bolshevism	totalitarian dictatorship	1928 - 1953	POL
socialist internationalism	Soviet imperialism	1945 - 1989	INT
totalitarian dictatorship	one Party rule	1953 - 1991	POL/SOC
socialism	communism	1961 - never	ECON / POL
communism	liberal democracy	1991 - 1999	POL
Soviet imperialism	post-imperial power	1991 - 2004	INT
planned economy	market economy	1991 - 2004	ECON
industrialised economy	post-industrial economy	1991 - today	ECON / SOC
market economy	state-led economy	2004 - today	ECON
liberal democracy	authoritarianism	2004 - today	POL
post-imperial power	neo-imperialism	2008 - today	INT



Coding indicates the primary area of activity for each transition.
 Key: ECON – economy, INT – international relations, POL – politics, SOC – society

In the case of Russia the link between economics and politics has always been strong. Ever since the time of Peter the Great, industrial growth has been a state-led project, with a relatively small role for private enterprise. Thus recent concerns about the ‘resource curse’ – the idea that a leading role for energy and raw materials in the economy inhibits diversification and modernization – could be seen as a continuation of a much older problem whereby Russia’s vast size, harsh climate, military needs, and lack of genuine entrepreneurial traditions has meant the state has always played the key role not only in developing infrastructure, but directly in building industry as the major investor and consumer. Moreover, the unpredictability of Russia’s internal and external politics, which has once again been underlined by ongoing events in Ukraine, means that any assessment of Russia’s future has to include discussion of politics.

This paper looks at some criticisms of the scenarios approach to looking at the future of Russia. It then reviews the most important of the future scenarios written about Russia before suggesting some ways, including an output-focused approach, in which the policy utility of scenario writing can be improved.

In a recent article, Edwin Bacon has reviewed both future-oriented writings on Russia and the Soviet Union up until the collapse of the USSR, and 13 of the most important scenario-based writings that have dominated future studies on Russia since then. The widespread

failure of political scientists and other academics to predict the collapse of the Soviet Union in 1991 was largely responsible for the abandonment of predictive studies and the preference for the scenarios approach. Bacon urges against the exclusive use of scenarios, first of all by arguing that the failure to predict the Soviet collapse could be explained by the specific way in which Soviet studies developed during the Cold War; second, by pointing to the positive features of Cold War studies, including those rare examples where a collapse was predicted; and third, by critiquing the usefulness and methodological difficulties of scenario-based approaches.

In the earlier part of the twentieth century, ideas about the future were mostly based on a continuation of narratives from the recent past and the present. Thus, for example, in 1906, Rudolf Martin predicted a period of upheaval and state terror which was an extension of the events of the previous two years, but also proved to be accurate about the decades to come. After the Bolshevik Revolution of 1917, such narrative approaches necessarily became coloured by the ideological views of the authors. More sympathetic writers, such as G. D. H. Cole foresaw forward development towards communism, while dissidents and émigrés predicted a much darker future or the imminent collapse of the regime

During the Cold War there was a considerable investment by the US and other governments in Soviet studies, and more scientific approaches to the future of the Soviet Union were developed, although they inevitably remained coloured by the ideas of particular authors. Thus, broadly speaking, the 'cold warriors' who adhered to the totalitarian model of the Soviet Union saw the system as incapable of reform, while the later 'revisionists' focussed on the developmental possibilities of the Soviet system. While the totalitarian school could later claim that they were more correct than the revisionists when it came to the collapse of the Soviet Union, Bacon points out that they too were at fault; much of the Soviet collapse is explained by the emergence of a reform tendency from within the Communist Party of the Soviet Union, something which the totalitarian school regarded as more or less impossible.

Bacon argues that the predictive power of social science should not be dismissed just because most people did not foresee the Soviet collapse. First, the identification of the Soviet collapse as the sole criterion for the success or otherwise of forecasts underplays the accurate forecasts of a number of analysts about such matters as convergence of the Soviet and western models, with a more democratic and market-oriented system developing in the Soviet Union. Second, Bacon further argues that a number of political scientists and other commentators did predict the Soviet collapse, for example, Bernard Levin (in a quite accurate series of articles in the late 1970s). A number of scholars, such as Robert Conquest, Andrei Amalrik, Archie Brown, Zbigniew Brzezinski, and Emmanuel Todd, all anticipated to some degree or another the forces which would lead to the end of the Soviet Union, although they were not always accurate in terms of the reasons for or the process of collapse.

Bacon has some criticisms of the scenarios approach which has dominated since the Soviet collapse in 1991. Reviewing 13 scenario-based accounts written since then, he finds that the most useful outcome of these exercises has been the research behind them and the way in which particular drivers are identified and developed into outcome-based scenarios. For example, the Finnish Committee for the Future's project 'Russia 2030'

modelled a number of scenarios based on two key variables – economic modernisation and socio-political development. This positivist approach Bacon finds of greater value than the interpretivist approach of exercising expert judgment in order to outline a number of possible future histories. He sees this as a return to pre-Cold War forecasting, with the difference being that several instead of one forecast is being made, which itself undermines the place of expert judgment. In general, Bacon finds the advancing of several scenarios to be useful as a policy tool within government or industry, where actors with a stake in the outcome use a range of scenarios to develop possible responses to a number of potential futures. However, he is more sceptical of scenarios made by academics and experts outside of this policy-response setting, arguing that when expert authors are reluctant even to support one scenario as being more likely than another, this downplays the significance of their insight and reduces the utility of forecasting. If, in effect, experts write scenarios to cover all possible futures, then how do they really help us prepare for the future, unless they are each used within a policy development setting? Bacon also notes that the ‘drivers’ selected by authors have changed over time, from political uncertainty and ethnic conflict in the 1990s, to the persistence of the Putin regime, the rule of law, energy and terrorism in the 2000s, to the personal future of Putin and possible social unrest in the 2010s.

In conclusion, Edwin Bacon argues that, while scenario modelling has produced much useful work, social science has the tools to engage in reasonably accurate forecasting within certain parameters, and he encourages political scientists to return to more single-future accounts, which would draw on both detailed knowledge of the country and on generalizable social science theory. Responding to Bacon’s critique, it is possible to suggest ways of improving understandings of Russia’s future without abandoning the scenarios approach all together. For this purpose, two major points can be taken from Bacon’s article. The first is that it is possible for social scientists to make specific predictions or forecasts for the future which are independent of any scenario. These can either be specific, like the prospects for a particular political party or individual (see the Appendix for some examples) or general, like expected demographic trends. While there is never any certainty over such forecasts, it should be possible to argue that something is likely to happen independently of any broader scenario. Second, and in complementary fashion, broader scenarios can be developed which anticipate directions of development and the impact of events and trends, without insisting on too specific an identification of policy and personnel outcomes.

Identifying inputs – key drivers

In order to develop scenarios for the future it is necessary to identify those ‘inputs’ which will influence developments in the years ahead. Scenario writers have not been able to agree on what are the most important inputs, or ‘key drivers’ for Russia’s future. Some drivers are permanent in their importance – for example, economic and demographic developments will always exert influence. Other drivers appear important at particular times, and less so at other times, for example, around the collapse of the Soviet Union, regional stability in Russia was seen as an influential factor. A more scientific approach to identifying and explaining drivers would help in assessing their likely force when it comes to influencing future scenarios, and in making preliminary judgements with regard to the

key variables which will determine whether one scenario or another appears more likely. In the discussion that follows a number of possible drivers are raised and examined.

As Bacon points out, the paradigm case for future studies when it comes to Russia was the collapse of the Soviet Union, and it was the failure of most observers to predict this event which led to a preference for multiple scenario approaches. As we have seen, there may have been weaknesses in both the totalitarian and revisionist schools which blinded both to this possibility. Another explanation can be that the Soviet collapse was itself an event so unique and based on such a complex cocktail of factors, that it is not a fair case for judging the predictive power of social science. This is underlined by the fact that, almost a quarter of a century after the Soviet collapse, arriving at a standard causal explanation for that event has continued to prove elusive, in the sense that no consensus has emerged as to the main reasons for the collapse.

Key drivers – economy

When looking at explanations for the Soviet collapse, and the general failure of experts to foresee this, the role of key drivers is illustrative. In one of the earliest attempts to explain the Soviet collapse retrospectively, Alexander Dallin picked out six contributing factors: the loosening of state control since the death of Stalin; the spread of corruption; the loss of effectiveness of Marxist-Leninist ideology; a changing social structure where the population was becoming more educated and more inclined to professional occupations; exposure to western influences, especially ideas of human rights; and relative economic decline. Most accounts since have followed a similar combination of factors, with sometimes the emphasis on one more than others. It has become quite common to highlight the economic collapse as the main reason for the end of the Soviet system. However, as well as the fact that this factor comes last in Dallin's list, it is noteworthy that many historians specialising on the Soviet Union did not agree. Mark Harrison, for example, argued that the Soviet economy was essentially stable until it was undone by Gorbachev's reforms, while Philip Hanson sees the collapse as essentially political, arguing that economic chaos resulted from political chaos, specifically the pursuit of different economic reform agendas by different republics of the USSR. Economists Michael Ellman and Vladimir Kontorovich also concluded that 'the USSR was killed, against the wishes of its ruler, by politics, not economics'.

As Jeremy Smith concluded in 2005, 'no conclusive answer can be given to the question of why Soviet communism fell'. While it is clear that the economic slowdown may have heightened discontent as well as providing a key driver for reform communists, the relatively marginal role of popular strikes or other forms of economic protest in the eventual collapse of the Soviet system make it difficult to create direct links. This is in contrast to the other great Russian collapse – the end of tsarist rule in February/March 1917. Here historians have shown how the poor infrastructure of the Russian economy was exposed by the impact of the First World War: railway networks became clogged up with the movement of troops and military equipment, leading to shortages at the front and, crucially, food not getting to the cities behind the frontlines. This led to hardship for families in St Petersburg, leading in turn to the mass strikes and demonstrations which forced the tsar to abdicate. Such a clear line of economic cause and political effect is, however, rare in history.

Now 23 years after the collapse of the Soviet Union, Russia has behind her one of the best decades in its history in economic terms. The 2000s saw economic growth unprecedented since the 1950s, the instability of the 1990s became a thing of the past, and Russia became clearly a part of the globalised economy. This all contributed to the Russian economy becoming one of the ten biggest economies in the world. However, many challenges remain and have been recognized in Russia too. In fact analysis from Russia or initiated within Russia has come to the fore in the field of Russian future projections, especially in the economic field, in the past couple of years. Today there are plenty of Russian think tanks and analysts engaged in thinking out the best solutions for Russia's challenges. What is significant is that most scenarios and notes about Russia's future development see the economy as a central factor. Also in post-Soviet scenario writing other elements have increasingly been taken into the picture, such as political development, demography, the inequality of Russia's regions and external factors.

Key drivers – regional factors

The role of regions and regional developments has been and will be one of those factors that will define Russian future paths. In the 1990s one of the most popular scenarios to be included in scenario studies was a collapse of the Russian Federation after the collapse of the Soviet Union. It is still not excluded in contemporary scenario analysis, although it appears less often and seems less likely. More common in scenarios in recent years, particularly since the annexation of Crimea, is the notion that instead of shrinking, through secession on the part of some regions, the Russian Federation might expand, as indeed has occurred in the case of Crimea.

Regional inequality in economic and geographical terms has always caused headaches in the central structures. In the early 1990s Yeltsin sought to enhance his power base by urging the regions to 'get as much sovereignty as they can take'. More independent regions weakened the central Russian structures and contributed to the fact that the Soviet Union collapsed. Regional autonomy proved to be difficult to control from Moscow and the federalist trend that dominated the 1990s was reversed by Putin's leadership in the 2000s. In the regional outlook one of the major problems from the central power's point of view is that regional economic development seems to work best in a more autonomous framework but that this risks weakening central authority. To balance between control and development is not easy.

Far East: The neglect of the Far East dates back to the Soviet era. The socio-economic problems are large in the region even today. However in recent years Russia has started to pay more attention to the region. The central government is now pushing several development priorities in relation to the Far East region. Moscow hopes to strengthen its administrative and economic footprint in the Russian Far East, by increased regional investment and in May 2012 a Ministry for the Development of the Russian Far East was created. The central government is also trying to create more economic links and strengthen the existing ones with Russia's Asia-Pacific neighbours in an effort to tie Russia's economy to the dynamic and growing economies of the Pacific region. On top of these economic priorities there is also a clear goal to reaffirm Moscow's control over the region and to send a message to other Asia-Pacific nations that Russia is a serious force in the region. The central government in its statements hopes to turn the region into a

modern and efficient hub for promoting exchanges with the Asia-Pacific region. Furthermore, there is a fear that population outflow will undermine Russia's attempt to be a major force in Asia and therefore it is important to develop the region. Rensselaer W. Lee III, Senior Fellow at the Foreign Policy Research Institute has noted that 'Fears that the [Russian Far East] provinces might detach themselves from the center, that Russia as a whole could break up, and that outside powers could gain a major foothold in the region have played a crucial role in reigniting Russia's interest in its eastern border provinces'.

The North Caucasus: One of the biggest problems is still the unstable North Caucasus region. The two devastating wars Russia conducted in Chechnya have created a generation of people in the North Caucasus who have had violence as part of their everyday lives as long as they can remember. Terrorism and armed conflict continue at a high level, although this is little reported in the West, with violence being more common in the non-Chechen republics of the North Caucasus, particularly Dagestan. This situation, together with sky-high unemployment rates, makes the region a ticking time bomb for Russia. A new armed conflict in the North Caucasus can have many serious implications for Russia and the neighbouring regions as well as for the EU.

The Arctic: In recent years the Arctic has been lifted close to the top of the priority list. The Arctic has importance for Russia because of its potentially vast resources of oil and gas, and possible future access to trade routes. The precise possibilities in these areas are connected to climate change. Arguably climate change is already happening but with responsible environmental policies, it could be slowed down. The investments that are needed in the Arctic are costly and this puts Russia into a difficult position as to which regions it will truly prioritise.

The Eurasian Union: CIS-area integration trends fall into the regional development category, with one of the most noteworthy projects being the creation of a Eurasian Union and the already working customs union. As the World Bank's Russia scenarios hinted, lowered trade barriers with Russia's Eastern neighbours would help regional development. The big question naturally is that if Russian policy is to find help to develop its own regions beyond its borders, what will be the long-term effects? This question is also essential from Finland's point of view.

Key drivers - demography

One of the factors that should perhaps be central to any assessment of Russia's future is the Russian people. Demography as an issue affects the economy, military capabilities, whether a generation that has not experienced the Soviet system will bring a new approach to Russia, questions of a brain drain from Russia and the future of Russia's scientific élite, and so on.

The next generation: In recent years opinion polls have shown that educated young Russians see their future in Russia in rather sceptical terms. This has been acknowledged also at the political level. However, as a recent book by Ellen Mickiewicz demonstrates, such scepticism about aspects of Russia does not translate into enthusiasm for western models, in particular their American manifestation. Mickiewicz interviewed students at Russia's three foremost universities. These are thoroughly 21st century, internet-savvy

students, the next generation of Russia's leaders, and they show a mix of internationalism and xenophobia, democratic mindsets but not pro-western. Of course, it is difficult to generalise about a generation. Nonetheless, Mickiewicz's work shows a flexible and motivated generation, whose love of their own country mingles with a cynicism about political processes at home and abroad. In such respects, and unsurprisingly given the globalisation of communications in recent decades, they do not differ markedly from their European counterparts.

Ethnic composition: The balance between ethnic Russians and non-Russians represents another matter of interest when considering Russia's future. Already in Soviet times some in Russia worried about the growth of the Muslim population. Rosstat, the state statistical agency, publishes region-by-region fertility statistics which show that areas in Russia with virtually no ethnic minority population have a birthrate about 3 percent lower than other areas. The weighted average TFR of traditionally Muslim areas (seven different regions inhabited by about 13.8 million people) is 1.94. The numbers show that Russia's Muslim population will grow in the coming years, but the growth will be gradual. In this sense Russian development looks a lot like most European countries where the share of the titular nationality is set to decline gradually over the course of the 21st century. If in the long run this gradual change may have some political, economic, and social consequences, in the short term it is the nationalistic discourse of fear about such prospects which may prove to be a self-fulfilling prophecy through the encouragement of ethnic tensions. This coincides with the current Russian political leadership's attempt to build up a unified Russia with a new Russian idea. In so doing there is the danger that they are fuelling the kind of nationalist sentiment which has already raised its head in different parts of Russia. To count on nationalism as a part of political discourse can bring unintended consequences.

Labour force: In 2013 the estimated population of Russia is about 142 500 000 people. The 2010 Russian census showed that in nearly a decade Russia had lost 2,3 million people. The impact that a decline in population will have on the labour force has been talked about a lot. To get the economy going and to manage to create productivity, a country needs people to work. In Russia's case it is even more important taking into account the size of the country and the need for the economy to develop. The effect of a loss of population in Russia can be compared to the situation after a war. Already now Russia has the second highest rate of immigration in the world after the United States. Russia has been battling for some time to get its birth rates up. 2009 was the first year since the collapse of the Soviet Union when Russia recorded a population growth, and in 2013, Russia has a total fertility rate of 1.7 children per woman. The numbers are not yet sufficient to help the Russian population grow so it is likely that the population will shrink again between now and the next ten or twenty years, especially since the birth rate in the 1990s was markedly low and it is this generation which is now reaching child-bearing age. Any focus on population growth for the purpose of increasing the workforce in the medium term is likely to be a focus on immigration, not natural growth, and this will bring political consequences. While projections into the future of Russia are very difficult, it is estimated that Russia will fall from the 9th most populous country to 17th by 2050. The worst case estimates show Russia's population falling from 2013's 143 million to only 107 million by 2050, although recent upward trends suggest that so severe an outcome is unlikely. The big question is that of how Russia and the Russian economy will cope with this trend. There are many factors that complicate the picture. Russia's geographical size

means that population decline risks leaving some areas underpopulated, as those of working age move to where their skills are better rewarded.

The preceding section has set out some of the key drivers identified in scenario accounts of Russia's futures. There are of course many more such inputs into scenario developments, notably in the fields of politics, society, and international relations. Figure Two provides more details of these inputs into scenario development with regard to Russia. To some extent, the identification of inputs is useful in terms of providing the observer with a menu of issues to keep under review. At the same, however, it must be remembered that there is a degree of artificiality about such a separation of factors, since they must then combine, intermingle, and overlap when it comes to the final scenario. Like the ingredients in a cake, their initial nature may be transformed and bear little resemblance to the final outcome. For example, in any given economic or demographic situation, there are several potential political responses. Would economic decline lead to opening up to the West, or to the East, or will a protectionist Russia result? The interpretation of the input's effect is often more difficult than anticipating the path that any particular input might take. In this fact lies both the strength and the weakness of scenario development. The strength comes in the possibility of exploring multiple futures and imagining Russia's future according to a variety of responses to changing inputs. The weakness comes in the tendency of many scenario accounts to tie a particular behaviour on the part of one input to a particular outcome in a way which presents a false causal link to the exclusion of other possible futures.

Figure Two. An input focus on scenario development

Inputs / Key Drivers	Examples of input elements with potential to influence outcomes
Economy	oil prices trading partners global economic situation infrastructure technological developments (for example, renewables, shale gas) investment
International Relations	decreasing trust war alliance structures foreign policy doctrine global security environment
Demography	size of population size of key cohorts, for example, working age, pensioners immigration – source, level of skills, education, age emigration – destination, level of skills, education, age
Regional stability	separatist movements in the North Caucasus economic costs of maintaining or increasing size of Russian Federation disputed territories, for example, Crimea, South Ossetia, Abkhazia
Political system	growing authoritarianism elections in 2016 (Duma) and 2018 (presidential) splits in the élite street politics and protest growth in opposition – democratic and/or nationalist
Society	big city / small town / rural differences in terms of expectations and future visions social attitudes in relation to issues such as tradition/modernism, and Eurasianism/Westernism trust in existing institutions



Scenarios of Russia’s future – a review of recent scenarios

In thinking about 1917 or 1991, we talked in the preceding section about an economic collapse linked to a political collapse. But such extreme outcomes rarely feature in recent scenario writing on Russia. All scenario writing takes account of economic development as at least an important element, but the degree to which the economy interplays with other possible drivers can vary considerably. By looking at recent scenario work, we can see how different inputs, and alternative key drivers, have been used to anticipate Russia’s future. Table One provides a summary of the scenarios under review in this section, enabling an ‘at a glance’ overview of common scenario types and their development over the past decade or so.

Scenario writings about Russia’s future are most commonly divided into three or four different scenarios. If there are three scenarios it is usually a triangle close to reality, worst case, and best case scenarios. In 2007 the Committee for the Future of the Finnish Parliament developed its first Russia scenarios: the *Influential Global Player* through energy related competence (closest to present reality), diversifying *Mosaic Russia* (the best case scenario) and *Power Élite’s Russia* (the worst case scenario). In a 2010 Russia project the 2007 scenarios were updated and one new scenario was added: a *Russia of Contracts* (prerequisites for different development).

The Russia 2030 report’s scenario framework was summarized as follows:

<p>Modernisation of the economy</p> <p>Social development</p>	<p>The big companies at the core of economy renew themselves internally and set up innovative subsidiaries that diversify the economy.</p>	<p>Practices that renew the economy are adopted by borrowing them from abroad (‘catching up’). First companies outside the core of the economy.</p>	<p>Authoritarian or nationalistic practices and/or corruption have a withering effect on essential investments and renewal.</p>
<p>A centrally directed authoritarian state, administration and big companies.</p>	<p>A RUSSIA OF ENLIGHTED AUTOCRACY (interim state)</p>	<p>A RUSSIA OF SMALL RENEWING STREAMS</p>	<p>A RUSSIA OF THE CONCENTRATED POWER OF THE STRONG</p>
<p>Unambiguous legal provisions that are complied with, scrupulous adherence to written contracts, dismantling authoritarian practices</p>	<p>A RUSSIA OF MODERN BIG COMPANIES AS AN INFLUENTIAL GLOBAL PLAYER</p>	<p>A MODERNISED MOSAIC RUSSIA</p>	<p>Not possible</p>
	<p>A RUSSIA OF CONTRACTS</p>		
<p>Centralised political exercise of power weakens, but a state directed contractual society does not function</p>	<p>A RUSSIA OF BIG-COMPANY (interim state)</p>	<p>A RUSSIA OF UNOFFICIAL NETWORKS</p>	<p>A RUSSIA OF DIFFUSED POWER OF THE STRONG</p>

Table One. Summary of selected scenario accounts of Russia’s future (part one)

Scenario names	Author/date/future date	Key Features	Coding
Lone Wolf	Jan Leijonhielm (1999) Scenarios for 2009	Patriotism as an economic engine	INT ECON
Great Russia		Russia pivot to Asia and away from the US and Europe	
Disintegration		Russia is weakened by internal disintegration	
Return to Dictatorship	Copenhagen Institute for Future Studies (2005) Scenarios for 2020	Strong presidential system, limited freedoms, weak regions, Russia a regional power rather than global	INT POL
Democratic Superpower		Western-oriented Russia, with social and political freedoms	
Strong Regions		Divided Russia, with regional disparities, corruption, and regional ‘foreign policies’	
Strong Federation		Globalized, democratic, decentralized Russia	
Putinism without Putin	Center for Strategic and International Studies Alternative Futures for Russia to 2017 (2007) Scenarios for 2017	Economic growth continues as does political apathy, leading to period of stability and closer relations with the West	INT ECON POLIT SOC
A Shot in the Dark...and True Dictatorship		The rise of an authoritarian regime, the renaissance of Russian nationalism, and Russia expanding its territory into the former Soviet space.	
Putinism Falls from Grace...and Democracy Rises Again		Economic decline, terrorism, and epidemics increase popular discontent, and bring an election victory for democratic reformers.	
Kremlin Gambit	Andrei Melville and Ivan Timofeev (2008) Scenarios for 2020	Energy superpower where the state restricts economic and political competition to serve the goal of modernization	ECON POL
New Dream		Russia a modernizing, law-based, market democracy in a strong world economy.	ECON POL
Russian Mosaic		Weak central state, some powerful regions	ECON POL
Russian Fortress		New Cold War, conflicts in Central Asia, restrictions on rights and freedoms	INT POL
Peter the Great	Susanne Oxenstierna (2009) Scenarios for 2019-29	Western-style modernization	INT ECON
Batu Khan		Russia pivot to Asia and away from the US and Europe	
Alexander III		Nationalist and isolationist.	

Table One. Summary of selected scenario accounts of Russia’s future (part two)

Scenario names	Author/date/future date	Key Features	Coding
Inertial negative	Valdai Club (2011) Scenarios for 2016-18	Slow economic growth, increasing divide between society and government, declining strength on international scene (most likely scenario)	INT ECON SOC POL
Inertial positive		Protective conservative modernization, with limited liberalisation of political life ('not ruled out')	
Authoritarian modernization		State-led modernisation of selected industries and agriculture, patriotic ideology and cadre renewal from above (second most likely, to develop as the inertia scenarios fade)	
Liberal-democratic reforms		Modernisation of the economy matched by modernisation of society and politics in line with the western model (possible but unlikely)	
Democratic revolution		Fall of current regime after street protests led by democratic forces (very small likelihood)	
Hard-line authoritarianism		Decline in support for current regime met with hard-line response leading to arrests, censorship, nationalism, closed borders, and propagandistic creation of an enemy (theoretically possible and cannot be disregarded)	
Best case		Stable institutions, gradual democratisation and liberalisation, economic development in Siberia and in trade with China, good international relations East and West (normative but not completely practical)	
Regional Rebalancing	World Economic Forum (2013) Scenarios for 2030	Variable regional performance, with some regions well-governed and flourishing despite central stagnation.	ECON POL
Precarious Stability		Economic decline masked by state intervention in social sphere	ECON POL SOC
Beyond Complacency		High oil prices, economic success, but political stagnation leading to disputed reforms	ECON POL
Cruise liner	Freidrich Ebert Stiftung report 'Germany and Russia 2030: Scenarios for bilateral relationship' (2013) Scenarios for 2030	Russia modernizing its economy in line with western values	INT ECON
Cargo Vessel		Eurasian Union exists, Germany is western Europe’s strongest power, and Russo-German relations are based on pragmatism	
Coast Guard		Russia pivot to Asia, away from the US and Europe and away from democracy	INT ECON POL
Sailing Boat		Little change – economic and societal contacts accompanied by a value divide between Russia and Germany	INT ECON SOC

Since the 2010 Committee for the Future 'Russia 2030 based on contracts' report many things have happened in Russia. On the surface many things look good, like the state of the Russian economy or the fact that Russia improved its position by 20 places in the business environment survey of the World Bank. In fact President Putin's aim is to improve Russia's position from 120th to 20th position by 2018. In the 2013 survey Russia's position was 92 out of 189 countries. The survey is based on 10 indicators, and was carried out in Moscow. Regional differences in Russia are still high so the survey does not tell the whole story. This is one of the challenges of Russia analysis; on the one hand something has improved and on the other no significant change can be detected, in one place things work smoothly, in another place obstacles are too high to pass. The survey tells this story rather well. Russia's improved rating can be attributed to significant reforms to access to electricity (up 71 places to 117th) and the process of registering a property (up 29 places to 17th). Smaller improvements have been made to the ease of starting a business and paying tax. At the same time there are signs that Russia might have improved its business environment ratings at the expense of the broader business climate, like the way the rule of law functions in society, not managing to get labour productivity improving and failing to stamp out bribery and corruption. This is where the economy meets the boundaries imposed by political conditions.

In most of the scenarios about Russia the economy is one of the key factors that also determines political development. Many, such as Andrew Kuchins in *Alternative Futures for Russia to 2017*, see that 'the price of oil is the most powerful driver of Russia's future for the next ten years'. The report was written in 2007. Interestingly, Russia's strength which has been the driving factor behind the success of the Russian economy in the 2000s is also viewed rather negatively as a determinant of Russia's development. Oil dependence will not support the modernization of the Russian economy. The resource based economy encourages state control and corruption. In fact many scenarios see the decline of the Russian economy (related to the collapse of oil prices) as the starting point for a more modern and democratic Russia. Low energy prices are seen by some as a positive thing for Russia in the long term. With high energy prices state control continues and therefore there is low potential for modernization. It seems that most of the scenarios are in agreement that the Russian economy needs modernization and only then will political change come. Such interpretations are a good example of what we noted earlier, namely that forecasting what will happen to a key driver is only the first step, after which follow less secure assessments of what the overarching output for Russia of such a development will be.

Something that has changed in the energy sector is renewable energy and shale gas. Also a new factor will be the question of how climate change will effect the northern hemisphere and with that different transport routes. It will also influence how to extract natural resources from those areas. The Arctic seems to be one topic that will impact on different aspects of Russia in the future. A 2009 study by Susanne Oxenstierna from the Swedish Defence Research Agency presented three scenarios of possible economic developments in the Russian Federation 10 to 20 years ahead. Oxenstierna's study mostly emphasised economic factors. The stress was on trends concerning the most important variables affecting economic growth – labour force and demography, capital and investments, energy sector developments and technical change. The report did not analyse foreign, security and domestic political developments *per se*. The scenarios' political prerequisites were assumed and presented.

Oxenstierna used earlier scenarios made in Sweden in order to provide the political background. In particular, she used three scenarios for political development looking 10 years ahead which were presented by Jan Leijonhielm and his research group in 1999.

Lone Wolf – Patriotism as an economic engine.

Great Russia – Russia increases her relations with Asia and develops a growing mistrust towards the US and Europe.

Disintegration – Russia is weakened by internal disintegration

As Oxenstierna notes, none of the scenarios materialised fully. However assessments of their content shows that they were often right in giving the broad picture, although perhaps not in every detail. The scenario that was also suggested in other scenarios during the 1990s, Disintegration, had not occurred by the 2000s. Interestingly, coming to the 2010s some new speculation has emerged about Russian disintegration at the same time as Russia is in fact trying to increase its global military presence and even adding new territory to itself. The disintegration of Russia is still not a scenario for the immediate future but sometimes flows of speculation provide some insights about the strength of central government and how too tightly centralized policies create an atmosphere of uncertainty.

The names of Oxenstierna's scenarios follow the common scenario approach of giving 'catchy' names to potential futures:

Peter the Great – continued Western-style modernization. In this scenario Russia aspires to become a strong economic partner to Europe and to other neighbours. The strategy is to modernise Russia and to attain this by looking West, as Peter the Great did, and to develop a Western-type market economy and democracy. This scenario included Russian WTO-membership, Dmitry Medvedev elected as president in 2012, South and Nord Stream gas pipeline projects in full cooperation with the EU, easing and gradually removing the visa regime between the EU countries and Russia, as well as a new NATO special partnership agreement together with Ukraine. Under this scenario, the modernization of the economy will succeed and the military will become a contracted army. By 2030 Russia's Transparency Corruption index position would be 50th of 179 countries. Furthermore the gradual institutionalization of democracy would be completed by 2030. This scenario is the one many hoped for in 2009, during the second year of Medvedev's presidency and shows how a single decision relating to the leadership of the country can change the direction of a country.

Batu Khan – expansion to the East. This scenario, as the name suggests, draws inspiration from the Mongol times. Today's Russia is increasingly looking eastwards. When tensions build up with Europe and the United States, Asia is an attractive option for Russia. Interestingly this scenario sketched a narrative in which Medvedev would lose the presidential battle in 2012 due to state corruption, to economic recovery at 2-3% growth a year not being strong enough to meet all the demands, and to the perception that he let Russia be treated badly by the EU and the US. One can argue that in 2009 all of the signs were there that this might be happening but they were so mild that there was still a strong possibility that Medvedev would continue. By contrast, in 2010 the Committee for the

future report 'Russia of Agreements 2030' wrote about Putin's comeback. The leader in this Batu Khan scenario comes from Russia's Tatar population and therefore relations with Turkey would grow closer. Also the importance of Iran and China would increase. Even if the new government fails to strengthen democratic institutions, it sets ambitious targets for the economy and looks for the solution to Russia's economic problems from the East.

Alexander the Third – nationalistic, orthodox, isolationistic. This scenario foresaw, even if nobody could really believe it likely at the time, how and what has effected Russia-West developments. In this scenario 'Russia will feel provoked by the US installation of missile shields in Europe and will decide to advance its military presence in its European regions'. Russian concern over NATO missile shields had already led to tensions building up between Russia and the West during the Medvedev years. 'Then the EU will continue to stretch out towards Ukraine and Moldova, and as a result Russia will intervene and take control of these countries and use them together with their old ally Belarus for military bases'. What is interesting with this scenario is that it indicates failure in the Russia-EU relationship to find common ground in the 'lands between' Russia and the EU. The recent events in Ukraine show that the vision described in the scenario was important to develop. Even the further implications are close to how events appear to be turning out: 'This will greatly upset the US, causing them to introduce trade sanctions. Europe will then experience problems due to its energy-dependence on Russia'. As with all scenarios, this one includes some less accurate insights. Relating to the domestic situation it anticipates that 'The human rights situation in Russia will deteriorate further as the nationalistic leadership opposes any religion other than the Orthodox Russian Church'. Although there are elements of this development, in the increased use by the Putin regime of Orthodoxy as a national symbol, this has not been accompanied yet by strong opposition to other religions. The leader of Russia in this scenario comes from the military. Interestingly, this is the scenario that does not manage to revive the Russian economy and it will be bankrupt in 5-6 years.

The Oxenstierna scenarios characterize the Russian economic system, that is, Russian-style capitalism. In her report she found the main economic challenges to Russia's future economic growth to be: the sharp drop in the labour force, slow technical change and productivity growth, high energy intensity, dependence on the external oil price, unreformed domestic energy markets and low degrees of competition in many sectors. These are factors that most scenarios based on economic factors point out. The interesting factor in her report is the political framework, even if she pointed out in the beginning of her report that the political frame was just a given and based on previous work, nonetheless in the end it seems to decide the fate of economic policies.

Some recent Russia scenarios also concentrate purely on economic factors. The Freidrich Ebert Stiftung report 'Germany and Russia 2030: Scenarios for bilateral relationship' draws up four different scenarios in which to do business and develop bilateral ties with Russia. This project was conducted under the sponsorship of Frank-Walter Steinmeier, then the leader of the SPD faction in the German Bundestag (now the German foreign minister), and Igor Ivanov, President of the Russian International Affairs Council (a former

Russian foreign minister). The project team consisted of ten Russian and ten German experts. The scenarios are:

Scenario I: Cruise liner – A value based alliance. This scenario shows the best ever relationship between Russia and Germany. The underlying factor is that Russia is modernizing its economy.

Scenario II: Cargo Vessel – A pragmatic relationship. In this scenario Russia has succeeded in building the Eurasian Union. NATO has lost its importance in Europe. Business is conducted on an interest-based approach.

Scenario III: A Coast Guard – A New Ice Age. Russia has cut its ties with the West and its economic strength is now coming from Asia.

Scenario IV: Sailing Boat – Business as usual. The usual ups and downs alternate. Business can be done.

The Scenarios of the World Economic Forum published in January 2013 in its turn had three scenarios:

Regional Rebalancing – In this scenario global resource scarcity allows some of the regions to grow quickly on the back of high investments in agriculture and a range of associated value-chain products. The growth is helped by new investments in cross-border infrastructure links and lowered trade barriers with Russia's Eastern neighbours.

Precarious Stability – A sudden drop in oil prices threatens social stability in Russia. The state takes a stronger hold on the economy using state companies as a vector of social spending. For many parts of Russia the government manages to have at least an illusion that things are well in Russia. Under the surface instability creates uncertainties.

Beyond Complacency – High oil prices continue to support the state economy but inequality grows. Discontent increases with inefficient public services and a more inefficient state bureaucracy. A split among the élite leads to institutional reforms.

The interesting factor in the World Bank's scenarios is that the positive scenario for Russia comes either through an élite split or strong regional development, not through economic crises that force the structure of the economy to change and modernize.

In both the German-Russian and the World Bank's scenarios, Russians have been working together with others on Russia scenarios. It does seem from these scenarios that, as in the explanations about the collapse of the Soviet Union, the economy is an important driver. Other scenario accounts, whilst not ignoring the economy, have a focus on different inputs.

In the Valdai Club's scenarios from 2011 the stress is on the political side. The Valdai Club report differs from most others in that, first, it takes a more flexible approach to scenarios by outlining a range of scenarios only in the political sphere, and then discussing in more general terms international, social and economic developments, and how they might be affected under each scenario. Thus each scenario is not a 'whole picture', but rather each sector can develop in different ways which are not linked inextricably to a particular direction of development in another sector. The report also makes clear which scenarios the authors believe are more likely than others rather than presenting each with equal weight.

The forecasts are based on a clear analysis of recent and current trends. The main message in the Valdai report is that the world is becoming more chaotic and dangerous, more unpredictable, and that this instability presents a risk for Russia. The economy is currently in a strong position in the Valdai report, but risks stagnating. However the report pointed out that there are favourable signs in the international arena for Russia: countries that compete with Russia are becoming weaker and the rise of China is still incomplete and it is a bit uncertain how it will end; the global system is turning back to reliance on nation-states and international diplomacy instead of post-modern trends alien to Russia; and finally military threats to Russia are virtually non-existent. Foreign trade is seen also in the report as an important factor and is put into the category of outside factor. It also pointed out that Russian innovation policies have not been so successful since external conditions are pushing Russia away from paths of innovation. In any case, Russia is far from being able to compete internationally in terms of product quality, or with China in terms of price. Furthermore the report points out in relation to foreign relations that Russian soft power is gaining in momentum in neighbouring countries and non-Western countries. This detail is significant relating to the conflict between Russia, Ukraine and the West starting at the end of 2013. Another factor that relates to the worsening of Russia-West relations mentioned in the report is the view that Russia has been since the 2000s consistently revising the rules of the international game that it believes have been imposed on it by the West and for which it now has to pay.

This is a factor that too many Western scenarios for Russia ignore, the strong feeling of resentment by Russians in international relations. In both the Timofeev and Melville research and in the Valdai Club report a clear tendency for Russia as a strong state, a Great Power in the international arena and one of those countries that can also be norm makers not norm takers globally is important for Russia. Even if the Valdai Club report points out that Russia has changed in the sense that the history of developing through non-economic, forceful coercion, which has been traditional for Russia especially in the 20th century, has apparently ended, it seems that from the Russia perspective the economy is guided by politics, and not the other way around.

The Valdai Club political scenarios show this well:

The Inertial Negative Scenario. This is seen by the authors as the most likely of the scenarios. Essentially, things continue as they are now (or as they were at the time the scenario was written, in 2011). But given that, in the preceding overview of current trends the report notes that 'the Russian political system ... has ceased to contribute to progress' this means that Russia can no longer expect to enjoy the high growth rates of the past decade. The economy will stagnate, educated people will emigrate, the social system will

deteriorate as state spending is cut, and the gap between state and society, which is already in evidence, will continue to grow. The long term danger is that the state will lose the support of society, and Russia will find it difficult to respond to international challenges.

The inertial positive scenario. This is seen as the second most likely scenario. Russia will retain its authoritarian system, but will tackle corruption and modernize the economy, leading to upward economic trends and some positive social development. The authors are pessimistic, however, that such a reformed system will mature quickly enough to meet global challenges.

The next four scenarios are seen as much less likely to occur, although given the right circumstances, they are possible.

Authoritarian modernization. Under the authoritarian modernization scenario, the state will undertake a serious struggle against corruption and initiate a long term investment plan, along with promoting the development of technology. Economic programmes would take place in cooperation with Western investors and technology companies, and would be accompanied by social, military and other reforms as well as a slight liberalizing of the political sphere, allowing it to retain the services of the most highly educated Russians and encourage the development of the middle class.

Liberal-democratic reform. This scenario involves not just modernization of the economy through liberal measures, but removing censorship, developing a multi-party political system, restoring the rule of law, strengthening property rights and reforming the judiciary. It would also involve closer ties with the EU. This scenario is seen as possible, but unlikely in the near future.

Democratic revolution. The regime is overthrown or falls in response to public pressure. Drawing on the experience of colour revolutions elsewhere, the authors also point to the dangers of such a scenario in terms of the collapse of government structures and the rise of populism and nationalism. This scenario is seen as very unlikely in the short term, but possible in the longer term if stagnation continues.

Hard-line authoritarianism. This will lead to a repressive police regime, which will extinguish democracy and free speech and will result in the persecution of all opposition forces. The authors do not see any individual emerging who might play this role, and see it as extremely unlikely. If it does occur, it will lead ultimately either to democratic revolution or disintegration.

The Valdai club report concludes with a ***Best Case Scenario*** which they clearly do not see as likely to emerge under the current regime and which reads more like what the authors would like to see, what they believe would be the best direction for Russia. There is pessimism over the likelihood of it turning into a reality. The main emphasis is on building stable institutions in politics and the economy. It involves a competitive political party system, the sale of at least some television, radio and newspaper outlets to create an independent media, high profile prosecution of officials for corruption, support for NGOs,

promoting a national culture and identity which is also multi-ethnic in outlook, fully distancing Russia from the Stalinist past, promoting moral values, complete privatization of property, and improving the investment climate. In the economy, development would be focused on a narrow group of industries, and special attention would be paid to developing Siberia and the Far East. In line with this, in the international system the economy would reorientate towards China, but Russia would also play a leading role in international dialogue, promoting tripartite talks and agreements involving Russia-US-China and Russia-US-EU. This best case scenario is seen as possible only under a system which retains some authoritarian features in the short term, although by developing civil society and opening up public discussion and political competition it will lead to democracy in the long term.

A 2005 report by the Copenhagen Institute for Future Studies presents a range of political and economic scenarios which are independent of each other. Four political scenarios are presented based on two main variables: whether political power remains centralized or is decentralized; and whether political development is democratic or authoritarian.

Return to Dictatorship. A centralized authoritarian state is presented. This is most like today's Russia – a strong presidential system, limited freedom of speech and organization, weak regions, nepotism tying the regions to the centre. All of this leads to an inefficient economy. Interestingly, the authors relate such a political system to a foreign policy which focuses on Russia's status as a regional power rather than a global power.

Democratic Superpower. A centralized but democratic system with a strong president but an effective set of legislative, executive, and judicial institutions, a flourishing civil society, and a politically active population. Russia has strong relations with the West and is a leading member of the WTO and other organisations. The economy stays strong and is integrated into the global economy.

Strong Regions. A decentralized but autocratic system which would lead to disagreements among the regions and a continuing internal power struggle. A strong president would be required to mediate. Personal connections become the most important factor in politics and society remains weak. Separatism and different regimes in different regions destabilize the country, and while the east of Russia orientates towards East Asia, some southern regions orientate towards Central Asia and the west of Russia will be attractive to western investors. This will lead to lopsided economic development.

Strong Federation. A decentralized democratic system with a well integrated state where much power is devolved to the regions, there is a strong and active political life, and the country is part of the global economic system, pursuing relations in all different directions. A market economy and small and medium size businesses will flourish.

While certain economic trends, especially in global integration, are connected to each political scenario, a similar axis of four possible economic scenarios is presented independently in the Copenhagen report. The two variables here are whether Russia goes in the direction of a market economy or a planned economy, and whether the economy is mostly based on raw materials or diverts into a more differentiated service and

production economy. As may be expected, the best scenario presented here is of a market economy with a differentiated base, which will lead to a 'New Economic Superpower'. By contrast, if Russia develops a market economy but continues to rely on raw materials, big corporations will dominate and Russia's development will be uneven and dependent on global fluctuations. A planned economy based on raw materials will lead to state domination of all sectors of life, with a bureaucratic and highly regulated system. A diverse economy which moves towards more planning is presented as a 'New Soviet' economy which is largely cut off from global markets and is self-sufficient, and where production depends on priorities decided by competition between regions and manufacturers rather than the needs of the population or global competition.

Although links between the different economic and political scenarios are not explicitly made, implicit in the report is that, as with the Valdai Club report, politics comes first and is more likely to determine the economic direction. The Copenhagen report does not, however, offer any opinions as to which of these scenarios is more likely.

The outside environment, the global context, is something that is often missing in the more western based Russian scenarios for the future. In many of the scenarios made by Russians it is clear that the international context becomes very important. A good example is Ivan Timofeev's and Andrei Melville's Russia scenarios where in each scenario outside factors are central for different future paths for Russia. Each scenario starts with an assessment of how the world will be developing around Russia in 2020. The four scenarios Timofeev and Melville draw up are:

Kremlin Gambit – Russia as an energy superpower, oil prices are high, the state sets the 'rules of the game', restriction of economic and political competition in the country to serve the strategic goal of modernization.

New Dream – stable growth in world economy due to new technologies. Successful reform of the UN has strengthened the position of international law. Russia finally has the possibility to concentrate on its internal modernization. 'Russian breakthrough' is the new slogan for politicians. Economic and political competition exists in Russia and the rule of law is no longer the 'dictatorship' of the law.

Russian Mosaic – stable growth in world economy, oil prices low due to new technologies, international institutions set the rules of world politics. 'Russia plays according to the rules, which it has been forced to accept'. The state becomes weak, regions have power.

Russian Fortress – return to Cold war, the West has given up Russia. Ukraine and Georgia are NATO members. There are a number of old and new civil wars in Central Asia. Defense expenditure has risen sharply and 'the country must be united to withstand external threats, even at the price of restricting individual rights and freedoms. Russia balances among world centers of power'.

In all of the scenarios Russia is more or less a world Great Power, but in some cases it is forced to 'play according to rules set by others' or withstand external threats. In positive scenarios Russian claims that the UN should be the global governance organ and

international law should guide world politics have materialized. High energy prices will keep the Russian economy strong.

The Russian fear of outside influence is today more visible than for a long time. The recent process of trying to once again define 'Russian-ness', to find a new Russian idea, highlights this trend. President Putin, in his speech at the Valdai Club September 2013, defined 'the new Russian idea' in the following way: Russia is a unique civilization; by returning to the core Russian values – Orthodoxy, strong state, and patriotism – Russia can withstand negative outside influences; others should not narrate Russia's history since that will give a wrong picture of Russia to the outside world; Russian language and culture should be promoted and protected in the world. The themes in his speech are not new but they were formulated more strongly than ever before during Putin's reign.

Usually when the question arises of strengthening Russian-ness in Russia and arguing strongly that the West, especially, has a wrong and distorted image of Russia, it is a reflection of the fact that the Russian power élite themselves feel weak. Russia today has problems in making the state work effectively, but it does want to show itself as very strong, and that has always been a problematic situation for Russia's partners and for Russia itself.

Russia's relationship with its important trade partners is one outside factor. Another is Russia's relationship with other 'Great Powers'. The rise of China and the weakened international standing of the still-leading power, the United States, have influenced Russia in its determination to maintain and develop its identity as a civilisational hub, one of only a few poles of influence in the world. The Russia-EU relationship has developed in a worsening direction in recent years, partly due to Russia's perception (perhaps accurate) that the EU has not treated Russia as a separate pole of influence, but rather as simply another state in the European neighbourhood. The EU's economic weakening in recent years has also complicated relations, since Russia's economy depends very much on a strong EU. How the different relationships will develop in the future also has implications for Russian internal developments. When Russia can argue about a threat from outside, there is a case for strengthening the grip on power internally. When the atmosphere in international relations seems more relaxed and beneficial, Russia is ready for more cooperation even in its internal affairs. In recent years, a major emphasis in Russian foreign policy has been on the 'near abroad'. The Eurasian Customs Union and Eurasian Union are largely economic projects, but are also part of President Putin's design to establish or reinforce Russia as the preeminent power in the post-Soviet space. Russia's reaction to the overthrow of President Yanukovich in Ukraine is largely informed by this ambition.

Conclusion: The Picture of Russia through scenarios

This paper has considered scenarios of Russia's future from a number of perspectives. Specifically, we have noted that a number of possible drivers can be seen at work in influencing the future development of Russia: economic development, energy, the international environment, Russian identity, regional development, demography, and politics. Which drivers are seen as most important is a matter of judgement but there is a

tendency for whichever topic is most current to be seen as the key driver for the future. In order to produce more rigorous models, more systematic investigation of key drivers could be carried out. One approach would be based on Russian history: what have been the key drivers and variables in the past? Alternatively it might be possible to look at more recent developments in Russia and comparable countries, notably the other BRICS countries (Brazil, India, China, South Africa). Do their experiences point towards possible futures for Russia? Of course each of these drivers plays some part, and scenarios might be enriched by more systematic cross-referencing of different variables between each of them.

This paper has also explored a range of scenarios written about Russia over the past decade or so. All of these scenarios were written before the current Ukraine crisis, and even those which did place an important emphasis on international relations did not foresee such a major crisis in Russia's international position. For the most part, the scenarios view the international position in terms of economic relations, or as a consequence of internal political development. The possibility that an international crisis would severely impact political and economic developments does not seem to have been taken account of. Even scenarios developed by experts on Ukraine did not anticipate the forcible annexation of Crimea and subsequent military conflict. A few analysts – for example, in a special panel at the Aleksanteri Conference 2014 – are beginning to develop scenarios for Russia from 2014 onwards, starting to draw on events in Ukraine. However, it is too early for a full scenario development process to have been undertaken and published which takes a considered view of these events. In August 2014, Nikolai Petrov, one of the editors of *Russia in 2020* and *Russia 2025*, considered these previous scenario accounts in the light of the events of 2014. His conclusion was that in each of the potential futures which had earlier been developed, a clear, usually hard line (жесткий), choice had been made. He expressed this as follows, with the variant adopted written in italics:

- liberal economic and political reforms – *mobilization model, the 'besieged fortress'*
- empire, internal and external – *Russian national state*
- hybrid regime – *authoritarian regime*
- élite – *nomenklatura*
- soft power – *hard power*
- West – *China*

Source: Nikolai Petrov, *Pro et Contra*, May-August 2014

In considering where these choices might lead Russia in the future, Petrov talks about the serious tensions in Russia's elite which sharp confrontation with the West may bring about, particularly arguing that the 'middle-level' of the élite are less confrontational than the top few leaders. However, Petrov stopped short of doing what a number of analysts are beginning to do, both publically and privately, in considering scenarios of the future for Russia, namely considering an outcome which has been almost entirely excluded from

scenarios of Russia’s future written since the end of the Cold War – military conflict between Russia and NATO.

In considering scenarios of Russia’s future, much attention has been given to the importance of inputs (key drivers). We have also noted, however, that even anticipating the development of a key driver (for example, economic growth), does not mean that the outcome of this anticipated development can be safely predicted. If a key driver behaves in a predictable manner, this still leaves a number of scenarios possible in terms of the outcome of that behaviour. As noted earlier, many scenarios see the decline of the Russian economy (related to the collapse of oil prices) as the starting point for a more modern and democratic Russia. It is possible though that the same behaviour of the key driver, economic decline, might lead to increased xenophobia, nationalism, and authoritarianism. What is more, as always with anticipating the future, we can complicate matters still further. Even when the behaviour of a key driver (economic decline) is anticipated, and the most anticipated outcome (modernisation and democratisation) occurs, scenario choices remain with regard to the strength of that outcome. In this example, would modernisation and democratisation be of the gradual, ‘in twenty years time’ type familiar from the rhetoric of the Medvedev years? Or would it be a more rapid, society-mobilising process? And if the latter, would it be led from the élite, or from the people?

Figure Three. An output focus on scenario development.

Outputs / Focus of scenario developed	Potential developments	Variations on potential developments
Economy	diversification by modernisation	gradual → mobilised; market-led → state-led
	continued emphasis on energy and raw materials	high prices and strong state → stagnation and decline
	expanding markets eastwards	gradual → mobilisation; marginal shift eastwards → trades predominantly with Asia
	Eurasian Union focus and protectionism	marginal protectionism in key areas → severe cuts to imports
	pragmatic market orientation (trading without political influence)	from position of strength, economic success → from position of weakness and decline
International Relations	re-orientation to the West	post-Crimea fence building → return to <i>status quo ante</i> → embraces western system, values, and alliances, including military
	re-orientation to the East	marginal shift → forges alliances and trade links → strong alliances, including military
	isolationism	pragmatic global actor → ‘fortress Russia’ threatened and threatening
	(neo-)imperialism	re-asserts influence economically and diplomatically → forceful incorporation of new territories
Political system	authoritarianism	<i>status quo</i> mid-2014 → dictatorship with rule by force and freedoms severely diminished; current regime / leaders → change of regime / leaders
	semi-democracy	<i>status quo</i> 2000s → re-start of gradual transition to democracy
	democratic turn	re-invigorating existing democratic institutions → democratic revolution; current regime / leaders → change of regime / leaders
Regions	rise of regions, weak centre	greater regional autonomy within current system → break of the Russian Federation
	centralised state	<i>status quo</i> → end to federalism



In the final figure of this paper, Figure Three, we focus on outputs rather than inputs. For specific areas of activity we provide an illustrative set of potential outcomes. In the final column of Figure Three, we show how even each potential outcome can play out along a variety of routes and with variable force. The purpose of Figure Three is twofold. First, it demonstrates the complexity of causal relationships between inputs and outputs. Second, it provides an illustrative map of potential futures for Russia.

Further future scenarios will need to factor in the consequences of the Ukraine crisis – growing nationalism, economic impacts not so much from short-term sanctions but from the possible long-term distancing of Russia from the West, and the failure to draw Ukraine into the Eurasian Union. Although each of the sets of future scenarios differs from each other, and especially sees different drivers as important, nonetheless they tend to present a similar range of scenarios. One of the most common scenarios is continuation of the current state of affairs, an authoritarian political system and raw materials based economy which will stagnate and which may lead to the disaffection of society. The possibility of a thorough reform programme carried out by a powerful leader is generally seen as one of the more positive likely scenarios. Reports differ as to the possibility of such a direction being accompanied by, or leading to, a more democratic, open society. Most agree that tackling corruption is an important precondition for a healthy economy as well as a thriving political system. Reading the scenarios, Russia also faces a range of options in international relations which are linked to political developments. A more liberal regime is likely to be more pro-western, while deepening authoritarianism is more likely to focus on Russia's position as a regional great power. Economic prospects are linked to these developments, although approaches vary as to whether politics determines the direction of the economy or the other way around. As well as political and international factors, a key factor for the economy will be whether energy prices will remain high enough to encourage Russia to eschew major reform and continue to rely on raw materials, or to modernize and diversify in other directions.

As both Oxenstierna and Bacon have pointed out, scenario writing does provide some valuable insights. The picture of Russia that emerges is a multiple-choice picture. One can find, what one wants to find. Given that most reports give equal weight to a range of scenarios, it is difficult to conclude from these whether we should be optimistic or pessimistic about Russia's future. However, from the point of view of the purpose of scenarios, we ought not to take any particular one as a likely forecast. As noted at the beginning of this paper, scenarios create narratives of the future which often appear remarkably detailed. However, the purpose of such detail is not to predict, but to anticipate what future paths, in broad terms, lie ahead, so that each one might be considered as possible.

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APPENDIX ONE

Submission to the Committee for the Future, the Finnish Parliament, Helsinki

Dr Edwin Bacon, Birkbeck, University of London

Forecasting Russia's Future – The Use of Scenarios.

1. The predictive ability of scholars of politics has long been a subject of theoretical debate and methodological development. In theoretical debate, prediction represents a central issue regarding the extent to which the study of politics is scientific. In methodological development, much effort and resource has been devoted to a diverse range of predictive approaches, with varying degrees of success.
2. Expectations that scholars forecast accurately come as much from the policy and media worlds as from the academy. Since the end of the Cold War, scenario development has become prevalent in future-oriented research by scholars of Russia. This approach is long due critical re-assessment. For all its strengths as a policy tool, scenario development tends towards a bounded methodology, driving the process of anticipating futures along predetermined paths into a standardised range of options, and paying insufficient attention to theoretical and contextual understandings available within the relevant scholarly disciplines.
3. Future-oriented scholarship across the decades has sought to connect drivers with outcomes, using a range of approaches. Forecasting the future of complex multi-vectorised systems, such as a country the size of Russia, is rendered difficult by the fact that the connections between drivers and outcomes are almost infinite. Few scholars today claim that social science can provide accurate 'point forecasts' amidst such systemic complexity. The scenario approach has been widely – almost universally – adopted because it has an awareness of and preparedness for multiple possible outcomes arising from the actions of key drivers.
4. The scenario approach has some strengths, but has also resulted in increasingly uniform future-oriented analyses, consisting of a standard range of possibilities so broad as to be of little use to the policy world. The best of the scenario accounts are replete with insights and draw on robust and original research. As with much future-oriented writing, a large element of their value comes from analysis of the present rather than predictions of the future. Scenarios commendably insist on developing clear paths from the present to each possible future; if someone is anticipating state collapse, then identifying the mechanism by which it might happen represents the minimum analytical expectation.
5. But, for all its strengths, the scenario approach as a whole suffers from rigidity of method, an inability to deal effectively with complexity, and a disavowal of the predictive possibilities of its own analysis and of the social sciences more broadly. The standardised framework insisted on by scenario development undermines

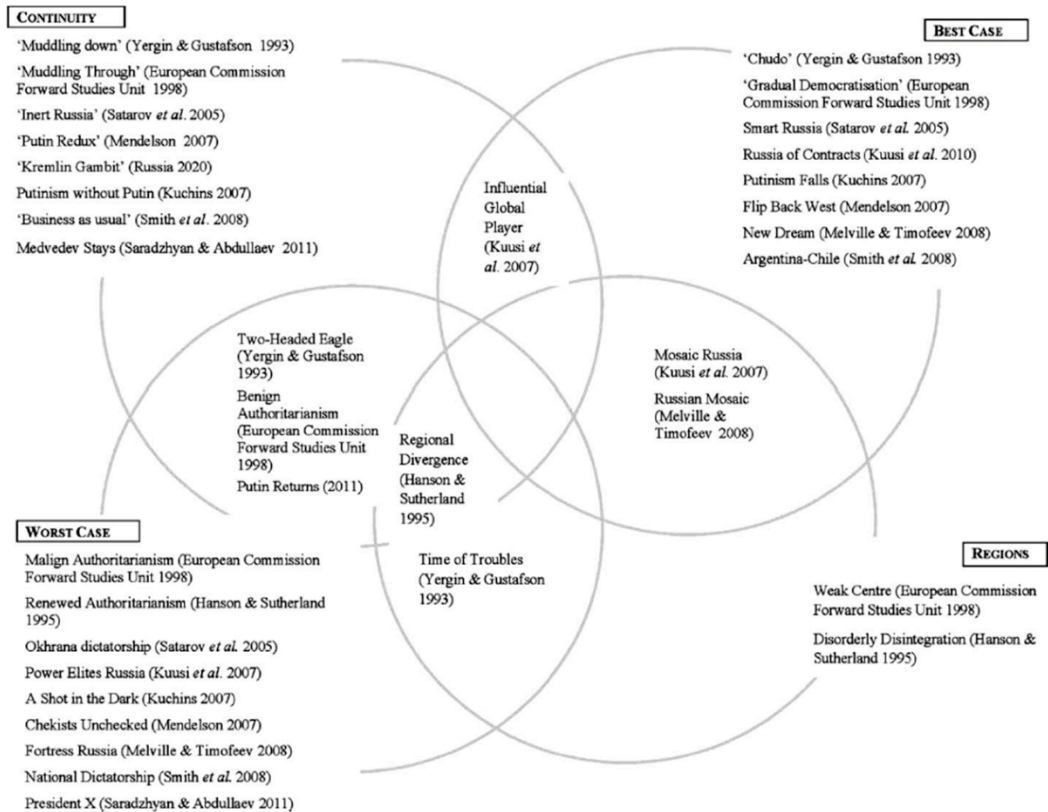
both the expertise of the scholar and the genuine possibilities which exist for predictive social science.

6. Typically 3 to 5 scenarios are drawn up. In the case of scenarios about Russia there will always be a best case scenario, a worst case scenario, and a continuity scenario. These scenarios will often have catchy names – such as Kremlin Gambit, Fortress Russia, or Time of Troubles (see figure below). They are sometimes written as if they were an imagined history being written 20 years from now. They are often written in narrative form. All of this makes scenarios interesting and easy to engage with. However, as a guide to the future they are neither methodologically rigorous nor particularly enlightening to policy makers.

(At the end of this paper I provide an illustration of the scenario forecasts relating to Russia which have been made over the past two decades. The full bibliographical details are available in my article: 'Writing Russia's Future' *Europe-Asia Studies* 64:7 September 2012).

7. In scholarly terms, there is no strong theoretical basis for multiple scenarios which take key drivers, anticipate their interaction, and then restrict such an anticipation to tightly defined scenarios. Causal relationships are hard enough to assert when we know the outcome. When applied to an imagined future, the possible causal links become infinite.
8. Policy makers are presented with every possible future in a range of scenarios. How does it help the policy or business world to tell them that things can go well or they can go badly? The use of scenarios removes the need for those with disciplinary or country-specific expertise to assert their conviction, and forces them into a framework of predictable, all-embracing outcomes which tell us little.
9. Trying to fit expert judgement into a fixed scenario-based framework is an unnecessary and obfuscatory task. For example, Andrew Kuchins of the Carnegie Endowment Moscow correctly predicted a few years ago that Mayor Luzhkov of Moscow would be removed from office and that Russia's presidential term would be increased from the 4 years that it was. Both of these predictions came true and were made by an astute analyst drawing on his knowledge of Russian politics. Unfortunately, because Kuchins used scenarios, this method forced him to put his specific predictions into a broader framework. He chose to put them in a scenario whose theme was Putin being removed from power. Good predictions were undermined by being unnecessarily forced into a wider picture which was wrong.
10. Scenarios were originally designed to think the unthinkable, after Russia analysts failed to foresee the collapse of the Soviet Union. Instead scenarios have now turned the unthinkable into a compulsory commonplace. Every scenario account includes all the options. A genuinely accurate forecast loses its force by being placed alongside a greater number of inaccurate forecasts.
11. Scenario approaches have dominated future-oriented analysis of Russia for over two decades now. They themselves have become too predictable. Their ubiquity has undermined the willingness and opportunity for those with expertise on Russia

to make informed single-future forecasts and has encouraged them instead to hedge their bets by forecasting everything. Whilst scenarios can be very useful for working out policy responses in case of alternate futures, they are less effective as a tool for forecasting the most likely futures. They should be used more sparingly, and experts should be encouraged to engage in more assertive, methodologically and theoretically informed approaches.



APPENDIX TWO

Submission to the Committee for the Future, the Finnish Parliament, Helsinki

Ivan Timofeev, Russian International Affairs Council, Director of the Programs

Russian Future: before and after 2014.

In 2013 it seemed that Russia had finished her political and economic transition and her global and regional role had become more or less clear and predictable. However the events of 2014 in Ukraine and Russia's relations with the outside world increased the uncertainty again. Russia is going through bifurcation and transition, which make her future a matter of several alternatives. There are several strong drivers affecting this bifurcation. We will mention at least four of them.

The first one is the influence of the international environment. This impact became stronger on the one hand and much more hostile and unfavorable on the other. What is more important, Russian bifurcation goes hand in hand with the transition of the world order itself. The inability of the key global players to act together on such issues as ISIS or Ebola makes this bifurcation uncontrolled and prone to catastrophe.

The second driver is the ability of the Russian elite to modernize the economy, to sustain economic growth and satisfy economic expectations of the Russian citizens.

The third driver is the nature and quality of the Russian political regime and the consistency of the Russian state institutions.

The fourth driver is the integrity of Russian society, its polarization due to ideological, ethnic, or territorial cleavages.

Let us see what we used to have in terms of these drivers in 2013 and what can we have in the post-2014 world.

By 2013 Russia used to be an essential partner, though not an integrated part of the "collective West". Russia adopted a new style of her foreign policy, when she manifested and promoted her interests, though was ready for a compromise and win-win game. The role of Russia in Syrian and Iranian affairs in 2013 indicated this trend. However, Russia lacked reliable allies and faced the challenge of trust, especially in relations with the West on security and post-soviet affairs. The events of 2014 halted positive dynamics and increased the negative one. A new iron curtain is being built actively from both sides. Most of the joint political initiatives collapsed. All the chances of joint solving of Ukrainian and other problems faded away. It will be uneasy to reverse this tendency.

In terms of the economy Russia conserved by 2013 its role as raw materials supplier, with the growing role of the state in the redistribution system. This system was functional in conditions of a comfortable market conjuncture. However its structural disproportions and vulnerability for global market conjuncture is an essential challenge for the Russian

future. 2014 events revealed fully this vulnerability. Most of the Western sanctions were directed to cut Russia's access to modern technologies in oil and gas extraction as well as to financial markets. The current slump of the oil prices may increase the risk of economic and financial crisis. However, sanctions and devolution of the national currency gives a chance to local producers and may soften economic risks or even turn them to possibilities.

In terms of political regime Russia has turned by 2013 to a centralized federalism with extremely high role of the President and executive power and relatively weak parliamentary institutions both federal and regional. Still, the legal and constitutional frameworks affected the Russian political regime – it performed in terms of legal procedures, which could not be changed overnight. This was a significant step forward for the Russian political tradition. Still, corruption and the lack of rule of law remained a problem on the micro-level and state-management. In 2014 the ability of the political system to provide necessary conditions for development is a significant challenge for the Russian future. This challenge becomes much more complicated in conditions of growing foreign pressure. International hostility may also provoke concentration of power in the hand of presidential power in a “crisis management” manner.

In terms of society Russia has become less polarized by 2013. Ideological cleavages were not critical. The middle class formed as a clear social group, whose size was not critical, though essential for mitigation of social tensions. At the same time the share of marginalized groups was still high. Demographic and human development problems were on the table and definitely represented a challenge for the future. After 2014 human development may become a harder task to achieve due to budget cuts and redistribution of budget incomes in favor of security issues. Society is becoming more consolidated, now having a hostile West as a significant other. However, it may become less consolidated on the latent level, for the West remains an attractive standard and a source for technologies and competences. The cleavage between state patronized marginals versus westernized middle class is a matter of concern.

In 2010 Andrei Melville and Ivan Timofeev published four scenarios of the Russian future in 2020.¹ These were (1) “Kremlin’s Gambit”, where the Kremlin runs modernization “from above”, controls the political process and promotes Russia’s role in the world relying on energy and military capabilities. (2) “Fortress Russia”, where the Russian political regime is radicalizing and becomes over centralized, the economy is fully controlled by the state and military modernization is a top priority under the pressure and hostility of the outside world. (3) “Russian Mosaic”, where Russian political institutions become more competitive in terms of democracy, but the state-consistency is extremely low, which lead to the collapse and disintegration of the state. (4) “New Russian Dream”, where modernization is spurred by the growth of state consistency and competitiveness of the political system – strong state effectively coexists with democracy, promoting economic growth.

¹ Melville A. Y., Timofeev I. N. *Russia in 2020: Alternative Scenarios of the Near Future*, in: *On Russia* / Ed. by K. Almquest, A. Linalater. Stockholm : Axel and Margaret Ax:son Johnson Foundation, 2010. P. 127-148.

The 2013 dynamics could be characterized by the “Kremlin’s Gambit” scenario. However, the bifurcation of 2014 is likely to lead the country to “Fortress Russia” scenario. It makes much less probable “New Russian Dream”, while keeping “Mosaic” as a probable consequence of the attempts to reform the “Fortress”.

In the long run it is neither beneficial for Russia, nor for her neighbors and partners. It is necessary to halt the spiral of hostility in Russia’s relations with the outside world. This process should come both from Russia’s counterparts as well as from the country herself.

Part II: The futures of Russia – The picture of Russia through the Eyes of Neighbours²

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² This section has benefitted from valuable comments and insights of professor Jeremy Smith, Carelia Institute, University of Eastern Finland

What do Finland, Norway, Estonia, Belarus, Georgia, Azerbaijan, Kazakhstan and Japan have in common? They all have a common neighbour – the Russian Federation. In this part Russian policies towards its near neighbourhood (the former Soviet Union) will be introduced and then neighbourly relations will be looked at from the perspective of the neighbours themselves. Since the fall of the Soviet Union in 1991 the West, primarily the EU member countries and the United States, have tried to understand Russia from the Russian perspective. The stress has been on trying to see and analyse Russia, not through the lenses of Western thinking and experience but through Russian thinking and history. Still, despite the best efforts of the policy and academic community this has not turned out to be a road which has drawn Russia and the West closer to each other. It seems that the way strategic thinking is formulated in the Kremlin continues to puzzle outside observers. We are still surprised about the twists and turns relating to Russian foreign and security policy as well as domestic political developments. The latest surprise has been the annexation of Crimea in March 2014 and the events in Eastern Ukraine following the annexation. The first part of this report drew a picture of Russia through different future scenarios and there it was clear that, in the scenarios made in Russia or made in cooperation with Russian participants, the emphasis was somewhat different from that of scenarios made by Western experts. This already indicated that the picture of Russia outside of Russia does not fit with the view of Russians. This is one of the major factors that has played a role in Russia-West relations in the post-Soviet era.

Approaching Russia not through Russian or Western eyes, but through the eyes of its immediate neighbours, can add another dimension to our understanding of Russia. Russia's annexation of Crimea and interventions over Eastern Ukraine have brought to the forefront the significance of this region for Russia and for global politics. This is not the first time we have been reminded of Russia's interest in its 'near abroad' – the 2008 war in Georgia, disputes such as the 'Bronze Soldier' incident with Estonia, and in the 1990s and beyond Russian involvement in local disputes in the South Caucasus, Tajikistan, and Moldova have all resulted (in part) from a Russian perception of the special role it has to play in countries that it used to rule, and where many Russians still live.

Russia has a special relationship with those countries that it shares a border with and there is a reason for it. Russia now shares a land border with 14 neighbours. There were 12 neighbours of the Soviet Union, whilst Imperial Russia shared a land border with 10 countries. In the course of history, all in all Russia has had 24 countries, 17 of which have at some stage or other belonged to Russia, as its bordering neighbours. Given the size of Russia, this number does not seem large, but it is considerable by international comparison. The existence of multiple and very different borders, and the concepts which underpin policies towards those borders, are very important and perhaps still under-examined in spite of extensive research on the topic. The collapse of the Soviet Union was first and foremost physical in the Russian mind, but perhaps the collapse confirmed, from the point of view of the 14 countries that had belonged to the Soviet Union, the psychological fact that they had always lived with, that the Soviet Borders were not a unified state border but a composition of many nations dominated by Russians. This report will also look at countries that belonged to Imperial Russia and some neighbours that have never been inside the Russian borders but which have had border relations with Russia that matter both historically and today.

The section providing accounts of specific countries, 'How does Russia look from the perspective of neighbours?' is based on expert opinions from the countries in question. The experts for each country have been asked to give their inside views on Russia as a contribution to this section. Some were willing to be open about their opinions, some were more cautious, so the decision was made to treat each answer equally and they are reproduced in full. All responses are treated anonymously. The compilers of the report would like to express their deep gratitude to all of those who took the time to reply. Even if this is only a small sample of views and cannot be said to fully represent a nation as such, these responses provide a good indication of how in fact countries neighbouring Russia have some similar and some different views on Russia and each country's relationship to it. It also shows that there is much more work to be done on the attitudes of Russia's neighbours, and that there is also a need for a more systematic exchange of views.

This report does not deal here with Ukraine as a separate country in the same way as the other countries are dealt with. When work began on this report in the middle of 2013, Ukraine was one of the main countries that should have been considered. However the events in Ukraine and the sharp deterioration of Russia-Ukraine relations in the early part of 2014 made it impossible to give a proper view of current Ukraine-Russia relationship. From the perspective of Kiev, Russia appears universally negative at the moment and while passions are running high it proved impossible to obtain any sober assessments. That neighbour relationship is still to be defined, and the coming months and years will reveal significant developments. The Ukrainian situation figures heavily in other assessments and in our conclusions, however.

The nature of post-Soviet borders

The break-up of the Soviet Union into fifteen independent states at the end of 1991 occurred at a time when, in Western Europe, politicians and the public were increasingly embracing the concept of open borders. In fact, the Soviet collapse and the end of the Cold War may have contributed in no small way to the atmosphere in which high security at national boundaries was no longer deemed essential in the West in the 1990s. But there was little awareness of such sentiments in the lands of the former Soviet Union. The only international borders known to their citizens were ones which required special permission to cross. On the USSR's eastern and southern frontiers, and beyond the handful of satellite states to the west, the international borders were even harder than those within the Soviet bloc, presenting an ideological as well as physical boundary between the communist and capitalist worlds. Indeed, the hoops which even the most senior officials in the Soviet republics had to go through in order to engage in international travel have been identified as one of the reasons many of them came to support the USSR's dissolution. The significance of external borders for the new states was reinforced by the identification of territory with nationhood.

For many Russians, the disappearance of the Soviet Union was akin to the loss of Empire and the status of a great power. More specifically, it also meant the 'loss' of millions of Russians who were now living in a 'foreign' country. For the Russian Federation, the questions of identity, citizenship, physical and demographic borders remained disputed

and fluid. For those successor states that shared a border with Russia, this meant contending with an inconsistent and unpredictable neighbor whose border regime and cross-border attitudes could and did fluctuate

Thus from the break up of the Soviet Union there were two competing conceptions of borders in the post-Soviet space, which led to contradictory pressures: on the one hand to keep borders open for the continuation of established patterns of trade, shared services and social interaction; on the other hand established notions of sovereignty and nationhood, increasingly reinforced by perceived security needs and a more competitive economic environment, demanded a more securitized concept of borders with manned crossings, requiring at the minimum the production of documentation in order to cross. This was an entirely new situation which created unforeseen problems at both the local and national levels. Some of the most detailed research on this topic concerns the Fergana Valley, where the jumbled up borders of Kyrgyzstan, Tajikistan and Uzbekistan now divide up ethnic communities, close relatives, and marketplaces that in Soviet times, and still for most of the 1990s, were the scenes of lively exchange between the republics. The growing securitization of these borders has led to much longer journeys within each state (in order to avoid crossing borders), has disrupted trade and social relations, has created cases of deceased Tajiks, Uzbeks, or Kyrgyz not being able to be mourned by their relatives or buried alongside their ancestors, and in some instances has sparked violent conflicts with a strong ethnic element. While these borders do not concern Russia, and the Fergana Valley is perhaps an extreme case, some of these tensions have been seen along the world's largest continuous state border – that between Russia and Kazakhstan - as well as on Russia's western and southwestern borders.

Most of the countries that emerged from the rubble of the Soviet Union initially agreed to keep their borders with each other open for economic exchange and the movement of people. But this agreement came under pressure as early as 1992, when Russian President Boris Yeltsin began to complain that the Central Asian states were too liberal in issuing visas to foreigners who could then cross the open border into Russia, that all kinds of firearms were entering Russia across the borders, and that a large number of cultural artefacts were disappearing from Russia because of lax border policies in the neighbouring states. These complaints justified introducing border controls, and not much later the argument that drug dealers and terrorists were also able to profit from uncontrolled borders led to further security measures at the border.

Therefore, despite the early hopes that the Confederation of Independent States and other institutions would provide some institutional cohesion that would provide a measure of continuity, it did not take long before it became clear that the fifteen successor states were now independent of each other, and would conduct relations with each other in the same way as with other states. Two pressures, however, continued to influence moves towards the greater integration of these countries. The first was the economic interdependence that had been a key feature of Soviet planning. Although economic ties were severely disrupted by the total economic collapse of all of the former Soviet economies in the early 1990s, and the more or less successful efforts of the successor states to reorientate their economies towards Europe (and later China), economic interdependence was still a strong factor in many cases. The second pressure arose from the continued presence of large numbers of ethnic Russians or Russian speakers in neighbouring countries – especially in Estonia, Latvia, Belarus, Ukraine, and Kazakhstan. While many Russians left these

countries and moved to Russia in the 1990s, millions stayed behind. Russia has consistently asserted its right and duty to defend the interests of these Russians. While this rarely moved beyond the level of rhetoric in the 1990s, it nevertheless remained as a real concern for many Russians.

While the second of these pressures applied only to Russia, for some neighbours, primarily Belarus and Kazakhstan (and non-neighbouring Armenia) it was economic concerns that reinforced reintegration efforts. After a number of false starts, in the early 2010s it appeared that real progress was being made on the basis of a solid institutional background with the formation of the Eurasian Customs Union, with the intention that it progress into a broader Eurasian Economic Union. Although only Russia, Belarus and Kazakhstan have joined the ECU, extending and deepening this Union has been a core part of Russian foreign policy for the past few years (more on this in the section 'Russian policy towards the 'near abroad' countries' below).

But this development had important implications for countries which may have hoped not to be forced into making a choice between economic links with the ECU and those with the EU – primarily Ukraine. The EU has, for many years, been openly trying to win former Soviet countries over to 'European values' through its neighbourhood programmes, while at the same time Russia has made no secret of its efforts to increase its influence abroad through 'soft power'. As long as these policies appeared to represent peaceful forms of competition between Russia and the West, few foresaw the dangers they presented. But developments in Ukraine at the end of 2013 and the beginning of 2014 confirmed, once again, von Clausewitz' dictum that 'War is the continuation of Politics by other means'.

The problem, given Ukraine's geographical location between Russia and the EU, was that underlying this contest for the hearts, minds, and economic resources and markets of Ukraine, was an understanding that this was a zero sum game. Ukraine was, effectively, presented with a choice between the ECU and the EU's Deep and Comprehensive Free Trade Agreement. While it is easy to dismiss such zero sum thinking as Russian or, indeed, Soviet, the EU also has some responsibility in this area. Exacerbating the difficulty was an understanding of nations and borders which prioritized ethnicity, a legacy of the Soviet system which is discussed below. The ambiguity elsewhere over the nature of post-Soviet borders – open for trade and continuing links, but closed for security reasons – was experienced in regard to Ukraine, where the situation was exacerbated by the highest concentration of Russian speakers outside Russia and a particular situation with regard to the status of Crimea, which was resolved diplomatically in the early 1990s but has been contentious emotionally for Russians since. The rhetoric that accompanied the annexation of Crimea included several important elements that underpinned Vladimir Putin's new border order: a) the legitimacy of the break-up of the USSR was challenged; b) Russia's 'outer border' was no longer the former external borders of the Soviet Union, as had been the case in the 1990s, but rather the borders of the extent of the Russian people; c) nationalism is now a central element, or perhaps the central element, of Russian political discourse; d) the principle of territorial integrity is, in Russia's case, conditional. This last shift was already evident in 2008 when Russia recognized the independence of Abkhazia and South Ossetia, in the course of which Putin argued that Georgia had, through its own actions, surrendered its right to territorial integrity. But this did appear exceptional at that time and the current rhetoric, involving accusations of fascism and violation of

minority rights by the post-Maidan Ukrainian government, extends the notion significantly.

All of Russia's neighbours have had to take account of this new way of thinking. Even traditional close allies like China and Kazakhstan have reacted nervously to the turn. For many people in the countries covered by this study, as reflected in some of the questionnaire responses given below, recent events are merely a confirmation of what they have always known – that Russia has always had imperialist ambitions and is bent on restoring control over the former territory of the Soviet Union and the Russian Empire. For some others, this turn is associated only with Putin himself, and it is the current regime that is the problem. For still others, the current downward spiral in Russia-West relations is a temporary aberration, and there are stronger hopes that things can return to normal. That at least seems unlikely, if 'normal' is considered the way things were before.

The Ukrainian crisis is a global, international crisis. But, like an earthquake, the strongest vibrations are felt nearest to the original core. Many of Russia's neighbours, dependent economically and threatened militarily, and with significant Russian populations, are being forced to make difficult decisions and think carefully about their relations with Russia. The past, present and future of these relations are discussed in the remainder of this report.

Historical background

Russia's expansion into non-Russian lands began in the sixteenth century with Ivan IV's conquest of the Tatar city of Kazan, and continued inexorably until Central Asia was brought under Russian rule by the end of 1881. This expansion was driven by a number of commercial, geostrategic, and social factors, and much of it (especially the expansion into Siberia) resulted from the initiative of private entrepreneurs, adventurers, and military commanders independent of any central design. Thus the Russian Empire lacked any single driving motive or ideological thrust. Later attempts to justify this expansion included the notion of Russia as the 'Third Rome', with a mission to save the world for the true Christian Orthodox faith. But this doctrine was never officially embraced by either the Russian Orthodox Church or the ruling tsars, and remained a largely intellectual exercise far from public consciousness or the inner circles of power. The same could be said for other efforts to broadly characterise Russia's role in its immediate sphere, including the original versions of Eurasianism that emerged in the 1930s.

The identity and purpose of the Russian Empire was further complicated, as historians such as Geoffrey Hosking have emphasised, by the fact that unlike many European empires (but similarly to the Ottoman Empire) the ever shifting outward boundaries of Russia meant that there was no clear distinction between the core state and its colonies. In the absence of any clear ethnic discourses of Empire, the distinction between Russia and her peripheries remained blurred. This blurring was strengthened by the large scale migration of Russian colonists to many parts of the Empire in the late nineteenth century and throughout the Soviet period. For the most part, the Empire relied on social rather than ethnic distinctions, and nobles from all parts – Muslims as well as Christians (Armenians, Georgians, Germans) were fully incorporated into the Russian nobility and

played an important role in the ruling structures. Most of the Empire (the exceptions were Poland and Finland) were governed on a territorial basis with no regard for nationality.

Thus it was only in the Soviet Union that clear borders related to nationality emerged. The Soviet Union was organised on a federal basis which eventually comprised fifteen formally equal 'Union Republics'- each named after a nationality - and numerous smaller autonomous national republics and regions. While the Communist Party of the Soviet Union ensured a high level of central control, in each republic there was a considerable degree of independent decision-making and national cultures and languages flourished. This process helped to consolidate the national identity of some well established national groups, like the Georgians, and even created nations in other cases, such as the Uzbeks. At the same time each major nationality now had a clear national territory with which to identify. In spite of the official Marxist-Leninist doctrine of internationalism, a variety of ethnically based discourses did emerge, some of them emphasising the leading role of the Russians, others revolving around notions of Slavic brotherhood, still others promoting the idea of a single Soviet national identity. In parallel with these universalist conceptions, national historians, archaeologists, linguists and ethnologists competed with each other to assert the historical claims of one or other nationality to particular territories. In the South Caucasus, these debates came to monopolise academic discussion and research. One trend which did emerge as dominant was the notion of 'primordialism' - that nations are ancient entities which bear fixed and immutable characteristics. While this conflicted with the more official discourse of Soviet identity, it was widely accepted by intellectuals and came into popular understanding.

This promoting of ethnicity above class led to some major historic developments, beginning in the 1930s and the war years with the deportation of whole nationalities - Chechens, Crimean Tatars and so on - from their homelands *en masse*. It was also, alongside security considerations, the reason for the major redrawing of borders at the end of the Great Patriotic War. The internal borders of the Soviet Union had been subject to a number of revisions in the 1920s and 1930s, either as a result of more detailed understanding of the ethnicity of population settlements, or because of the prioritising of economic arrangements or, and most commonly, in response to shifts in the balance of power at the local level. But the post-war changes went much further, with both Belarus and Ukraine's eastern and western borders moving significantly, and reinforced by large-scale movements in population based on nationality, which later broadened to include the mass migration of Russians into Estonia and Latvia. Recent research has shown how further internal border changes occurred in the 1970s as a result of the land policies of the Kyrgyz Soviet Republic, leading to de facto extension of the Republic's territory in ways which left 'exclaves' of Tajik and Uzbek territory locked inside Kyrgyzstan.

This history left a rather mixed and ambiguous legacy once the Soviet Union broke up. While each of the former republics exerted its state sovereignty and territorial integrity, some fought over territory either with each other or with their own minorities. While a number of the newly independent states - Estonia, Latvia and Lithuania - took immediate steps to distance themselves from Russia and align towards Europe, others - such as Kazakhstan, Tajikistan and Belarus - saw a continuing close relationship with Russia as key to their economic and security fortunes. Each of these countries now contained substantial numbers of ethnic Russians or (especially in Ukraine) nationals who spoke Russian as their first language. For the government and population of Russia, the imperial

history, economic relations, and the Russian minorities 'stranded' in neighbouring countries as well as Russia's inheritance of the UN Security Council seat and most of the military hardware of the Soviet Union, raised a lot of questions about Russia's special relationship with the new bordering states.

Russian policy towards the 'near abroad' countries

In the newly formed Russian Federation, leading up to the Russia foreign policy concept of 1993, liberals and conservatives were disputing with each other the direction Russia's relations to the post-Soviet area would take. The liberals warned of the consequences if Russia would try to reabsorb the former Soviet Republics and recommended concentrating on Russia's internal matters and relations with the West. The Conservatives saw Russia's dominance in the area as necessary for Russian security and talked about a line of defence outside of Russia's own borders and along the borders of the former Soviet Union. According to some Western analysts, however, the opinion of the two camps differed only in the degree of hegemony they demanded for Russia over the CIS states. This is perhaps an aspect that was forgotten but which surfaced again during the 2014 Ukraine crisis. The West was taken unawares by how popular the annexation of the Crimea and Russia's stand on Eastern Ukraine actually was among Russians.

The 1993 Russian foreign policy concept stated that the CIS region's affairs were a major priority and called for the strengthening of a unified military strategic space. When foreign minister Andrei Kozyrev was replaced by Yevgenii Primakov in 1996, a new type of rhetoric appeared in the language of Russian foreign policy. Primakov seemed to be willing to provide more substance to the concept of 'Eurasianism' in Russian foreign policy thinking – a shift from focussing on relations with the West to building up influence and trade in the near abroad. This shift was also visible in official speeches. Yeltsin, in his State of the Nation speech in 1996 stated that 'We are disturbed by attempts to oppose Russia's interest in the Commonwealth of Independent States, during efforts for a Yugoslav settlement, and on the questions of achieving a balance of conventional arms in Europe and preserving the effectiveness of the Treaty on the Limitation of Antiballistic Missile Systems (ABM Treaty). Hotbeds of local conflict persist along Russia's borders.' He continued to stress that the integration process within the CIS was deepening.

In Russian foreign policy the role of the post-Soviet states was talked about by Primakov. He thought that Russia should define itself as a great power through its relations with the CIS states. He did stress that this did not mean creating another Russian Empire (of the Soviet type), but rather meant bringing together the former Soviet states in a way that would involve different levels of integrative process. Primakov stated: 'Some states could push ahead to form a "leading group" and move much further along the path of integration, much deeper along the path of joining their economies and creating supranational structures to which they would delegate some of their sovereignty, as is being done – and I want to emphasize this point – in Western Europe, while preserving the state's sovereignty, naturally.' There is an echo here of a certain trend in Russian nationalist or 'Slavic Brotherhood' thought, reflected in the writings of Alexander Solzhenitsyn in the early 1990s, which gives primacy to the Slavic nations and argues in particular that Russia should form a core group with Ukraine, Belarus and Kazakhstan.

Primakov, however, believed that the first four members of the formation would be Russia, Belarus, Kazakhstan and Kyrgyzstan. This was based on the recognition of realities at the time. Primakov's vision and Solzhenitsyn's ideas run along similar lines

This echoes strongly today's Russian foreign and security policy rhetoric. It has become widely accepted that with Primakov the western orientation of Russian foreign policy disappeared. However, it would seem that in reality the change in foreign policy direction had already appeared in mid-1993 - a shift from an exclusively so-called liberal-internationalist (or Euro-Atlanticist) foreign policy (i.e. in practise one orientated mostly towards the West) towards one attempting to balance potentially competing objectives of primacy within the CIS area; and the pursuit of the trappings of great power status further afield, balanced against the cultivation of Russia's ties with the G-7 states. At most, Primakov shifted the emphasis rather than changing direction, although it has to be reiterated that the shift in the Yeltsin era was largely one of rhetoric rather than one of practise.

This dual trend extended to Putin's first eight years as President of Russia, but with more far-reaching practical consequences. There has even been, during the Putin era, a certain amount of rivalry between different factions in the presidential administration, one backing an emphasis on the Western and the other an emphasis on the near abroad and Eastern orientations. But there is also no compelling reason to suppose that these directions are in contradiction to each other. Russia wanted to pursue closer relations with, and integration to, the West at the same time as maintaining a sphere of influence in the near abroad. From the Western point of view there is a contradiction in this policy. From the Russian point of view, this is only normal Great Power politics. The events of 2014 showed the high potential of collision between these two policies, inside of Russia and between Russia and the West.

Putin started to formulate the idea of a Eurasian Union already early on in his first presidency. *Die Welt* newspaper in March 2004 labelled Putin's approach towards the CIS states 'operation CIS'. Andrei Kokoshin, the Chairman of the State Duma Committee on CIS affairs, talks about a 'Putin Doctrine' in the CIS area that consists of the establishment of a highly integrated core of key states surround by the loose grouping of other CIS members. In this view the components are The Union of Russia and Belarus, the Collective Security Treaty (CST), the Eurasian Economic Union and the CIS Anti-Terrorist Centre. A year on from Kokoshin's interview all other parts of the components had been strengthened apart from the Eurasian Economic Union which, on the other hand, had been replaced by the Single Economic Space.

Bobo Lo has argued: 'We are witnessing a kind of reverse Potemkinization: whereas the Yeltsin administration was apt to describe the former Soviet Union as Russia's major foreign policy priority while in practice assigning it second class status, Putin has adopted a less declamatory approach, but one which in reality is far more serious about exercising Russian influence in the periphery, treating the latter as a *de facto* sphere of influence.'

If there are in the West-Russia relationship differences over how the post-Soviet space and CIS countries should be seen, there are also differences between Russia and the post-Soviet countries about Russia's role in the region and how intergration projects should look like. One of the main integration projects is the so called Eurasian Union. Today there

is a working customs union between Russia, Belarus and Kazakhstan. The origins of this union date back to January 1995. However the initiatives and even signed treaties of the 1990s remained declaratory initiatives with no change to the ineffective CIS institutional formula. This union will be called the Eurasian Economic Union from 2015 with the possible addition of new members such as Armenia and Kyrgyzstan. So far the project has not progressed as far as political integration aspects. From the Russian point of view the Eurasian Union project is a long term integration project modelled the way the EU developed, adding elements bit by bit. Political integration is the last step. However for the other states interested in the post-Soviet integration, the emphasis is on economic cooperation and benefits. Very few are interested in political integration since undoubtedly in the case of political integration Russia is the strongest country with most influence and will therefore be the country calling the shots. This is the reason why so far Russia's own policy towards integration of the post-Soviet space has been steady but not hasty.

According to the analytical summary of the Eurasian Development Bank's (EDB) Integration Barometer 2014, the Russia-Ukraine crisis is gradually leading to changes in popular understandings of the pattern of integration in the post-Soviet space. The Barometer still indicates that the post-Soviet space is an important region for the countries in it. However not all countries put the Post-Soviet space into first place. In economic matters Georgians have the USA and the European Union in first place. Ukraine's European orientation has been steadily growing year by year. Azerbaijan's relationship with Turkey is a more attractive vector of cooperation for the public than the countries of the former Soviet Union. In Russia's case the Barometer's results are interesting: first and foremost Russians would like to focus on other countries than the post-Soviet space, beginning with the European Union, but a growing trend is 'no attraction to any country', or a multivector approach, as the report puts it.

It is quite clear that many countries, not only the post-Soviet countries (excluding the Baltic States), find Russia as a potentially attractive cooperation partner, however significant doubts come into the picture when the question of deeper integration is raised. This is rather naturally due to the reading of history and the effects of historical memory. For so long have the post-Soviet countries been one way or another under Russian influence that they do not yet seem ready to give up the newly gained (23 years) independence and freedom of choice. To cooperate with Russia and even integrate with it has to be a country's own choice, not an 'offer you cannot refuse' from the Russian side. This has been one of the core problems in the processes of post-Soviet integration.

Russia has always had the near abroad at the core of its foreign policy interests. But how it has pursued those interests has varied from cooperation and agreement based on compromises, to outright aggression, and all colours in between. What has been constant is that Russia has had a few levers to pull which are denied to its neighbours- energy resources (with some exceptions), a powerful military, a many times greater territory, population, and economic potential, and a permanent seat on the UN Security Council. But this does not make everything a one-way process. Much ink has been spilt on the 2008 Russia-Georgia war with the aim of pinning the blame on one side or the other. But more careful analysis has seen the conflict as the outcome of a dynamic process in which both sides played a part. The main lines of Russia's foreign policy have been outlined above.

Now it is time to turn to the view from the other side of Russia's borders which, even if a state is quite small, can have a significant role to play.

The situation of Russia's neighbours and survey responses

Azerbaijan

Azerbaijan

Population: 9,4 million (2014)

Total area: 86,600 km²

Capital city: Baku

Official language: Azerbaijani

Neighbouring countries: Georgia, Armenia, Russia, Iran, Turkey

President Ilham Aliyev

Prime Minister Artur Rasizade

GDP (PPP) 2013 estimate:

Total \$102.7 billion

Per capita \$10,8

Currency: Manat



Background: The Azerbaijani lands came into the Russian Empire through a process of conquest and negotiation in the first part of the nineteenth century. Until the end of the century there was little conception of an Azerbaijani nation or state territory, and most ethnic Azerbaijanis lived across the border in Iran. Around the turn of the nineteenth and twentieth centuries an energetic, largely secular national movement did emerge, and played an important part in the unrest surrounding the 1905 Russian Revolution, as well as in 1917. Both of these periods were marked by intense ethnic violence between Azerbaijanis and ethnic Armenians. After the collapse of the Russian Empire during World War I Azerbaijan, together with Armenia and Georgia became part of the Transcaucasian Democratic Federative Republic. The [Azerbaijan Democratic Republic](#) proclaimed its independence in 1918 and has the distinction as the first Muslim-majority [democratic](#) and [secular](#) parliamentary [republic](#). The country was incorporated into the Soviet Union in 1920 as the Azerbaijan Soviet Socialist Republic. During World War II, the country played a crucial role in the strategic energy policy of the Soviet Union with most of the USSR's oil on the Eastern Front being supplied by Azerbaijan.

Azerbaijan proclaimed its independence in October 1991, before the official dissolution of the USSR. In 1992 the only democratic elections so far in the post-Soviet era took place in the country. While in the 1990s the government tried to some extent to maintain the façade of democracy and could be described as semi-authoritarian, i.e. neither democratic

nor outright authoritarian, by the early 2000s the regime moved in the authoritarian direction. The need to gain and maintain control over the country's petroleum riches has been pointed out as a primary reason for organizing this control over political processes. The system allows the oil-rich government to control the rest of the economy and to gain autonomy from the public by implementing its decisions without relying on public taxes. Thus, it is not surprising that Azerbaijan is among the states with the highest rate of corruption; according to Transparency International's 'Corruption Perception Index', Azerbaijan ranked 127th among 177 states in the world in 2013.

International position: In 1991 Azerbaijan became one of the founding members of the Commonwealth of Independent States (CIS). It is also a member state of 38 international organizations, including the United Nations, the Council of Europe, the Organisation for Security and Cooperation in Europe (OSCE) and the NATO Partnership for Peace (PfP) program. Apart from that it is one of the few countries with a predominantly Muslim population that shares a strategic alliance with Israel.

At the beginning of independence, the ruling elite under President Heydar Aliyev opted for a pro-Western orientation (joining the NATO Partnership for Peace, Council of Europe and other Western institutions) at the expense of relations with neighboring Russia and Iran. This stance promoted the broader national interest of European integration, while also providing the ruling elite with useful Western and international recognition. Apart from that energy contracts with big Western companies provided the desired economic security for the regime and helped to establish much needed networks. At that time the country's leaders were attentive to statements spelled out in the West.

After succeeding his father Heydar Aliyev as President in 2003, Ilham Aliyev has brought a different logic into the management of the country and its foreign relations. The growth of the country's energy wealth has given the political elite greater confidence for pursuing an independent foreign policy course. As pointed out by Freedom House in 2014, the country is rich in natural resources and has therefore largely escaped the condemnation of democratic governments.

On the other hand the situation of the Azerbaijani establishment has also been considered a rather difficult one where, in a situation of Armenia approaching membership of the Eurasian Economic Community (from 2015 Eurasian Economic Union), and Georgia signing an Association Agreement with the EU, Azerbaijan is to some extent isolated while trying to keep its neutrality. Azerbaijani leaders are against joining the Eurasian Economic Union, since the country would lose its independence in deciding its energy policy. Apart from that it would undermine the positions of many local oligarchs who generally have their businesses in Azerbaijan and Turkey, but not in Russia. At the same time it is seen that the Russian establishment is able to pressure Azerbaijan in relations with the Eurasian Economic Union. For example if Russia forced the around 600 thousand (officially) or 2 million (unofficially) Azerbaijanis living and working in Russia to move back to Azerbaijan, this would create substantial challenges for Azerbaijan's economy.

Relations with the EU: Baku has declared cooperation with the European Union to be one of its foreign policy priorities. Since 1999, the Partnership and Cooperation has provided the legal framework for EU-Azerbaijan bilateral relations in various sectors. The country maintains its relations with the European Union in the framework of the European

Neighbourhood Policy (ENP) where it was incorporated in 2004 and whose action plan focuses among other things on democratization, human rights, socio-economic reform and energy. Azerbaijan is also a member of the Eastern Partnership (EaP) program (launched in 2009), a joint initiative between the EU, EU countries and six Eastern European partner countries. The birth of the Eastern Partnership has been seen as provoked by the 2008 war in Georgia that alerted the EU to Russian policy in the common neighbourhood.

Azerbaijan and the European Union share a common energy agenda and have shared a Memorandum of Understanding in the field of energy. The strategic location of Azerbaijan as well as European dependency on gas and oil make Azerbaijan a valuable partner for the EU, which has both security as well as energy interests related to Azerbaijan. Both sides also support building a pipeline to bring Azerbaijani oil to Europe. At the Vilnius Summit in 2013 special attention was given in the joint declaration to developing the Southern Energy Corridor and construct the Trans-Adriatic Pipeline (TAP) for natural gas as well as the Azerbaijan–Georgia–Romania Interconnector (AGRI) project.

At the same time human rights, the rule of law, fundamental freedoms and democracy as well as corruption have been seen as the main factors that have slowed the European integration process of Azerbaijan during the last decade. The country has stated that it was ready to cooperate with the EU in the economic sphere but did not want to undertake any political obligations or change its system of governance. As pointed out by officials of the European Commission, since Azerbaijan does not need money, EU conditionality does not work in its case.

According to the latest Freedom House report, there have been serious setbacks to democratic rights in Azerbaijan also during the last year related to civil liberties, property rights violations by the government and cracking down on the opposition and civil society in advance of 2013 presidential elections. The country is seen as being not much different from Belarus regarding its state of democracy and human rights, but unlike Belarus, it is not excluded from the EU association agreement process.

Responses to questionnaires from Azerbaijan

1. How would you describe Russia? What kind of a country is it?

In general it is a country with one of the richest cultural heritages, natural resources and human creativity potential in the world, but at the same time it is poorly governed.

Russia is a very big country. This is our northern neighbor.

2. How do you see your own country's biggest challenges and opportunities in relation to Russia?

Strategic challenges for Azerbaijan in terms of the relationship with Russia are mainly linked to Russia's destructive role in using frozen conflicts in the South Caucasus

(Nagorno-Karabakh, South Ossetia, Abkhazia) as leverage against local independent nations (Azerbaijan, Georgia and Armenia). One example of that is that Russia, being Armenia's strategic military ally in the South Caucasus, and directly supporting a very indefinite and unrecognized status of Nagorno-Karabakh, occupied by Armenia, at the same time sells high-tech weapons (tanks, anti-aircraft systems, helicopters, etc.) to Azerbaijan, in order to a) make Azerbaijan, which is more or less pro-Western and together with Georgia is part of the European energy security system, closer to Russia and b) put pressure on Armenia, to show her that her (Armenia's) destiny without Russia behind her can be more than fragile. There is a dilemma also. Some people think that the weaker Russia is the higher are chances for reconciliation of local conflicts, and that is true. But at the same time, weakening Russia means unpredictability in the North Caucasus, which is a 'communicating vessel' with the South Caucasus. For this reason, I think Azerbaijan's modern foreign policy on Russia is more or less reasonable: keeping the balance, developing relationships in economic and cultural fields, buying weapons from time to time (all in all this is a supply and demand thing), but not joining the Eurasian integration initiatives by any means. In terms of the relationship with Russia, time is playing for those post-Soviet states, which are 'running away' from Russia.

Currently, Azerbaijani-Russian relations and ties/communications are intensively developing in a positive direction. Mutually beneficial cooperation/collaboration between Azerbaijan and Russia is actively developing in the political (regular dialogue at the highest level) and economic (energy, economic and trade cooperation, joint transport projects/routes), socio-cultural and humanitarian (preservation of cultural and scientific relations, we have Russian schools, newspapers and magazines are published in Russian, the educational sphere, etc) spheres.

Dynamic, progressive development of these relations is beneficial to both Azerbaijan and Russia. This is an indication that both countries are interested in a constructive and pragmatic dialogue, despite the sometimes different geopolitical positions and foreign policy orientation. Azerbaijan is clearly aware of the benefits of good constructive relations with Russia. For us, Russia is a major market for Azerbaijani goods, especially agricultural products. It should be noted that Baku seeks close neighborly, mutually respectful relations and cooperation with Russia not at the expense of its sovereignty, independence, territorial integrity and national interests.

There are almost not any unresolved problems between our two countries. At the same time, Azerbaijan believes that Russia has still underused its potential and existing opportunities to promote the settlement/resolution of the Armenia-Azerbaijan, Nagorno-Karabakh conflict on the basis of Azerbaijan's territorial integrity. Baku expects from Russia in this matter an impartial, more balanced and fair position. Moscow should be also interested in the speedy resolution of this conflict, as the preservation of this geopolitical and military tension will always harm the national interests of Russia in the South Caucasus region.

3. What, in your opinion, are the biggest challenges for Russia in the future?

1. Demography and health: there are very few Russians in Russia, although the drop in child birth is not as rampant as in the late 1990s, the problem is still there and in strategic

perspective can cause very negative synergies with foreign policy threats Russia is facing. 2. Nationalism, sometimes sublimating into observable fascism: Russians (if we approach it from the RUSSIYANE not RUSSKIYE viewpoint³) are a multiethnic imperial group. Slavic nationalism, although providing a leverage and sublimation tool for the Kremlin in short-term, can cause huge problems for the country, especially in terms of domestic relationships with such large and important for the empire groups like Tatars and Bashkirs. The most dangerous thing about this nationalism is that it is transforming at the moment into a very aggressive form against other Slavic ethnic groups also, Ukrainians for example. In general there is a big question mark about how Mr. Putin is going to integrate post-Soviet Eurasia under the same roof with this level of nationalism present among the ordinary Russians, bred by the Kremlin. 3. Bad governance and corruption: This is a plague like in many other post-Soviet states. Again, together with all other challenges, it multiplies the effects of problems.

Sustainable economic and social development; Reduction of dependence of economy on oil and gas; The restoration of good relations with all its neighbors, the post-Soviet and European countries; Overcoming radical political appeals and intolerant, nationalist sentiments, xenophobia against migrant workers from other countries.

Belarus

Belarus

Population: 9,6 million (2014)

Total area: 207,600 km²

Capital city: Minsk

Official languages: Belarusian, Russian

Neighbouring countries: Russia, Ukraine, Poland, Lithuania, Latvia

President: Alexander Lukashenko

Prime Minister: Mikhail Myasnikovich

GDP (PPP) 2013 estimate:

Total \$150.4 billion

Per capita \$16,1

Currency: Belarusian ruble



³ *Russiyane* is a civic term denoting all inhabitants of Russia, whereas *Russskiye* refers to ethnic Russians.

Background: The lands of modern-day Belarus have belonged to several countries, including the Principality of Polotsk, the Grand Duchy of Lithuania, the Polish-Lithuanian Commonwealth Polish–Lithuanian, and the Russian Empire. This has effected the Berorussian identity. In the aftermath of the Russian revolution, Belarus declared independence as the Belarusian People’s Republic. It was succeeded by the Byelorussian Soviet Socialist Republic. It became one of the founding members of the Soviet Union in 1922. Much of the borders of Belarus took their modern shape in 1939 when some Polish lands were incorporated into it after the Second World War. During World War II Belarus lost about a third of its population and more than half of its economic resources.

In 1991 the country declared its independence and renamed itself the Republic of Belarus. Alexander Lukashenko has been the president of the country since 1994, making him currently the longest ruling head of state in Europe. In the same year a national constitution was adopted which gave the president very strong position. Lukashenko approach was to continued a number of Soviet-era policies, such as state ownership of large sections of the economy.

President Lukashenko has been widely criticized for his authoritarian style of government. For example Democracy Index ranks Belarus the lowest in Europe, the country is labeled as ‘not free’ by Freedom House and it is rated as one of the world’s most repressive countries and by far the worst country for press freedom in Europe in the Press Freedom Index (2013-2014) published by Reporters Without Borders (157th out of an overall total of 180 nations). Among other infringements, political prisoners are held in Belarusian prisons and Belarus remains the only country in Europe that still applies capital punishment.

International position: Belarus was a founding member of the Commonwealth of Independent States (CIS) that was established in 1991 in Belarus. Also the administrative center of the Commonwealth is located in Minsk. Apart from that the country is a founding member of the Eurasian Economic Community (2000) (from 2015 Eurasian Economic Union) together with Kazakhstan, Kyrgyzstan, Russia and Tajikistan. Belarus is also a member of the United Nations but not, for example, the Council of Europe.

Belarus and Russia have been close trading partners and diplomatic allies since the breakup of the Soviet Union and Russia is the largest and most important partner for Belarus both politically and economically. From 1996-1999 various treaties were signed for strengthening the relationship between Russia and Belarus and forming a union state. Belarus is dependent on Russia for imports of raw materials and for its export market.

Relations with the EU: In 1995, the Partnership and Cooperation Agreement (PCA) between the EU and Belarus was signed signaling a commitment to political, economic and trade cooperation. However, the EU did not recognize the new constitution accepted after Lukashenko was elected president and was worried also about the serious setbacks to the development of democracy at that time. Therefore, in response to the political situation in the country, the Council of the European Union decided in 1997 not to conclude the PCA, to suspend bilateral relations at the ministerial level and to freeze EU assistance programs.

In 2006 the EU Council decided to adopt restrictive measures against President Lukashenko and officials personally responsible for the violations of international electoral standards while, two years later, the measures were suspended with the aim of encouraging dialogue between parties. However, in 2011 the restrictive measures, currently extended until October 31, 2015, were re-activated and in the following year even strengthened as a reaction to the violation of electoral standards in presidential elections in 2010 and the subsequent crackdown on civil society and the political opposition.

Belarus is included in the European Neighbourhood Policy (ENP) aiming at bringing the EU and its neighbours closer. However, due to the country's political situation, no action plan is accepted. In May 2009 Belarus and the EU agreed on cooperation in the Eastern Partnership (EaP) but the country participates only in its multilateral track. The union is committed to a policy of critical engagement towards Belarus. The current EU assistance for Belarus is focused on supporting the needs of the population and democratization as well as mitigating the effects of the self-isolation of Belarus on its society.

At the same time in 2012 the European Dialogue on Modernisation has been launched with Belarusian society. The dialogue consists of an exchange of views between the EU and representatives of Belarusian society about necessary reforms for modernizing the country. Also negotiations on visa facilitation and readmission agreements were launched in 2014 between the EU and Belarus, with the aim of benefitting the population at large. The EU has also noted a positive trend in Belarus' cooperation with the international community on some specific issues, namely the death penalty and higher education.

Responses to questionnaires from Belarus

1. How would you describe Russia? What kind of a country is it?

It is a large country with a difficult history and imperial ambitions. There is a dichotomy of two fundamental needs: to be developed like Western countries, and to preserve cultural uniqueness.

If you mean the political situation in contemporary Russia, it is an authoritarian country with a strong president whose will is a MUST. After 1991 Russia had a long and controversial evolution - first, towards liberalisation and democratisation, then (after Yeltsin) there was a start of a reverse drive. Step by step, Russia is getting more close to Belarus in political dimensions. However, there is an important difference between them: Russia was a so called 'great country' in its pre-communist history. Because the current Russia considers itself as the only successor of the USSR, Russia pretends to restore the status of a 'great power' that belonged to the Soviet Union but was lost under Yeltsin. Indeed, it is a very important country in the world and even more - in the Eurasian region, both in economic and political aspects. It was actually predictable that a reverse drive is possible. There are many explanations of this turn, but the fact is that most Russians support this situation. As this is an independent state, let Russia exist as her people and her leaders wish - whether other countries approve this kind of political behavior or not.

2. How do you see your own country's biggest challenges and opportunities in relation to Russia?

Opportunity: to use cheap resources and market access to modernize the economy. Challenge: such economic benefits allow the authorities to continue populist policies, not to strain to the limit, and to preserve an archaic economic structure.

Belarus is a small country that economically is totally depend on Russia. Being politically isolated due to the politics of the European Union and the US, Belarus had no other choice but to be closer and closer to Russia. Therefore, today it is one of a few close allies of the Russian Federation, especially after the revolution in Ukraine in 2014. Of course, this is not a 'friendship': Belarus depends on Russia economically and in most cases politically (with such exceptions as non-recognition of the independent status of Abkhazia and political changes in Crimea). However, these examples only prove that in general Belarus and Russia are 'in one boat', and Belarus always serves Russian strategic interests because they coincide with its strategic interests. Thus, Belarus joined the Customs Union and recently the Eurasian Union (although it is not as profitable as it was described by Russia). Overall, casting aside internal contradictions, Russia and Belarus are the most close allies and friendly states. They share a similar culture and Russian, due to bilingualism in Belarus.

3. What, in your opinion, are the biggest challenges for Russia in the future?

1. Depletion of natural resources. But with possible shale fuel capacity utilization it can keep its current economic structure for a prolonged period. 2. Growth in Muslim share in the population could lead to dramatic outcomes. 3. Growth of influence of China could threaten Russia's eastern provinces.

The biggest challenge for Russia is to be able to follow the way they selected (whether liberal or not). There have been many times in Russian history when important goals were declared but not reached. Currently, it is also a difficult period when Russia is being tested - whether this country can follow its own way and become a new (or old) centre of regional attraction (i.e. Eurasian integration on post-soviet space) or not.

Independent Russia can be a good partner to the EU if both sides would respect each other and make decisions on the basis of their core interests rather than the interests of third parties or temporary tensions.

It seems that currently Russia follows a situation somehow similar to Belarus, after a policy of political isolation and sanctions was confirmed by the western states. Belarus experienced many troubles, but did not change political course. It seems that Russia will do the same. As a consequence, all the parties will loose. The histories of Russia and Finland have many pages in common. However, Finland might be more focused on the other post-soviet countries and contribute more to their democratic development. The idea of cooperation and integration will be more a dream than a reality in Europe.

Estonia

Estonia

Population: 1,3 million (2014)

Total area: 45,227 km²

Capital city: Tallinn

Official languages: Estonian

Neighbouring countries: Russia, Finland, Latvia

President: Toomas Hendrik Ilves

Prime minister: Taavi Rõivas

GDP (PPP) 2013 estimate:

Total \$29,9 billion

Per capita \$22,4

Currency: Euro



Background: The Estonian lands, ruled for centuries by German barons, were fully incorporated in the Russian Empire in the early eighteenth century. Estonia declared its independence in 1918. The declaration was followed by German occupation and a war of independence during which Estonia and its allies (Great Britain, Finland, Sweden, Denmark, the Baltic Germans, Russian and Jewish volunteers) fought against the Red Army and the Baltic Landeswehr. In 1920 **the Tartu Peace Treaty** between Estonia and Russia was signed and Russia became the first nation to recognise Estonia's independence *de jure*.

In 1939 Estonia declared its neutrality in World War II. A year later the Soviet Union occupied Estonia as well as Latvia and Lithuania. After Germany declared war against the Soviet Union in 1941, military activity between Germany and the USSR took place in Estonia leading to a German occupation in the same year that lasted until the end of the war in 1945. Estonia had lost 20% of its population in World War II and remained under Soviet rule for several decades.

After regaining its independence in 1991, the country has aimed at getting rid of the 'post-socialist' label and becoming a 'normal European country'. Systematic development of the e-sector and information society can be seen as one example of achieving this goal. **As part of that Estonia aims this year to be the first country in the world offering e-residency: a possibility for people from** all over the world to get an e-resident's digital identity provided by the Republic of Estonia. The identity can be used for getting secure access to world-leading digital services. Also in the EU Estonia aims at **creating a digital single market** allowing for using services electronically in any EU member state.

International position: After regaining its independence in 1991, Estonia's main foreign policy aim has been securing its position in the Western world. To that end the country has been eager to integrate into different organisations. In 1991 Estonia joined the United Nations and in 1993 it was accepted into the Council of Europe. Since 2004 the country has been a member of the European Union and NATO. From 2010 it has belonged to the OECD. As a result, Estonia has been characterized as the most integrated European country.

The country has also cherished its relationship with the USA and considered it as an important ally in the international arena. Thus, the visit of US president Barack Obama to Tallinn in autumn 2014 was seen as a strong symbolic support to Estonia in the middle of the Ukrainian crisis that has been interpreted in Estonia as a serious threat to the European security environment.

Estonia and the EU: Estonia joined the European Union in 2004 together with Cyprus, the Czech Republic, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. From 2007 the country has belonged to the EU's Schengen area and from 2012 the Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (EU IT Agency) **began operating in Tallinn.**

A year before, in 2011, in the middle of the euro crisis, Estonia was the 17th EU member state to join the euro zone. Since the euro zone was legitimised in Estonia also as a security issue, the country has been described as the only one seeing membership in the euro zone as a security question. The EU side, on the other hand, considered Estonian accession as proof that despite the euro crisis the euro zone had still not lost its attractiveness.

EU membership has been seen as beneficial for small Estonia who joined the EU as a relatively poor country. It has increased the country's influence in international affairs, its visibility in the world, and created stability and economic growth. In 2004, Estonian GDP per person based on purchasing power standard (PPS) was 58% of the EU average; in 2012, the indicator was 71% of the EU average. From 2007–2013, Estonia was allocated 3.4 billion euros in structural aid as well as other supports and funds totalling 4.764 billion euro.

During the EU accession process, Estonia was hoping that EU membership would also help to normalize its relations with Russia which, however, was not the case. Estonia considers it necessary for the EU to have a common position in relations with Russia. As an example of that the country appreciated EU leaders' supportive statements towards Estonia during the Bronze soldier crisis. In connection with the Ukrainian crisis, Estonia has supported strict measures against Russia.

Due to its own first-hand positive experience of joining the EU, Estonia is also supporting EU enlargement as well as the implementation of a consistent European Neighbourhood Policy (ENP). The special focus has been on strengthening the Eastern Partnership initiative that aimed at closer economic and political integration of Ukraine, Moldova, Georgia, Belarus, Armenia and Azerbaijan with the EU.

Responses to questionnaires from Estonia

1. How would you describe Russia? What kind of a country is it?

Russia is a country presenting an explicit example of a politically and economically ruling elite which to a large extent is independent from the rest of society. Large natural resources offer a rich income basis which allows for keeping the internal force structures relatively capable of keeping the wider population under control. This fact is further strengthened by a relatively small, ageing and diminishing population which seems not to present a real challenge for the elites. This is different from China, for instance, where the elite's freedom of maneuvering is increasingly challenged by the need to manage the huge still-growing population. The Russian elite sees no reason why it should allow its freedom of decision-making to be curbed or controlled by anybody, neither domestically nor internationally. Against this background the possibility of a western, liberal, more controlled and more responsible elite model emerging in Ukraine is a real existential threat to the Russian ruling elite. This, in my view, explains the very painful and fierce response to the developments in Ukraine since November 2013. I do believe that within the next months Russia is trying to do everything possible in order to fragment the 'Euromaidan' political forces and leaders in Ukraine, to discredit them through internal fights and corruption, in order to present the Russian elite as 'better', more stable, mature and capable, than the western-minded Ukrainian one.

A state which tramples on the rights of its citizens. Dangerous for its immediate neighbours, a spoiler in global affairs.

2. How do you see your own country's biggest challenges and opportunities in relation to Russia?

For Estonia the situation is definitely dangerous. Russia has the means to provoke anti-Estonian sentiments and insurgency among the Russian-speaking populations in the Estonian North-East region (Narva) and in Tallinn. On the other hand I hope that USA/NATO attention towards the Baltic states and the Baltic Sea region would grow. I do support the increase of NATO's military presence in all Baltic states, including Estonia. And I think this increasing presence should include not only more air patrolling but also land troops and a permanent navy base of NATO forces (US/British/Scandinavian). I hope, in the current situation, Sweden and Finland would join NATO in the nearest future. The non-NATO status is at the moment the second gravest security risk in the Northern Europe. Next after Russia's increasing aggressiveness in the European North.

Getting Russia to treat Estonia as a normal European country, not part of its 'sphere of special interest'. Preventing Russian government agencies from manipulating some 'Russian-speakers' into serving as a 'fifth column'. Opportunities: increasing exports (if Russia adheres to WTO rules) and tourism.

3. What, in your opinion, are the biggest challenges for Russia in the future?

The biggest challenge for Russia is that its elite wants everybody, domestically and internationally, to accept its freedom of unlimited and uncontrolled decision-making. What we see now in relation to Ukraine can partly be Putin's struggle for his own position within the elite. There may be processes of power struggle going on for already some time and Putin wants to halt and crush these processes by rocketing his domestic popularity. This may lead to forms of governance reminiscent of Stalinist or Nazist models of governance, more conflicts in Russia's neighbourhood and the country's further international isolation. I do not think Putin manages to solve his problem(s) this way. He may be overthrown by other elite segments. Which simply replaces the elite's leadership but not the Russian elite model and its governance culture as such. I really do not believe in Russia's 'pivot to Asia' since that would offer China an unprecedentedly large leverage of influence on Russia and may even lead to large-scale Chinese migration waves to the European parts of Russia.

Identity-crisis, post-imperial trauma, coming to terms with crimes against humanity, demographic decline, racism, xenophobia, inequality, corruption. External challenges arise from East and South, not West.

Georgia

Georgia

Population: 4,9 million (2014)

Total area: 69,700 km²

Capital city: Tbilisi

Official language: Georgian

Neighboring countries: Armenia, Aserbaijan, Russia, Turkey

President: Giorgi Margvelashvili

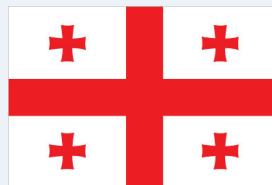
Prime Minister: Irakli Garibashvili

GDP (PPP) 2013 estimate:

Total \$27.3 billion

Per capita \$6,1

Currency: Lari



Background: Georgia entered the Russian Empire at the beginning of the nineteenth century under a voluntary agreement, but for many the terms of that accession were then violated by tsar Alexander I. The Georgian nobility became quickly integrated with the Russian ruling system, however, and a number of Georgians held leading positions in the Russian army and civilian government. By the beginning of the twentieth century, socialism and nationalism both enjoyed enormous levels of popular support in Georgia. After World War I, in 1918 the country declared its independence as the Democratic Republic of Georgia, but was invaded by the Red Army and came under a Soviet government from February 1921. From 1922 it was part of the Transcaucasian Socialist Federative Soviet Republic until the Georgian Soviet Socialist Republic was formed in 1936. The current republic of Georgia declared its independence in 1991 after the collapse of the Soviet Union.

While, during the Soviet era, Georgians enjoyed much greater prosperity and considerably more liberties than any other Soviet nation, after the collapse of the Soviet Union Georgia became one of the poorest post-Soviet countries. Unlike Azerbaijan or Kazakhstan, Georgia had no natural resources. The country enjoys freedom of speech, but the executive branch of government is seen to be too strong vis-a-vis the legislature and judiciary. It has also been said that the country has focused more on modernization rather than democratization and that it still has an immature democracy. Under elections in 2012 for the first time government passed from one party to an opposition party by peaceful means.

International position: During the twenty years since regaining its independence, the main goal of Georgia's foreign and domestic policy has been to disassociate itself from the Soviet past. Thus, the country has distanced itself from the post-Soviet institutions and regional groupings dominated by Moscow, like the Customs Union, and withdrew from the Russian-lead Commonwealth of Independent States (CIS) in 2009. Among other organizations, the country is a member of the United Nations, Council of Europe and Organisation of Security and Cooperation in Europe (OSCE).

Even further, Russo-Georgian relations are seen to surpass all other bilateral relations in the post-Soviet space in terms of their tension and bitterness even though some improvements have been made after the change of Georgia's government in 2012 (for example Georgia unilaterally waived visa requirements for Russian citizens entering Georgia). At the same time Georgia is still the only post-Soviet country which is not recognized by Russia within its legal boundaries. It has been claimed that the root causes behind the disagreements dividing Georgia and Russia, which in August 2008 escalated into all-out war, did not pertain to economic, trade or even geo-strategic interests, but rather to widening differences in the values to which each government aligned itself.

More concretely, unlike Russia, Georgia sought direct links to Europe claiming that as a result of its difficult historical circumstances, it became separated from European civilization and culture and thus has been unable to move in parallel with European advances. Using the historical narrative that it belongs to the West, Georgia, mostly driven by political (and/or security) considerations, continued its traditional quest for a European future. Zurab Zhvania, the late Georgian Prime minister and former speaker of the Georgian Parliament, declared on his country's accession to the Council of Europe in February 1999, "I am Georgian, therefore I am European." Conclusively, it has been said

that Georgia's pro-western foreign policy orientation has never been disputed since the country's independence.

Relations with the EU: EU-Georgia relations date back to 1992 and bilateral relations have further intensified since 2003. At that time, after the Rose Revolution of November 2003, Georgia also reclaimed its European identity and set EU and NATO membership as its goals. The country is part of the European Neighbourhood Policy (since 2004) and has also been part of the Eastern Partnership program (EaP) since its launch in 2009.

At the EU Vilnius summit in 2013 the EU initiated an Association Agreement that was signed by the EU and Georgia in summer 2014. The agreement deepens Georgia's political and economic ties with the EU in the framework of the Eastern Partnership. It also includes a Deep and Comprehensive Free Trade Area (DCFTA) giving Georgia access to the EU's single market.

The EU's decision to make an Association Agreement with Georgia has also been called somewhat surprising taking into account, for example, some questions related to the country's commitment to democratic values (ranked as partly free by the latest report of Freedom House, having, however, one of the best rankings in Eurasia). However, the parliamentary and presidential elections (in 2012 and 2013 respectively) that beforehand were seen as a key test of the country's respect for democratic principles were regarded as fair and honest. Apart from that the EU's decision has been associated with the fear of 'losing' the country in a similar way to Ukraine.

From the Georgian perspective the agreement was seen as a great success, partly due to the situation it has with NATO. While the country had dedicated a great deal of resources to integrating with NATO, as an alliance that could protect Georgia from Russia, the NATO integration process is still stalling. Even though in principle the alliance has made a decision about Georgia's future membership, the country still does not have a membership action plan. Thus, it was important to gain some success in EU relations.

Responses to questionnaires from Georgia

1. How would you describe Russia? What kind of a country is it?

Aggressive, with an imperial mentality and ambitions and primitive KGB methods of handling its foreign as well as home policy. Russian people deserve a better life and future.

Ronald Reagan described Russia as 'the Empire of Evil' – the Russian federation is an extremely aggressive country. Russia tries to retain 'the Empire' - the Soviet Union.

In a purely legalistic or structuralist assessment, the Russian Federation is one of the biggest players of the international system. It definitely spreads beyond any regional constellation, having an interest and say globally. Permanent membership of the UN Security Council, resourcefulness, and nuclear status gives Russia a special importance, though the GDP of the Russian Federation equals that of much smaller states. The last

point highlights that legalistic assessment is hardly enough, while Structural Realism can also be insufficient for understanding the present and future of Russia. The economic situation, which influences politics and social conditions, is one variable to analyze Russian statehood. The second is Russian state identity, its controversial nature, which forces analysts to apply also the comparative governance and sociological/constructivist approaches. Economically Russia heavily depends on natural resources, and the industries which exploit those. Market rules entered this sector in the early 90s, however, President Putin did his best to retain tight Kremlin control over the state, as well as over private companies operating in this field. Moreover, under his leadership, Gasprom constitutes a political tool for Putin's personal or Russian state ambitions to have a political influence over neighbors and throughout Europe. Given this, as well as the maintenance of a number of giant uncompetitive heavy industry factories with the massive employment of blue collar workers, the Russian economy remains static, state subsidized, and hard to reform. In a way, the Russian economy serves politics, not vice versa. Evidently, such an economy cannot sustain itself. It needs emancipation from the state. But to emancipate the economy, the Russian state needs to be totally different, not Putin's one. The latter is built onto the mythologized glorious past, emanating from the Russian notion *Derjava*, literally meaning a king's private holding in the medieval sense. This is a Russian version of an ultra-etatistic attitude. And here comes the second variable: troubled state/national identity. Nowadays, it is constituted in conflicting norms and values. On the one hand, the Russian elite admires western civilization, at least for pragmatic reasons: to keep money in western banks and send kids to study in Europe and the US. Democracy, the rule of law, human rights are accepted, at least in the constitution. But at the same time, struggling to define its version of nationalism, Russia is caught in a mixture of adherence to medieval readings of Orthodox faith, ethnic prejudices, pan-slavism and Eurasianism. Neither of these ingredients is compatible with each other, not to speak about the compatibility with democracy and human rights. One analyst rightfully pointed at the post-modern eclecticism of Russian state symbols, namely at the coexistence of the two-headed byzantine eagle and communist star (Daniel Kimmage, 2009, p. 63). And last but not least: due to the authoritarian tendencies in the political system, corruption, as well as the criminal past of many Russian oligarchs, the values of the criminal underworld are rather widespread in society. They collide with further structural characteristics of the Russian politico-economic profile: According to official estimations, by the middle of the 1990s, 80% of businesses have been paying ransoms to the mafia (Mark Galeotti, 1995, p 2). Cooperative relations between police, spy agencies and criminal networks further continued, making some analysts name Putin's Russia a mafia state (www.Guardian.co.uk/world/2010/dec/01). Essentially, the country is run by current or former officers of special intelligence services, employing criminal methodology, projecting fear and promoting the above mentioned etatism. None of those characteristics make one think about the long-term stability of Russia.

2. How do you see your own country's biggest challenges and opportunities in relation to Russia?

Unless Russia gets rid of its imperial ambitions, unless it deoccupies the 20 % of Georgian territories, and develops into a democratic country, it will be difficult for Georgia to have any normal relations with Russia. We cannot pretend that everything is OK.

If Russia withdraws its troops from the occupied territories and admits that Russia's not wanting Georgia to join NATO and the European community was the reason that they began the 2008 war - then Georgia will try to have cultural and economic relations with Russia.

Analyzing the August 2008 five day war between Georgia and Russia, Ronald Asmus' main conclusion was that Georgia wanted to go to the West, while Russia attempted to stop it (Ronald Asmus, 2010). This dictum is more convincing against the background of the 2013-2014 Ukrainian developments: like in the case of Georgian attempts to get a NATO membership action plan in the spring of 2008, Russia reacted with hostility and aggressiveness against Ukraine, as soon as Kiev aspired to sign an association agreement with the EU. It all shows that the biggest challenge for Georgia in relations with Russia stems from the geopolitical doctrine of the latter, to keep its sphere of influence in the near abroad. This doctrine effectively deprives post-Soviet neighbors of sovereign foreign policy choices, thus constituting a risk for their political security. It also encourages separatist tendencies up to the forceful split of territories – a risk to military security. (One can apply Barry Buzan's definitions of sectoral security realms: Barry Buzan, Ole Wæver, Jaap de Wilde, 1998). On the other hand, Russia's vast market is traditionally attractive for tiny Georgia's agriculture. It may seem an additional incentive to follow the Realist reading of international relations, advising Georgia to behave according to its size and location, abandon dreams about Euro-Atlantic integration and think of bandwagoning with Russia. However, such advice runs contrary to the universal principles of freedom and democracy, and the CSCE Helsinki Final Act of 1975. In addition, the Georgian national narrative and polity is based on a centuries old fight for emancipation exactly from the Russian Empire: an important point for the Constructivist understanding of inter-state relations, which places heavy emphasis on the interplay of historically developed amity/enmity perceptions among nations. But the main argument for Georgia's distancing from the Russian Federation lies in the nature of Putin's regime described above, which unavoidably projects itself on the zones of desired influence. In recent years, the Russian state tries to develop its version of European and US soft power policies, using energy export-generated surpluses and propaganda tools. Soft power policy success can only be based on the attractiveness of values, and there is nothing Russia could offer ideologically, except a mixture of anti-western sentiments, Soviet mythology and orthodox faith. However, in certain circumstances, Russian attempts can bear fruits, especially when combined with the promotion/encouragement of clannish, corrupt practices, still deeply rooted in the post-soviet world. And here comes the biggest challenge for Georgia, stemming from Russia: if Georgia stays in close relations with Moscow, at the expense of weakening its ties with the West and slowing the drive towards the Euro-Atlantic community, the country is doomed to reconstitute its feudal profile. Political closeness and societal or economic integration with Russia means not only compromising the sovereignty of one's own nation, but forgetting the rule of law and basing its modalities for existence on corruption and mafia-like relations. That is the biggest, one would say, the

civilisational challenge for Georgia, which out-weights opportunities related to the selling of Georgian wine or apples in Moscow.

3. What, in your opinion, are the biggest challenges for Russia in the future?

Russia's biggest challenge is: a) to become a truly democratic country; b) to get rid of its imperial ambitions that are unrealistic in the 21st century.

If Russia keeps on her aggressive politics it will ruin Putin's Russia

Putin decided to rebuild a strong and unified Russian state. His methodology included controlling the media, restricting party and civil society activities, nurturing anti-western sentiments, appointing, instead of electing, local governors, and politicizing its energy sector. Unity based on authoritarianism is a challenge in itself, but for Russia with its vast, diverse territory, multiethnic nature, enormous social inequality, dependence on international markets, it is a threat. Given its strong connections with Europe, Russia can hardly afford a long-run isolation, which becomes unavoidable, if authoritarianism is to be maintained there. In the Russian case, Authoritarian rule becomes twinned with a revisionist foreign policy, geopolitical rivalry with the regional and global power centers. It is enshrined in attempts to subjugate neighbors, as recent Georgian and Ukrainian affairs show. Aggressiveness in the near abroad, namely in a border zone of the European Union, becomes an issue of national security for many European nations. It further aggravates the probability of confrontation between Russia and the West, which may be a risk for the latter, but definitely a deadly threat for the former: the USSR could have sustained itself for decades, because it managed to build a more or less autarkic, planned economy, based on a powerful communist ideology, and extremely cheap labor, partly composed of prison archipelago dwellers. Modern Russia cannot do that. The Ideology is gone, as well as cheap labor. Autarky is unimaginable, when its leader wants to behave like Stalin but live like a modern billionaire. International economic sanctions will not be bearable for Kremlin. Diversity and controversial nature is the main challenge for Russian unity in the future. Putin realizes it, but tries to withstand disintegration tendencies by projecting fear and using bribes. The best example for the said is a fiefdom, built by Ramzan Kadirov in Chechnia. Putin also tries to capitalize on militant nationalism, as hysteria around Crimea and its occupation shows. Such internal and external policies, can remind us of nothing but a pre-revolutionary situation, witnessed by Russia many times. In a systemic sense, nationalism is incompatible with rampant corruption and promotion of Kadirov-like warlords. The rise of egalitarian, isolationist and sometimes xenophobic attitudes within the ethnically Russian part of the society, partially evident in the rhetoric of societal leaders like Udaltsov and Navalni, are indicative in this respect. To sum it up, one can speak of the vicious circle, entered by modern Russia, which traps its leadership into the so called Catch 22 situation: On the one hand, characteristics of the current Russian political regime derive from the following systemic factors, thus having its own rationale: 1. Poverty, ethnic mixture, vastness of the territory, influence of criminal mentality and weak democratic traditions push the Kremlin towards centralization attempts and authoritarianism in order to maintain national integrity in the foreseeable future; 2. Centralization and authoritarianism are linked with corruption, which in itself has strong roots in history and popular culture; 3. Russian nationalistic sentiments, and Putin's personal obsession with the restoration of the Russian/Soviet empire in one form

or another, drags the country further into undemocratic practices internally and into an aggressiveness abroad; On the other hand, all these characteristics/methods do not only contradict international law and order and the values of the democratic world, but in the long run, play against the very unity and national ambitions of Russia, which they were supposed to serve: 3. War rhetoric around Crimean case cannot hide the reality, that the imperial and autocratic methods of the Kremlin alienate the most talented and mobile segments of society, while impoverished ordinary ethnic Russian becomes an easy target for an anti-minority, xenophobic movement.

Japan

Japan

Population: 127,6 million (2014)

Total area: 377,915 km²

Capital city: Tokyo

Official languages: none

National language: Japanese

Neighbouring contries: China, North Korea, South Korea, Russia, Taiwan

Emperor: Akihito

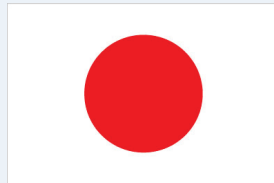
Prime Minister: Shinzo Abe

GDP (PPP) 2013 estimate:

Total \$4.7 trillion

Per capita \$37,1

Currency : Yen



Background: In the late 19th and early 20th centuries, victories in the First Sino-Japanese War (1894–1895) and the Russia-Japanese War (1904–1905) allowed Japan to gain control of Taiwan, Korea, and the southern half of Sakhalin. After the World War I Japan widened its influence and territorial control. During the World War I Japan was part of the Allied forces. Prior to the World War one Japan went to war with China in 1937. The Japanese attack on Pearl Harbour started the World War II for Japan in 1941. This time Japan was not part of the Western Allied forces. The World War II became to an end in Asia in 1945 following the atomic bombings of Hiroshima and Nagasaki.

Since adopting a revised constitution in 1947, emphasizing liberal democratic practices, Japan has maintained a unitary constitutional monarchy. The country achieved strong economic growth and became regarded as one of the major powers in the world. Japan was the second-largest economy in the world, until surpassed by China in 2010.

International position: Japan was granted membership in the United Nations in 1956, after the end of the US/allied occupation in 1952 with the Treaty of San Francisco. Since then the country's emphasis has been on international cooperation. As an example of that Japan is a member of the G7, Asia-Pacific Economic Cooperation (APEC) and a participant in the East Asia Summit.

From the 1950s Japanese diplomatic policy has been based on a close economic and military partnership with the United States and the US-Japan security alliance has acted as the cornerstone of the nation's foreign policy.

Japan is engaged in several territorial disputes with its neighbors, South Korea, China and Taiwan. Apart from that the country is having a dispute with Russia over the South Kuril Island (Northern Territories off Hokkaido) which were occupied by the Soviet Union in 1945. The dispute is one of the main reasons that Russia and Japan have been unable to conclude a formal peace treaty to end World War II.

However, since both countries are currently looking for ways to enhance their respective positions in the Asia-Pacific, in 2013 Japan held its first ever diplomatic talks with the Russian Federation, and the first with Moscow since 1973. The willingness of both sides has been connected to the necessity to restrain China as a major player in the region. The talks of foreign and defense ministers ('2+2') resulted in new security and foreign relations agreements and the aim of solving territorial issues. Fixing bilateral relations was however interrupted by the Russian annexation of Crimea from Ukraine. As a result, Japan suspended negotiations over the Northern Territories. Apart from that the country introduced several sanctions against Russia, which included halting consultations on easing the visa regime between the two countries and suspension of talks on investment cooperation, joint space exploration and prevention of dangerous military activity.

Relations with the EU: The first bilateral summit between Japan and the EU was held in 1991 for strengthening the partnership and accepting a joint declaration on relations between the EU, its member states and Japan. The summit pledged closer Japanese - EU consultations on foreign relations, scientific and technological cooperation, assistance to developing countries, and efforts to reduce trade conflicts.

After that annual summits between the parties have been held focusing on promoting peace and security, strengthening the economic and trade partnership, coping with global and societal challenges etc. The scope of the overall relationship has broadened along the lines of the Action Plan (2001). The EU has an ongoing dialogue with Japan on a variety of policy areas: environment, information society, science & technology, trade, financial services and industrial policy, world economy and trade, climate change, non-proliferation and developments in our respective neighbourhoods.

As a concrete demonstration of willingness to cooperate, the negotiations underway on a Strategic Partnership Agreement and a Free Trade Agreement can be taken as examples. According to the former President of the EU Commission Jose Manuel Barroso the Free Trade Agreement could boost EU growth by nearly 1 % and create over 400,000 additional jobs, with comparable benefits for Japan, whereas the Strategic Partnership Agreement will enhance political cooperation and stimulate further developing sectoral cooperation, including on research and innovation, energy and people- to-people links.

Responses to questionnaires from Japan

1. How would you describe Russia? What kind of a country is it?

Russia is a 'not' country. She is not a European country, not an Asian country, not a dictatorship, not a democracy, not a socialist state, not a market economy, not a military state, or not a Soviet Union.

From the viewpoint of economics, I regard the Russian economy as a capitalist economy and a market economy. I should say a kind of capitalism and market economy. In 2004, in an article in Japanese, I characterized the Russian economy as 'crude capitalism dependent on oil and gas.' I think that I do not need to change this perception. In other word, I do not regard the Russian economy as a transition economy on the way to a certain kind of capitalist economy that is somewhat similar to the model that is working in Europe and America. I would like to argue that it is already a capitalist economy, but one with specific features. Of course, the Russian economy will change in the future, but this is the same as saying that the Japanese economy will change in the future.

2. How do you see your own country's biggest challenges and opportunities in relation to Russia?

Russia can be a good partner of Japan but opportunities are relatively small compared with obstacles. She has much smaller economic potential (especially in the Russian Far East) than other countries in Northeast and Southeast Asian countries. Russians and Russian culture do not attract the Japanese more than Western ones. Many Japanese cannot trust the logic and way of thinking of the Russians. Japanese think the territorial issue has not been solved because the Russians cannot understand Japan's rights and logic. Russia and Japan share interests in keeping some level of relationship despite international frictions over the Ukrainian Crisis. The [relations between the] two are less ideological than between the West and Russia.

3. What, in your opinion, are the biggest challenges for Russia in the future?

The current course of Russia's development heavily depends on the combination of high oil prices, energy exports, belief in growth, belief in the Putin regime, stability by and within the Putin regime. Lack of any of them would change the course of these 15 years. Political and social stability after that would be very unclear. Russia would have to experience trial and error of some other types of governance.

Undoubtedly, in this and next year, resolution of the Ukrainian conflict is the biggest challenge for Russia. The development of the Russian economy depends on this as well, as explained below. The critical questions are whether Russia will restore good political relations with the West. If so, when it will be?

It should be noted that the growth rate of the Russian economy was only 1.3 percent in 2013. It means that the Russian economy had already been in trouble well before the Ukrainian conflict. In the atmosphere, where the price of oil is stagnant although at a high

level, we cannot expect the high economic growth that was observed in 2000-2007, when oil prices increased by 15 percent annually on average. Therefore, the Russian Government has adopted some measures for the development of manufacturing industries since 2008. These measures aim to innovate technology and renovate existing production facilities. For this purpose, Russia needs a close cooperation with Western companies. The Ukrainian conflict has wrought considerable damage on this strategy. The volume of the damage depends on how long this conflict continues. It should be noted, however, that there is a possibility that Russia will strengthen relations with China and other emerging economies and import the second-best technology from these countries.

On the other hand, in 2008, we made a forecast of the Russian economy until 2020. We foresee that there is a fair possibility that the Russian economy will benefit from import substitution under the weak ruble, engendered by stagnant oil prices. The current situation may turn this scenario into reality. We wrote, however, that for import substitution Russia would need Western technology or foreign investments from the West. Therefore, this scenario premised good relations with Western countries as well.

Kazakhstan

Kazakhstan

Population: 17.9 million (2014)

Total area: 2,724,900 km²

Capital city: Astana

Official languages: Kazakh (national) ; Russian (1989 - 1995 *lingua franca*; 1995-official in public institutions)

Neighboring countries: Russia, China, Kyrgyzstan, Uzbekistan, and Turkmenistan.

President Nursultan Nazarbayev

Prime Minister Karim Massimov

GDP (PPP) 2013 estimate:

Total \$243,6 billion

Per capita \$14.1

Currency: Tenge



Background: Parts of northern Kazakhstan were colonized by Russians as long ago as the seventeenth century. The Russian conquest of Central Asia was completed in the nineteenth century, and most of what is today Kazakhstan was included in the province of Turkestan. Kazakhs were mostly a rural, nomad population with little sense of national identity. A strong intellectual movement of Kazakhs arose in the early twentieth century. In 1917 an independent national government – the Alash Autonomy was established. This

state lasted less than three years (1917-1920). The territory of Kazakhstan was reorganized several times before becoming the Kazakh Soviet Socialist Republic (also called Kazakhstan) in 1936, as the second largest (by area) constituent republic of the Soviet Union.

Kazakhstan was the last of the Soviet republics to declare its independence in 1991; the current President Nursultan Nazarbayev, has been leader of the country since then.

As a country with vast mineral resources, Kazakhstan is seen to have an enormous economic potential. During his annual state of the nation address in Astana two years ago, Nazarbayev introduced the new Kazakhstan 2050 Strategy, a state plan aimed at bringing Kazakhstan into the ranks of the world's thirty most-developed countries by the middle of the twenty-first century.

International position: Since its independence in 1991, Kazakhstan has pursued what is known as a 'multivector foreign policy', seeking equally good relations with its two large neighbors, Russia and China as well as with the United States and the rest of the Western world. As a result the country has stable relationships with all of its neighbors: over the last years the president intensified relations with NATO, he has been eager to push forward the Eurasian Union, a single market together with Russia and Belarus, and is warmly welcomed from Beijing to Brussels. A recurrent theme throughout all foreign policy declarations and initiatives is Kazakhstan as a connecting link between the East and the West.

Kazakhstan is a member of several international organizations; the United Nations (UN), the Organisation for Security and Cooperation in Europe (OSCE), the Euro-Atlantic Partnership Council and the Organisation of Islamic Cooperation (OIC), Commonwealth of Independent States (CIS) and one of the founding countries of the Eurasian Economic Union together with Russia and Belarus.

At the same time Kazakhstan is feeling the political backlash of the Ukraine conflict, since the tensions between the EU and Russia are making it more difficult to maintain the country's multivector foreign policy as well as keeping economic ties with both sides. Western sanctions towards Russia have also influenced Kazakhstan's economy. Kazakhstan is experiencing a slowdown in exports to Russia, which suffered a decline of 21 percent during the first half of 2014 in comparison with the same period in the previous year.

Relationship with the EU: The European Union and Kazakhstan have been partners since the country's independence. The first bilateral step in the EU partnership with Kazakhstan is the Partnership and Cooperation Agreement (PCA), which was signed in 1995 and came into force in 1999. In the early years of cooperation the dialogue initially focused on trade and investment, but since 2002 many additional issues of common concern have been included, such as energy, transport, justice, home affairs and political dialogue. Kazakhstan has also been addressed as a priority country by the EU's Central Asia 'Strategy for a new partnership with Central Asia' (signed in 2007).

In autumn 2014, the European Union and the Republic of Kazakhstan, the first Central Asian country to do so, concluded the negotiations of the EU-Kazakhstan Enhanced

Partnership and Cooperation Agreement. The new Agreement will significantly deepen political and economic ties between the two sides. Among other things, the agreement puts a strong emphasis on democracy and the rule of law, human rights and fundamental freedoms and sustainable development, focus on regional stability, international cooperation in the fight against terrorism, over the rule of law and migration.

The EU is also Kazakhstan's major trading partner and by far the biggest foreign investor, representing over half of total FDI in Kazakhstan. The Kazakh side is hoping for more investment and technology transfers from Europe in order to modernize its business environment. The EU, on the other hand is interested in the country's natural resources, especially natural gas, in order to decrease its dependence on Russia. As a reliable energy partner for the EU, Kazakhstan now supplies around 5-6% of the EU oil demand.

Conclusively, the EU is dealing with Kazakhstan as a front-runner of the Central Asia region and Kazakhstan has been the most stable, developed and reliable partner for the EU. The common concern for Kazakhstan and the EU is the regional stability of greater Central Asia, in the context of the current situation in Afghanistan. Both sides are interested in fighting against terrorism, drug trafficking and organized crime.

At the same time it is paradoxical from the EU perspective to have good cooperation with the authoritarian regime, the country which, according to Transparency international, ranks 140 out of 177 states in public sector corruption (index of 2013). Also Freedom House has depicted in its 2014 report a downward trend due to broad extralegal enforcement of the country's already strict law on religious activity, with raids by antiterrorism police on gatherings in private homes.

Responses to questionnaires from Kazakhstan

1. How would you describe Russia? What kind of a country is it?

Russia is a conflicted country with great potential where major questions of the past remain unresolved, confuse the present and undermine the future. It is a rich country that is poorly managed. It is a country of people who have a need to be proud and better than others, but at the same time there is little esteem for personal dignity.

Russia is a big country and in terms of size, it has no equal: it occupies most of two continents, has crossing several time zones. Without leaving its boundaries, you can drive from the Baltic to the Pacific Ocean. Russia has abundant resources: oil, gas, electricity and all reserves that can be extracted, processed and mobilized. It depends only on the initiative and hard work of Russians how effectively they can use their resources. Russia is a great power in the world, one of the key members of the international community and a member of many international organizations (G20, UN Security Council), until the Ukrainian crisis it was a member of the G8, as the sixth largest economy in the world (as measured in purchasing power parity). In 2014, together with Belarus and Kazakhstan it became one of the founding countries of the Eurasian Economic Union, created on the

basis of the EurAsEC Customs Union. Russia is justly confident in its development ambitions. It wants to be taken seriously around the world.

Russia is a huge and powerful country. In my view, it is difficult for Russia to find a new type of identity and international relations after the collapse of the USSR

2. How do you see your own country's biggest challenges and opportunities in relation to Russia?

Kazakhstan's biggest challenge is our dependence on Russia, both for objective fundamental reasons (a long transparent border, mixed population, language, shared culture, dependence on the media), and for subjective reasons (the choices of the leadership and security of the regime). Kazakhstan's choices and options can be constrained or enhanced by Russia, particularly the movement in the direction of the West.

Why does Russia need Kazakhstan and vice versa? At the forefront is geopolitics: Kazakhstan is a key geostrategic partner for Russia. Kazakhstan cannot protect itself without the Russian Federation; we have no buffer state, so Kazakhstan geopolitically must coexist with Russia. Without Kazakhstan Russia also cannot provide security for Siberia or the southern borders of the country or its own infrastructure transport arteries. The interdependence between Russia and Kazakhstan is an absolute priority; the imperative is in politics, so Kazakhstan will always be the first, closest partner and ally of Russia in Central Asia. For Kazakhstan it is the gateway to Europe, because Kazakhstan has no access to sea routes. For Russia, Kazakhstan is the gateway to Central Asia and the East. Relations between Russia and Kazakhstan can be described as strategic. Since independence two neighboring countries managed to build good neighborly, stable relationships. Moscow and Astana are key players in virtually all interstate associations: the CIS, EurAsEC, CSTO, SCO, and since 2010 the Customs Union. Russia and Kazakhstan on an official level are close allies. Thus, Kazakhstan was the first CIS country with which Russia has signed the 25th May 1992 Treaty of Friendship, Cooperation and Mutual Assistance. According to the Agreement, the parties recognize the inviolability of existing borders and agree to make equitable and favorable economic and scientific-technical cooperation. Russian-Kazakh relations are developing dynamically, progressively in all directions covering the key areas of fuel, energy, transport, investment, development of resources in the Northern Caspian. In general, the interests of Kazakhstan in relation to Russia are based on four factors: First, maintaining partnerships with Russia is necessary because of the inland location of Kazakhstan, for which access to world markets is vital for economic development. Russia in this respect occupies a strategically important position, across the territory of which lie key transport routes. Secondly, Russia is one of the important actors in the international system, with considerable political weight and relatively large military and technical capabilities. The Russian factor largely determines the foreign policy situation around Kazakhstan, at both the regional and international level. Third, Russia is an important economic partner of Kazakhstan, so it is interested in the maximum integration of the Kazakh and Russian economies for realization of the large-scale joint projects in grain production and transportation of hydrocarbons as well as nuclear energy development. It not only exports a variety of products and technologies to Kazakhstan, but is also a market for Kazakh products. Fourth, both countries are united

by historical, spiritual and cultural ties. The Kazakh diaspora, numbering 740 thousand people, live on the territory of Russia. In Kazakhstan, the Russians are the second largest ethnic group, accounting for about 30 percent of the population. In this context, the Russian direction of Kazakhstan's foreign policy remains a priority and strategic. The importance of Kazakhstan for Russia is incomparably higher than any other Central Asian state's. The vast majority of the interests of Russia and Kazakhstan are the same, and many security problems can be solved only by joint efforts. The coincidence of the strategic interests of Russia and Kazakhstan is due to several factors: First, the acceptable probability that in the long run, Russia and Kazakhstan will in a more acute form encounter the China problem, which is claiming to be the second superpower of the XXI century. Second, the point of contact of strategic interests of Russia and Kazakhstan is the threat of Islamic extremism. Kazakhstan is the least Islamized country in Central Asia, and most of the Kazakh elite are focused on the secular state.

The biggest challenge is that it is always necessary to adapt my country's policies to Russia's ones. The opportunity consists in the fact that a lot of mutually beneficial cooperation is possible

3. What, in your opinion, are the biggest challenges for Russia in the future?

The biggest challenge is the lack of national identity that would help Russia orient itself and adopt consistent policies. The resource curse is another major problem, so building institutions is another major challenge.

The most urgent problems of Russia that should be solved in the nearest future: Economic issues - the impact of the global financial crisis highlighted the vulnerabilities in the economy's reliance on energy exports (oil and gas). Russia's economy relies heavily on its energy sector for economic growth, with an extremely tight correlation between oil prices and the country's GDP. Today besides internal factors uncertainty has appeared in global markets, capital outflow, and a lack of willingness of investors to make investment decisions in a difficult international situation that has arisen in recent months. It is necessary for Russia to develop the economy, which will not be only resource oriented, but will achieve economic self-sufficiency and independence. Geopolitical threats - it is necessary to strengthen the Russian geo-economic position across the border of instability, to defend Russia's national interests in the neighboring Caucasus regions: the Middle and Near East; to strengthen cooperation in the Black Sea basin. According to government estimates, the main threats to its national security are internal political issues: ethnic and religious conflicts, terrorism and extremism, so it is necessary to neutralize the extremist religious vector of growing influence of the Islamic factor in the whole territory of Russia; weak institutions, many of the inefficiencies in the government apparatus can be attributed to high levels of corruption. Russia is characterized by much higher levels of corruption than other countries with similar levels of development. So it is necessary to improve the quality of public administration; to fight against corruption; to develop serious measures for the problem of uncontrolled internal migration flows, providing demographic expansion of countries which are neighbors to Russia; to fight against separatism in the unstable Caucasus which in the last decade has become a danger zone; territorial integrity (demographic expansion of China, North Korea, Vietnam and other countries in East and Southeast Asia). Foreign policy issues: Russian-American

relations in the future will be one of the priorities of foreign policy. This is due not only to the issues of bilateral economic cooperation (trade, investment, technology exchange), but also due to a military character as the desire of the U.S to play a dominant role in solving global and regional problems arises. The United States has a dominant position in key international financial and economic organizations. America and Russia are geopolitical rivals, as a result, there is the threat of a permanent crisis in Russian-American relations. The Crimean crisis has changed world politics. America and the EU disagreed; Germany became the new diplomatic center of influence, another diplomatic moment was the convergence of China and Russia, which are establishing close trade ties. The stronger the alliance between Russia and China, the more power flows to the east. Western influence has declined. This is explained by the stubbornness of Western politicians in an effort to support the overthrow of Ukrainian democracy and their interpretation of International law, which they usually ignore themselves. The danger for Russia is NATO's eastward enlargement and the extension of membership of this military-political organization to new members from the countries of the former socialist bloc, bordering directly with Russia. But currently the growing confrontation with the USA and the EU is the main challenge to Russia and it will inevitably affect Kazakhstan. In order to act as a guarantor of stability in the Central Asian region, Russia must abandon its imperial policy in the region, and build equal relations with all Central Asian states. It is necessary to develop a concept for Russian policy in Central Asia, maintaining its military-political and expanding its economic presence in Central Asia. Trying to harmonize regional interests with the aspirations of Washington it should maintain its position in this.

To find balance between the idea and policy of 'great Russia' and good relationships with the West.

Norway

Norway

Population: 5,1 million (2014)

Total area: 323, 802 km²

Capital city: Oslo

Official language: Norwegian and Sami (in 9 municipalities)

Neighboring countries: Sweden, Finland, Russia

King: Harald V

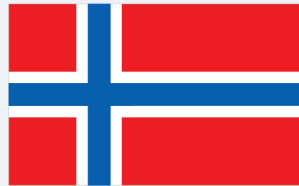
Prime Minister: Erna Solberg

GDP (PPP) 2013 estimate:

Total \$282.1 billion

Per capita \$55,4

Currency: Norwegian krone



Background: Norway is one of the oldest still existing kingdoms in the world having existed continuously for over 1100 years. Since 1814 the country has been a constitutional monarchy. In 1905 the country peacefully ended the union with Sweden and confirmed the election of its own king who took the name Haakon VII.

During World War I, Norway was a neutral country. However, the country was forced by the UK to join the trade blockade against Germany and Norwegian merchant marine ships were required to sail under the British flag. Norway was occupied by Germany during the World War II for 5 years.

After World War II, Norway strengthened its foreign and defence policy ties with the USA. In 1949 the country became a member of NATO. Norway is part of the European Free Trade Association (EFTA). It has had referendums (in 1972 and 1994) on joining the EU but both times membership idea was rejected.

Norway has extensive reserves of Petroleum, natural gas, minerals, lumber, seafood, fresh water and hydropower. In the late 1960s oil was discovered in the waters of Norway that boosted the country's economic fortunes. Today the petroleum industry accounts for around a quarter of the country's GDP.

International position: Norway supports international cooperation and the peaceful settlement of disputes. Norway is a member, among many international organisation, of the United Nations, the Council of Europe, and the Nordic Council. It also belongs to the World Trade Organisation (WTO) and the Organisation for Economic Co-operation and Development (OECD).

As the only Scandinavian country which is not a member of the EU, Norway also pursues a policy of economic, social, and cultural cooperation with other Nordic countries. Due to the cultural bond, its relations are especially close with Iceland. The country also participates in the Northern Dimension, a joint policy between the EU, Russia, Norway and Iceland, promoting regional stability, cooperation and sustainable development. Last but not least, Norway is active in Arctic issues.

Relations with the EU: After the failed EU referendum in 1994, Norway joined the European Economic Agreement (EEA) (signed in 1992 and entered into force in 1994), bringing together the EU Member States and three of the EFTA States (Iceland, Liechtenstein and Norway). It enables three EFTA countries to participate fully in the Single Market (having also been supposed to implement those of the EU's pieces of legislation which are deemed relevant). The treaty also covers the EU's four freedoms and horizontal areas related to these freedoms. Apart from that the EFTA countries have been granted participation in some of the EU's agencies and programs (albeit with no voting rights).

Norway has signed up to the Schengen Agreement, and is thus participating in cooperation on common passport and border controls as well as in Europol and Eurojust in the sphere of police and judicial cooperation. The country is seeking association with the EU's Foreign and Security policy as well as with Security and Defence policy (CFSP and CSDP). Norway contributes financially to social and economic cohesion in the EU/EEA. Norway is also an important partner for the EU in relation to energy issues.

Since the start of the crisis in Ukraine, Norway has joined the EU and like-minded countries in a concerted international response to Russia's actions. For example the government has aligned itself with the restrictive measures introduced by the EU against Russia.

Responses to questionnaires from Norway:

1. How would you describe Russia? What kind of a country is it?

Russia is a vast country with a challenging geography, but rich in resources. It is presently an old-fashioned great power with a leadership committed to authoritarian rule and increasing Russian influence and control around its borders, combined with increasing state control over Russian society. At the moment, this is pursued as a goal more important than the future wellbeing of most Russian citizens and development, diversification and reform of the economy. Russia and many Russians have not really started to face problematic issues from its past, and national identity has not progressed much beyond the imperial identity. Russia has closed in on itself and is not really engaging with the world, and is therefore squandering its potential. It is a country of lost opportunities. I would like to say something positive, and one may say something about vibrant art and culture, energetic population, etc., but also there, more opportunities are lost than found.

2. How do you see your own country's biggest challenges and opportunities in relation to Russia?

Russia is a challenging neighbour for any state. My own country is not the worst off. Challenges: relations over Svalbard, Norway's NATO membership, solving any urgent matter, and preventing general disengagement. Opportunities: pursuing cooperation in fisheries and in the Arctic. Cooperation over petroleum resources is too fraught with political problems on the Russian side, due to its importance for the budget and rents, so this is more of a problem than an opportunity to my mind.

3. What, in your opinion, are the biggest challenges for Russia in the future?

Preventing economic crisis and collapse, re-structuring the economy (promoting growth in all sectors and developing underdeveloped sectors); keeping the country together and promoting some pluralism at all levels, particularly at the top where the elite seems stuck for lack of input; avoiding adverse consequences, also military, from the confrontation in Ukraine.

Conclusion: A Picture of Russia through its Neighbours

The states covered in this survey enjoy very different relations with Russia. Two are EU members, two are members of the Eurasian Economic Union, and four are bordering countries with no special institutional relationship to Russia. One of these, Georgia, has been at war with Russia as recently as 2008, Norway has a strong tradition of neutrality, while only Norway and Japan have never been a part of the Russian or Soviet Empires. In spite of these enormous differences, there is a surprising similarity between the tone of respondents from each of these countries. Admittedly, the respondents all operate in the academic world of universities, and as such are not necessarily representative of either official or popular views in their own countries, and it can be that academia is its own world to itself which links up opinions globally rather than reflecting views nationally. But all the same we expected a stronger divergence of views. Another factor is that, while this project was conceived before the 2014 Ukraine crisis, the questionnaires were sent and answered after Russia's annexation of Crimea, which has featured strongly in almost all of the responses.

The responses from Georgia and Estonia were the most critical of Russia and pessimistic about further prospects, while some of those from Belarus and Kazakhstan were least negative. Unsurprisingly, then, there is a correlation between the current state of relations and the interdependence in trade and security relations on the one hand and the attitude to Russia on the other hand. This is born out even more strongly in the analysis of the Visegrad countries and the Western Balkans in the next section. The differences are more than just based on pragmatic assessments of interdependence, however, as there are clear divergences in the assessment of Russia as an Imperial threat to Europe and the rest of the world. The view here is consistent with historical experience and emotional messages

about former domination and mistreatment – again, unsurprisingly it is Georgia and Estonia that hold the strongest views.

Underneath the differences, there are consistent messages however. Most respondents do not see Russia as bent simply on the recreation of the Soviet Union, but understand Russia's actions more in terms of a desire to give itself a role in the world stage, especially in its immediate neighbourhood. Analyses of the Russian elite also tend to similarity – self-interest underlies their actions, there is no vision for the future of Russia, they are a world unto themselves with nobody able to influence them. When the topic moves from international relations to Russia itself, there is a strong consistency in expressing the notion that because of self-interest and corruption, Russia is mismanaged. It is a country with huge economic potential and a rich cultural heritage which is being squandered. Thus a respect and regard for Russia and its people can be found in among the hostile attitudes to the present leadership. There does not, however, appear any optimism that this can change. The responses to the question about Russia's future challenges mostly involved stopping what it was doing now, not offering much guidance as to what direction Russia should take in a positive way. There is also a strong feeling that the Russian people, as much as they are suffering from the actions of the current administration, are unable or unwilling to bring about change through action. Perhaps related to this is the often mentioned fact that Russia has no sense of identity, no clear understanding of what kind of country is and what its place in the world is. As one of the responses from Japan put it, 'Russia is a "not" country'.

Corruption was mentioned by most respondents as a key problem for Russia. The demographic decline of ethnic Russians in relation to other parts of the population also occurred frequently, reflecting concerns often expressed inside Russia. Another shared assumption is that Russia's neighbours have to choose between Russia or the West. Only respondents from Azerbaijan, in line with its country's foreign policy, felt that a balanced relationship could be maintained in both directions. Kazakhstan has a similar foreign policy, but here respondents were less optimistic about the prospects for maintaining a balanced relationship in the light of developments in 2014.

While all respondents mentioned the Ukraine crisis, in most cases this was brought up as a symptom of broader directions of international relations (whether the crisis is blamed on Russia or the US and EU). Only a response from Norway and one from Japan directly referred to the Ukraine events as a cause of difficulties for Russia. From this we can read that most respondents view the annexation of Crimea as a success for Russia's Imperial ambitions. Sanctions were mentioned but not as a serious challenge for Russia, although the broader impacts of poor relations with the West on prospects for economic development were also noted.

The surveys suggest that intellectuals even in countries which are strongly interdependent with Russia – Belarus and Kazakhstan – regret that interdependence and do not have much hope for developments in the immediate future. If this is representative, it suggests that Russia faces a kind of international isolation that will be damaging in terms of prestige as well as economically. Admittedly this kind of assessment will have been greatly strengthened by the events of 2014. Regarding the future, there is little prospect for change revealed in these responses. Respondents do not identify any likelihood of a new direction either in Russia's internal politics or its external relations. At

the same time, in spite of the numerous similarities the marked differences in tone suggest that attitudes in each of these countries remain hard and inflexible, based on long-term historical understanding as much as the current state of interdependence. The strongly shared assumption that Russia's neighbours face a choice between Russia and the West reveals perhaps the most important aspect of the failures of Russia-West relations in the past twenty-five years as well as the biggest challenge for the future.

Summary of Responses to Questionnaire

Country	Characterisation of Russia's foreign policy	Characterisation of Russia's domestic policies	Characterisation of Russian people	Relations with own country	Problems faced by Russia	Prospects
Azerbaijan	Role in frozen conflicts destabilizing.	Poorly governed	Huge cultural and economic potential	Balanced, in line with Azerbaijan's diversified approach. Constructive.	Demography, nationalism, corruption. Economy dependent on energy resources.	Corruption and nationalism make progress difficult
Belarus	Imperial ambitions, Great Power strivings	Authoritarian	Supportive of leadership and its aspirations	Total dependence on Russia.	Fails to balance development and cultural uniqueness. Demography. Dependence on natural resources	Pessimistic; Russia becoming like Belarus, going backwards under Putin. Russia and EU fail to pursue common interests
Estonia	A danger.	Elite removed from society. Internal power struggles.	Unable to influence elites	Danger of mobilizing ethnic Russians.	China is a threat. Lack of identity, demography, nationalism, corruption.	Growing confrontation internationally. No prospect of internal change.
Georgia	Aggressive, imperialist. Sphere of influence in near abroad.	'Primitive KGB methods'. Economy subordinated to politics.	Suffering	Terrible	Corruption, criminality, lack of vision. Nationalism, poverty	Economic difficulties to get worse. No prospect of normal relations. Georgia must choose Russia or the West. Facing ruin.
Japan	Confused, untrustworthy.	Regime stability. A Russian kind of capitalist economy.	Hard to understand. Believe in Putin.	Disengaged, hampered by territorial disputes but good prospects for trade.	Lack of identity. Territorial issues. Resolution of the Ukraine crisis.	Instability is likely. Good economic prospects depend on resolving the Ukraine crisis.
Kazakhstan	A great power that wants to be taken seriously.	Poorly managed.	Need to feel superior to others.	Dependence, or interdependence. Stable. Common interests.	Confused identity since collapse of USSR. Dependence on energy. US foreign policy. Islamists.	Confrontation with West to continue.
Norway	'Closed in on itself'	Growing state control.	Wellbeing is ignored, great potential	Challenging, due to Russian politics.	Economic structure, Ukraine crisis, lack of pluralism.	Hard to see anything changing.

The Eastern group of the EU and the Western Balkans: Assertive or attractive Russia?

Written by **Katalin Miklóssy**, with the assistance of the East European Research Group, **Jouni Järvinen, Mila Oiva, Dragana Cvetanovic**

This article discusses the perception of Russia in an area that includes the sub-regions of the Baltic states (Estonia, Latvia, Lithuania), East Central Europe or the Visegrad four (Poland, Czech Republic, Slovakia, Hungary), South Eastern Europe (Romania, Bulgaria) and the Western Balkans (Slovenia, Croatia, Bosnia-Herzegovina, Serbia Montenegro, Kosovo, Macedonia). Due to the obvious constraints of space, on the one hand we shall concentrate on sub-region specific issues pinpointing common patterns, on the other hand we will bring to the fore some country-specific cases that offer an example of a typical model of action. The area overall is interesting because it looks back to a shared communist past and a difficult transition. In addition, parts of this region are joined to Western institutions (EU; NATO) and other parts are moving towards them. Russia has been a significant actor in this sphere for centuries; hence, the picture of Russia is colourful, complex and constantly fluctuating.

Country	Poland	Czech Republic	Slovakia	Hungary	Romania	Serbia
Population	38,511,824 (2011 census)	10,436,560 (2011 census)	5,397,036 (2011 census)	9,937,628 (2011 census)	20,121,641 (2011 census)	7,186,862 (2011 census)
Total area	312,679 km ²	78,866 km ²	49,035 km ²	93,030 km ²	238,391 km ²	88,361 km ²
Capital city	Warsaw	Prague	Bratislava	Budapest	Bucharest	Belgrade
Official language	Polish	Czech	Slovak	Hungarian	Romanian	Serbian
Neighboring countries	Russia, Lithuania, Belarus, Ukraine, Slovakia, Czech Republic, Germany	Germany, Poland, Slovakia, Austria	Poland, Ukraine, Hungary, Austria, Czech Republic	Slovakia, Ukraine, Romania, Serbia, Croatia, Slovenia, Austria	Hungary, Ukraine, Moldova, Bulgaria, Serbia	Hungary, Romania, Bulgaria, Macedonia, Kosovo, Montenegro, Bosnia-Herzegovina, Croatia
President	Bronisław Komorowski	Miloš Zeman	Andrej Kiska	János Áder	Traian Băsescu	Tomislav Nikolić
Prime Minister	Ewa Kopacz	Bohuslav Sobotka	Robert Fico	Viktor Orbán	Victor Ponta	Aleksander Vučić
GDP (PPP) 2013 estimate	US 813.988 billion	US 295.891 billion	US 138.277 billion	US 202.356 billion	US 372.017 billion	US 90,746 billion
Per capita	US 21,118	US 28,086	US 27,664	US 20,455	US 18,365	US 12,605
Currency	Złoty	Czech koruna	Euro	Forint	Romanian leu	Serbian dinar



A new affinity to Russia?

The image of Russia in the region has transformed over the last 25 years since the collapse of the communist system. The vivid memory of the Soviet empire has evaporated with the departure of the Red Army, the settling of Soviet debts and the vanishing of the older generation of eyewitnesses. Hence, the legacy of Soviet times does not directly influence any more the formation of attitudes to Russia. Looking at the situation from a broad perspective, the relation of each individual country to Russia is dependent on its national interests and thus varies a great deal, nevertheless there are and were substantial convergences especially in the immediate years of transition.

The troubled post-WWII history under Soviet subjugation and the difficulty of coming to terms with the communist past created a common anti-Russian sentiment in the 1990s. The wide consensus about joining NATO and the eager drive for EU-membership was partly due to an underlying urge to seek shelter against the threats of an unstable Russia. The Eastern enlargement in 2004 and 2007 was the final stage where the EU influence over the region was assumed to be lasting and consolidated. Russia seemed to be ruled out from the playground and it did not show much official interest in the region either.

Dramatic changes started to appear in public opinion after the 2008 financial crisis that hit the emerging economies severely. Economic hardship resulting in a fast descending living standard and the emergence of visible mass poverty induced growing EU-criticism and populist upheaval. The need for finding counterbalancing solutions for the EU-option was frequently raised. In this atmosphere Russia was now seen in a different light, offering new opportunities without direct involvement in domestic affairs, as was the case with the EU. In the 2014 EU elections the EU-critical parties turned out to be the winners in relative terms that offered a new perspective and a potential strengthening of affinity to Russia in the region.

The picture of Russia is, however, far more complex and diverse regarding the individual countries. It can be argued that one plausible indicator in pinpointing differences considers the pre-communist historical experiences and memories of interaction with a sometimes aggressive empire. Hence, there are:

1. Countries, such as Poland or the Baltic states that had a troublesome history with Russia in its immediate vicinity, experiencing direct imperial threats and even subjugation. This background indicates a certain sensitivity towards Russia, especially in potential conflict situations, and would predict more support for value-loaded political solutions over pragmatic economic interest.
2. Countries such as the Czech Republic, Slovakia, Hungary, Romania and most of the cases of the Western Balkans, that look back historically only to sporadic intercourse and have no immediate border with Russia. Thus, these states tend to be more likely to prioritise economic considerations over political issues.
3. Countries, such as Serbia, Montenegro or Bulgaria, that due to historical and identity-related questions of Slavic brotherhood and shared orthodox faith have traditionally maintained more cordial relations with Russia in spite of the geographical distance. These states would avoid engaging in direct criticism of Russia and would likely advocate its interests in the international arena.

Historical and cultural experience provides however only a context for the contemporary considerations – trade relations and energy-reliance, or downright political advantages are strong positive incentives to forget past grievances.

A common dilemma: Pragmatic or Value-loaded attitude?

Russian interest in the region correlates conversely with EU-Russia relations. The better the EU liaison gets the less use Russia has for the East Central European or Balkan countries and vice versa. In the last 3-4 years Russia has begun to acquire a more open and accentuated role in the area, taking advantage of the political headwind regarding the rise of EU-critical parties. The Russian presence can be seen first and foremost in the increase of investments and in its role as chief energy supplier but also in the steady growth of political influence. The basic stance towards Russian incentives differs, however, a great deal not only from country to country but depending also on government changes. Due to the fact that in the post-communist countries the power relations fluctuate between liberal Western-minded parties and nationalist EU-critical parties, affinity towards Russia can transform overnight without any changes in the international context or in Russian politics. Thus, even pragmatic perspectives can be reconsidered as encompassing both pro-Russian and anti-Russian attitudes.

Pragmatic perspectives are related mostly to economic benefits, energy and business considerations, but also to aspects of regional political balance. Nevertheless, pragmatism can also lurk behind nationalism or other ideological issues, which can be assets in domestic political power-play. Value-loaded politics can be seen also as a small state strategy in manoeuvring in a limited international space. It is important to notice still that the transformation of attitudes towards Russia is in most cases a response to concrete changes in EU or Russian politics.

In the following section three main angles will be discussed that have influenced most the current position towards Russia in the region. Hence, first **a)** economic issues are considered; then **b)** political and geopolitical aspects are reviewed, and finally, **c)** the role of national sentiment is deliberated.

Securing energy and markets

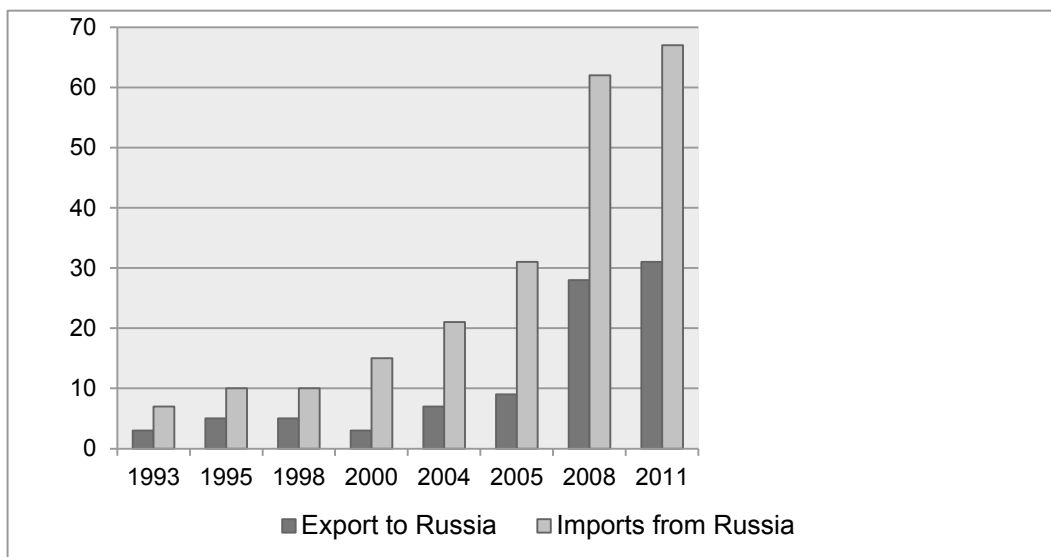
From the Russian point of view East Central Europe is a transit area through which it can safely deliver gas to the Western market. From the Visegrad four, Poland and Slovakia are key transit countries in this regard hence the political and technological reliability of these countries is a focal point for Russia. This indicates that Russia would not tolerate any hindering of its fluent trade with the West.

The question of energy-reliance on Russia is vital in countries where a significant amount of energy-use is based on gas. Hungary for instance relies on gas for 45 % of its energy needs, and 81 % of this is coming from Russia. Poland's gas need, on the other hand, is less than 15 % of its energy requirements and almost one third is covered by its own gas-resources. Thus, about 10 % of its energy consumption is based on gas coming from abroad, out of which only about 83 % comes from Russia. The Czech Republic is the least dependent on Russian gas imports with 66 % whereas Slovakia on the other hand is relying on Russian gas for 93 % of its imports. These figures indicate also a considerable space for diverging political attitudes. In addition, possible disruptions in energy supplies,

or fluctuations in the price level - due for example to worsening Russian-Ukrainian relations - do not affect all in a similar way. In addition, as mentioned above, key transit countries are in a more secure situation because Russia needs them in its Western trade.

In the last 5-6 years the Baltic and Visegrad countries started to make efforts to regain market shares in Russia and increased exports to Russia over five times, whereas Russian exports to the area are dominated mostly by energy supplies. Still, there are serious discussions in most of the countries about the political threats of letting Russian industrial investments in. Hence, Poland tends to be cautious about letting in Russian investors whose directed investments go instead to the Czech Republic and Hungary. At the moment Gazprom and Rosatom are the biggest economic actors bringing in numerous subcontractors. The Czech Republic planned an extension of the Temelin power plant, and Slovakia intends to build two reactors in Jaslovské Bohunice. Hungary has currently signed a deal (2013) for the expansion of the nuclear plant in Paks, which will be built on Russian loans and technology. This Russian encounter is part of the Hungarian government’s recent policy called the ‘Eastern Drive’ that is supposed to increase new market shares in Russia, Caucasia, Central Asia, and China. It is targeted rather openly to counterbalancing the growing EU criticism of Hungary and the diminishing interest of Western investors in the country. Ironically, the exports of Poland to Russia are comparably the highest in the Visegrad countries, yet Poland was ready to support economic sanctions on Russia in spite of its considerable losses in trade.

ECE-Russia Trade, 1993-2011 (billion USD)



It is also obvious that the so-called Cyprus case (in 2013) provides temptations especially for those countries in the region that have difficulties in meeting the EU budget limitations and monetary requirements. Russia offered Cyprus a 2.5 billion euros loan on much better terms than the EU did, and Cyprus was tempted to take the Russian deal. This example brought attention to the possibility of how Russia could become a regulatory actor within the EU in a relatively short time, with a direct impact on some countries' economic policy decision-making.

Economic political views can bring forth long-standing political consequences like in the case of the Czech Republic. The Czech political elite has been criticising EU policies for being too restrictive in relation to the neoliberal stress on the priority of market mechanisms the country wants to apply. During the previous Thatcherite and Eurosceptic president Vaclav Klaus, economic interest directed the political emphasis that is still overwhelmingly strong in the current era of Milos Zeman, who made an attempt to regain Vaclav Havel's legacy in advocating human rights instead. Still, the economic lobby apparently remains stronger. Thus, there is an unveiled drive to counterbalance the negative affects of the EU by reproaching the USA and by advocating unlimited trade with Russia that should not be hindered by political considerations.

The Western Balkans is a special case. Russian economic activity will play a very important role in the future particularly in the Western Balkans that has been at the margins of global economy for a long time. Some scholars call the region a 'super periphery' due to its economic backwardness in the European context. Before the devastating wars, Yugoslavia was a relatively advanced economy, partially integrated into the global economic system. The collapse in the early 1990s was immense and the region has not been able to fully recover from that dive.

The countries of the Western Balkans are still suffering from and characterized by deindustrialization, high unemployment rates, low inflow of foreign capital, the reputation of being a high-risk economic area and poverty, just to mention a few factors. This has hindered the economic and technological catching-up and competitiveness of the region in the global market. As a side effect the region is tormented by a brain drain, and the rapid growth of disparity between rural and urban areas. Analysts have frequently been demanding faster and more determined integration of the region to the EU. The prevailing economic conditions have facilitated Russia's aim to increase its political influence and presence in the region by using economic tools. Alongside effective rhetoric, strongly supported by the Orthodox Church, Russia has invested in several countries of the region. It has financed multiple big scale infrastructure projects and has expressed its willingness to launch e.g. nuclear plant projects when needed. The construction of the South Stream pipeline is at the moment the major project supporting the strategic and financial interests of both Russia and the beneficiary countries.

Political power-play

Russia has been active in penetrating the markets of the ex-Eastern Bloc countries and the economic means acquired in this way are used primarily to get more leverage in politics as well. It seems that old habits die hard because the *modus operandi* resembles the Soviet

traditions of manipulating the satellites where drastic military measures were not applied after the Prague Spring in 1968. In this sense, the increasing presence of Russia in the region from 2008 onwards is emblematic. Interestingly, Russian political literature still calls East Central Europe and the Balkans 'Eastern Europe' much the same way as during communist times.

Russia's approach towards the Western Balkans has been even more systematic since the declaration of independence of Kosovo in 2008. Russia saw the dispute as an opportunity to increase its presence in the region, particularly in Serbia. President Medvedev visited the country in 2009 and cemented Russia's role, based on the willingness and means to engage with the future development of the region. Since the geo-strategic position of the Western Balkans is and will remain crucial it is vital for Russia to prevent the further expansion of NATO and to protect its role in the European energy market. Russia has an interest in fostering its visibility in its sphere of influence, as it still sees the Western Balkans. Serbia has a very crucial position in this question because Serbia is politically the most significant country of the region that has been snookered by the EU and surrounded by NATO countries. Hence, maintaining neutrality towards Russia that has been seen as the chief supporter of the country in grave crises is difficult.

The countries of the Western Balkans do in most cases also have very pragmatic relations with Russia. Rhetorical tools used by Russia affect mainly the general public while the political elite is well aware of the underlying interests. Most countries need a Russian presence and assistance in the region, because the EU has not been strong enough to stabilize the economy, ethnic tensions, political instability, democratic deficits and other problems causing considerable and long-term hardship in the region. Although EU membership is most countries' political priority nevertheless it seems that the EU should invest more in its attractiveness and provide more efficient help for democratization in order to counterbalance growing Russian magnetism. Russia has been rather ruthlessly exploiting the growing popular dissatisfaction with the EU and by increasing investments Russia is actually purchasing political influence. This was the case for instance in Serbia, where the Russian ambassadors over the past years have acquired a straightforward political role. This process weakens the image of the EU. The new EU member Croatia that was supposed to become the bridgehead of the EU in the Western Balkans did not live up to expectations because of regional conflicts with the other states. Hence, even though Croatia is at the moment is an EU enthusiast and is loyally representing EU interests nevertheless, because of its weak regional position it has not had much impact on opinion-building.

There is also a new magnetism of the Russian political system emerging even in some EU countries. The best example is Hungary that has been displaying a particular interest in Russia since 2010. The Prime Minister Viktor Orbán has openly advocated the failure of Western liberal democracy and emphasised that his country will diverge from the Western development pattern (July 2014). Orbán has also openly stated his admiration of progress under semi-authoritarian regimes such as Russia, China and Turkey. The administration has underlined the significance of good Russian relations with its long-term policy of 'Eastern Drive' and opening Hungarian markets particularly to Russian and Chinese investors. The Hungarian political elite has been applying policies over the last four years that have resemblances with the current action model of the Putin administration. Hence, PM Orbán significantly curbed the freedom of media and speech,

weakened the democratic division of power, struck against civic organisations, manned the Supreme and Constitutional Courts, built up a party-loyal oligarchy handing over economic assets including the channelling of EU funds, restricted the market economy, and nationalised firms and banks. PM Orbán has often criticised the EU for its demands to revisit the Hungarian line and was unwilling to make a clear stand against Russia. Russian sympathies are growing also among the people because Russia has been advocating minority rights and even autonomy in relation to the Ukrainian-crisis. The minority issue has been a long-term goal of the Orbán administration that has been eager to take care of the Hungarian minorities even by risking the worsening of neighbourhood relations, partly with other EU-countries.

The Hungarian case might be a special one in its visibly eroding away from conformity with the EU, but this example displays a grave danger. Hungary is a testing ground for many EU states particularly in the Eastern group (for instance Romania and Slovakia), which are waiting to see how long a country can go without severe reactions from Brussels. As is evident at the moment, the EU has been unwilling to correct Hungary back to the democratic track. The Putinist strong-hand policy is however tempting for the political elite in several ex-communist countries because it has been seen as providing a unique stability and preservation of power for one party without risking economic growth, living standards and thus social unrest – and still relying on free elections.

Displays of national sentiment

It can be argued that soft issues such as identity and national sentiment have much more impact on perceiving Russia than pragmatic economic relations or energy dependence. Nationalism is on the one hand rooted in past experiences and in the contemporary politics of history. On the other hand, nationalism is also a reaction to the sometimes overtly aggressive Russian nationalist rhetoric.

Poland has a special relationship to Russia that is different than that of any other country. A significant part of the Polish national identity is based on perceiving Russia as the distinctive threatening other. In addition to the juxtaposition of Polish Roman Catholicism and Russian Orthodoxy, the recent Russian operations in Ukraine have recalled the memory of centuries long Russian imperial aspirations in Polish territory. After WWII Poland was literally moved 300 km to the West by Stalin's order, thus surrendering territories to the Soviet Union. The result of the post-war arrangements was also that Kaliningrad is still Russian territory that represents a problematic zone between the countries. Russia looks with a keen eye over Kaliningrad and has pressured Poland to open up its borders for its citizens to enter Poland with minimum formality. The latest EU sanctions over Russia induced counteractions from the Russian side and its target was first and foremost banning Polish agricultural products and cutting back gas deliveries.

Poland is the largest country in the region by population with its 38 million inhabitants, and the economic downturn since 2008 did not hit Poland as hard as the other countries. Thus, Poland has been relatively more influential in the EU and was successful particularly in promoting its own interpretations of history.

Polish-Russian relations deteriorated greatly over the last year due to the active Polish role calling for radical measures against Russia. The Donald Tusk administration is portraying itself as the chief defender of European democracy that is emphasised particularly in 2014 when the 25th anniversary of the fall of communist regimes are celebrated and the Solidarity movement is remembered. The Solidarity movement has been frequently compared with the Kiovan Maidan activities 'fighting against foreign/Russian suppression'. The first ever *Lech Walesa Solidarity Prize* in June 2014 was given to the leader of the Crimean Tatars, Mustafa Dzhemilev. Even though the Polish authorities officially emphasise their willingness to improve relations with Russia, nevertheless, in June 2014 a tapped private conversation was exposed about the down-right anti-Russian attitude in the midst of the political and administrative elite. This was, however, actually received with great understanding by the public. It has been also suggested that Tusk's administration has benefitted from the Ukrainian crisis in its domestic and EU politics.

After Polish Prime Minister Donald Tusk was elected to the presidency of the European Council in late August 2014, part of the Polish media interpreted it as a sign of the East Central European states getting closer to the inner circles of the EU and NATO. It is not anymore Western Europe and the USA that decides EU and NATO policy, but also East Central Europe with the help of Poland. The election was also seen as an acknowledgement of the support of Polish politicians for the new Ukrainian government, and as strengthening the weight of critical voices towards Russia inside the EU. Sections of the Polish media have also criticized the enthusiasts by saying that the new post of Tusk is more just prestige than real power.

A key identity-related question is the 'right' interpretation of the past – especially the evaluation of the role of the Soviet Union in WWII. This turned out to be a sensitive issue in many ECE countries in regard to the moving or displacing of statues of unknown Soviet soldiers or memorials. It seems that after the Estonian Bronze soldier debate Russia acquired an active and aggressive position concerning its own image of history that became a core value for the identity of Putin's regime. The aggressive Russian attitude regarding Soviet war monuments, national history textbooks, documentaries or public history discourses can be seen in the past 2-3 years in relations with nearly all of the Baltic and Visegrad countries. The peculiarity of this Russian confrontational stance is that it is most often coupled with dubious hints about restrictions against imported products to Russia. This also happened in cases where people protested against Russian embassies. The Russian attempt to penetrate to the historical understanding of these nations and to manipulate public discourse is likely to increase in the forthcoming years. This has the psychological capacity in some countries to modify public attitudes not only towards Russia but more importantly towards the West as well.

Nationalism may also work, however, for strengthening affinity with Russia as is the case in Serbia. The picture of the centuries long orthodox brotherhood between the nations is well preserved in history politics. Under the façade of strategic interests Russia has effectively deployed arguments based on Slavonic kinship and brotherhood, rhetoric about the East-West dichotomy, Kosovo and territorial integrity. Russia provided Serbia with tremendous political support during the most difficult chapters of the Kosovo crisis and succeeded in winning popular support in Serbia, at the same time diminishing the attractiveness of the EU. Russia openly supported the Serbs in Kosovo who were greatly

disappointed in Belgrade's EU orientation. The affinity to Russia is noticeable: 20 000 of them applied for Russian - and not Serbian - citizenship in the last year. President Putin is a popular figure and it has been reported that Serbian citizens left to Ukraine to fight for Russian interests. Although the current political elite relates to the EU-Russia controversy with pragmatism, nevertheless they also have to take into consideration the strong domestic sentiment for Russia in their decision-making.

The Effect of the Ukraine crisis

Ukraine is an important neighbouring country to Poland, Slovakia, Hungary and Romania. All of them supported the Ukrainian democratisation process since the Orange Revolution in 2004 and developed bilateral trade relations and cross-border cooperation with Ukraine. Also all of them have minorities in Ukraine (according to the 2001 census: 191 000 Romanians, 156 000 Hungarians, 144 000 Poles, 56 000 Slovaks), which is why the concern for the country's future is concrete. In addition, as mentioned earlier the Visegrad countries especially are dependent on Russian energy transferred through the territory of Ukraine.

The big question is how would these states react in times of crisis regarding the EU-Russia or USA-Russia relations? The current Ukraine affair provided a fairly good picture of the divergences of attitude. As became evident, the Czech Republic, Slovakia, Hungary and Bulgaria were rather unenthusiastic in supporting EU sanctions that impinged on economic relations and were not eager to categorically condemn Russia. These governments were afraid to jeopardize flourishing trade relations and unhindered energy supplies by displaying anti-Russian sentiments. There is a growing dislike – particularly in the Czech Republic, Slovakia and Hungary – of the latest EU restrictions on Russian trade that actually stirred up criticism against the EU instead of turning against Russia. In contrast, Poland volunteered to play an active, even a leading role in criticising Russia, while Estonia and Romania called for increasing the NATO presence in their countries.

Lately Romania has had difficulties in finding the right balance in its Russian relations. This is reflected in a recent nation-wide survey (June 2014) where according to the Romanian respondents Russia was '*the most detested country*'. Romania has traditionally been following closely the situation in Moldova that is considered historically a Romanian territory that was occupied by the Soviet Union after WWII. Actually Moldova as a state entity was created by Stalin who wanted to establish a separate identity for the area and hence to ensure that Romania would not be able to reclaim it. He changed Moldova's ethnic structure by transferring Russians to the new Soviet Republic. After the collapse of the communist system the population of the Eastern part of Moldova, Trans-Dnistria, many of whom are Russian, was encouraged by Moscow to acquire independence from Moldova with the help of the Red Army. Due to the still frozen Trans-Dnistrian conflict and the recent Crimean takeover Romania called for an escalation of the NATO presence on the Black Sea in order to avoid a Ukraine type of situation erupting in Moldova. It seems that these fears were confirmed in May because, according to Romanian media sources, Deputy PM Dmitry Rogozin was found in Kishinev airport on Victory Day (May 9th) smuggling leaflets to Trans-Dnistrian separatists accentuating Russia's support for the area's independence.

During the Ukrainian crisis Russia skilfully raised the problems of minority protection, addressed to countries that have their own minorities to worry about in Ukraine, like Poland, Hungary and Romania. Russia gave the impression that it might encourage these minorities' autonomy efforts – a message that was heard particularly in nationalist, populist and right-wing extremist parties in these countries. Since these parties' popular support is steadily growing, this issue is likely to bring about a gradual strengthening of pro-Russian attitudes and anti-EU sentiment since the EU declined to support autonomy development in the European space.

The Western Balkans is a specific region in Europe, which has close relations both to the EU and to Russia. Serbia, in particular, has a crucial role in the development of the region and at the same time it has most visibly been balancing between the EU and Russia in its foreign policy.

Conclusion: future perspectives

To understand the receptiveness towards Russian incentives the vital factor is how the political elites in this region evaluate the fine balance of threats and advantages resulting from Russian ambitions to be present in the area. At the moment, it seems that the countries of this area need Russia more than Russia needs these states. Nevertheless, there is emerging a new trend where Russia gives the impression that it is aiming to regain its sphere of influence in Europe regardless of current EU or Euro-Atlantic institutional boundaries. The response to Russian politics is divided according to economic, political and historical-nationalist agendas. As long as Russia does not pose a direct military threat to the region it is unlikely that a common view could be arrived at by the different administrations driven by divergent national interests. The picture of Russia correlates with the fact that these countries need Russia more than Russia needs them. Hence, an overall economic pragmatism results in a basically positive attitude in the Visegrad countries and Romania, whereas a more cordial reception of Russia is present in Serbia, Montenegro and Bulgaria due to a common platform of identification rooted in history. National identity and historical experience play an opposite role in countries such as Poland and the Baltic states that perceive Russia first and foremost as a security threat.

Scenario A: As long as Russia is able to economize its geopolitical interests and create a sense of a win-win situation, its influence will grow and most probably will counterbalance and hence weaken the EU impact in the region. In this case, the area will be divided and the more threatened states (i.e. Poland and the Baltic states) will rely more and more on Euro-Atlantic institutions (particularly on NATO and US connections). Those countries that do not have immediate borders with Russia would maintain good relations even against the will of the EU. In both cases, this scenario might lead to a grave challenge to EU authority in the Eastern group. Financial cuts from the EU towards the mavericks will lose its controlling edge because Russia will come to the rescue.

Scenario B: Russia may not be interested in the whole region – especially the more hostile countries, like Estonia or Poland– but will infiltrate just a few countries showing affinity like Hungary, Bulgaria or Serbia. Choosing a few would allow for the concentration of economic resources and would be more cost effective from the Russian point of view.

These countries could also be turned into Trojan Horses in the EU representing veiled Russian interests and acting as ‘insider’ allies for Russia. Membership in the Eurasian Union has already been offered as a carrot for trade advantages.

Scenario C: If Russia fails to emphasise the economic benefits accruing for the countries of the region with its influence or starts to make direct political demands or claims, the short memory of Soviet dominance will return and Russia will be seen as a security threat. This will enhance the growth especially of the US presence in the area since security matters are not connected – according to the contemporary understanding of power – with the EU. Trade will be redirected more to the West while interest would be also focused towards China.

Country	Perceptions of Russia’s foreign policy	Perceptions of Russia’s economic power	Nationalism and Russia	Prospects regarding Russian relations
Czech Republic	Not seen as a threat	Czech neoliberal economic policy oppose EU-sanctions on trade with Russia	Neutral	Russia as trade partner will gain more significance even against EU-policies
Hungary	Independent actor A great power that wants to be taken seriously.	Energy reliance, Taking advantage of Russian investments and trade, one of the target-countries of Hungarian Eastern Opening -policy	Russia as means of realizing national goals	Russia likely gains more influence in the near future and will counter-balance the EU-impact in Hungary authoritarian model is tempting
Poland	A danger, particularly the Kaliningrad area	Trade important but not by any prize	Russia as threat for national existence – general antipathy	Growing confrontation internationally. No prospect of internal change of attitude towards Russia
Romania	Aggressive, imperialist. Sphere of influence in near abroad.	Trade important but not as much as EU-relations	Russia threatening Moldova (Transnistria) is sensitive issue in Romania	Economic difficulties to get worse. No prospect of normal relations. Georgia must choose Russia or the West. Facing ruin.
Serbia	Welcomed strong role on the Balkans	Provide regime stability by economic support	Russia as protector of national existence	Warm relations irrespective of governments
Slovakia	Not overtly sensitive issue	Energy reliance and interested in trading with Russia	Neutral	Pragmatic, economy-driven attitude but Russian authoritarian model might be interesting

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Part III: Living next door to Russia – Russia’s future and Finland

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Finnish- Russian relations are as loaded with history as is the case with Russia and its other neighbours. Today the 1300km long border is also the largest border between Russia and the EU. The area around the Russia-Finland border has been the site of many wars and the border has not been stable. There have been times when the Finnish border has lain inside today’s Russian territory and there have been times when the border has been deeper into the heartlands of Finland. There was also a period between 1809-1917 when there was no international border but an internal border. Yet Finland and Finnish identity is mostly identified in relation to Western Europe and its closeness to Sweden.

Finland

Population: 5,3 million (2014)

Total area: 338,145 km²

Capital city: Helsinki

Official language: Finnish, Swedish

Neighboring countries: Russia, Estonia, Sweden, Norway

President: Sauli Niinistö

Prime Minister: Alexander Stubb

GDP (PPP) 2013 estimate:

Total \$195.5 billion

Per capita \$35,9

Currency: Euro



For the most part, no matter what the time has been, the Russia-Finnish relationship has been characterised as good. Some of the time there has been more reason for optimism than at others. At the end of 2010 Finland and Russia celebrated 90 years of diplomatic ties. The then Finnish Foreign Minister Alexander Stubb described Finnish –Russian relations as follows. ‘In our relationship there are a lot of beneficial factors for both parties. A good relationship with Russia will increase the wellbeing of Finns, and equally we see that Russia’s cooperation with Finland increases the wellbeing of Russian citizens. Our goal is also in the future a modern and open European neighbour relationship, which gives concrete benefits to both.’ In June 2014 Finnish president Sauli Niinistö met with Russian foreign minister Sergei Lavrov. In the official press release president Niinistö describes Finnish- Russia relations: ‘We came to the conclusion that in principle at the practical level bilateral relations do not have any special problems, but naturally in the background there are at least momentarily problems in the EU (Finland as part of the EU) Russia cooperation.’

The rather well maintained and carefully formulated status quo in the Finnish descriptions of the Russia-Finnish relations are echoed by the Russian side in interesting ways. In 2004 Russia’s then ambassador to Finland Vladimir Grinin pointed out that Finnish-Russia relations should be an example to others in the EU: ‘We view Finland as a valuable partner in developing our overall relations with the EU. The Finns are undoubtedly the EU’s experts on Russia. Finland’s experience of good-neighbour cooperation despite all the difficult stages and hardships of our not so far away past, can offer many positive guidelines for new EU members.’

In October 2014 a spokesman for the Russian Foreign Ministry Alexander Lukashevich talked about Russian-Finnish relations to RIA Novosti: ‘Over the past two decades, bilateral relations have served as an example of good neighbourliness, equal and mutually beneficial cooperation in various fields. A regular and rich dialogue has traditionally been

maintained between our countries.’ This image is perhaps more of an ideal picture of how things could be than how they actually were in October 2014 during the Ukraine crisis.

Textbox 1. The Northern Dimension

One of the key projects initiated by Finland in the EU framework in relation to Russia was the Northern Dimension. The Northern Dimension (ND) is a joint policy of four equal partners: the European Union (EU), the Russian Federation, Norway and Iceland. It was initiated in 1999 and renewed in 2006. The EU member states also take part in the cooperation in their national capacities. Belarus, which is part of the Baltic Sea catchment area, participates in practical cooperation. The USA and Canada hold observer status in the ND. The ND is not that well known but it is an excellent example of a regional programme that benefits all the participants. Several partnerships come under the overall framework; environmental, public health and social well-being, culture, transport and logistics partnerships. The policy shows how practical cooperation is possible even with asymmetrical relations.

One key finding in a report from 2009 published in a special series of the Defence Academy of the United Kingdom by Keir Giles and Susanna Eskola ‘Waking the Neighbour – Finland, NATO and Russia’ is that ‘because of both history and geography, the Finnish relationship with Russia is unique in Europe. At the same time the Finnish perception of Russia as a source of security challenges is acute’. This observation hits the nerve of the Finland-Russia relationship. As already shown in the previous section both geography and history still define a great deal.

The following sections outline some Finnish observations regarding history, the importance of the EU, the economy and security as well as one view from the coming Finnish generation – elements that are and will be at the core of the future Finnish picture of Russia.

History

A Legacy of Finlandisation and Russia

Timo Vihavainen, professor, University of Helsinki

Associated with the history of Fenno-Soviet relations during the period of so-called Finlandisation, i.e. mainly the 1960s to the 1980s, and also a key component of it, was a political culture that saw Soviet concepts and a Soviet frame of reference being used in Finland, a capitalist country, and attempts being made to promote both Finland's and one's own party's political success also through maintaining direct relations with our neighbouring country.

Two things that I would personally distinguish between as precisely as possible in this context are the political collaboration line, which was both largely dictated by circumstances for Finland as a state, and also in many respects useful, and the side effects that this phenomenon gave rise to in circles of political culture.

What is clear in any case is that, examined in hindsight, many of the phenomena of that era prompt negative reactions ranging from embarrassment all the way to moral outrage. This understandably leads to a striving to disown the heritage in question and often also to unreasonable condemnation, which is founded on an insufficient understanding of history.

It is a typical feature of history that assessments of the merits and failings of various eras are developed using a formula of excesses trending in opposite directions. What is condemned today will become a focus of praise tomorrow, and vice versa. And the day after tomorrow everything will be different again. This is understandable and for all we know inevitable.

Typically enough, there is no desire at the moment to find anything positive about the era of so-called Finlandisation, or at least it is very rare to see such an attempt being made. However, vigorously taking distance from events then and condemning the entire era can easily mean wasting the positive legacy that we have. This can cause clear harm to the whole country.

It is worth, namely, remembering that the era in question bequeathed to Finland a considerable stock of goodwill on the part of Russia, something that emerged in special circumstance and with the support of a totalitarian mechanism. As a Russian study (A. Rupasov) shows, after the 1950s Soviet newspapers gave up writing negatively about Finland and their coverage became positive instead.

This was included in the fringe benefits of the so-called shop window policy and no other country enjoyed a comparable benefit. To this could also be added the esteem that Finland has enjoyed in broad strata of the population as a result of the prowess as soldiers displayed during the Second World War. The cruelties that are always part of total war likewise remained relatively few during the two conflicts between Finland and the Soviet

Union, especially because Finland for its part limited its warfaring activities to some degree.

The fact that Finland enjoyed both esteem and liking among Soviet citizens is a legacy that also foreigners notice and which it would be silly to lose. On the contrary, maintaining it demands efforts, because nowadays Finland has already lost the special position on the propaganda front that it once had.

Neutrality, a reputation as a dependable and irreproachable neighbour whose honesty is legendary, can be a force that is worth many divisions also in today's world. It is possible that the Finns no longer have what it takes to preserve and cherish this kind of capital, because a desire to sit at big tables in the company of circles belonging to a larger frame of reference is in many ways too powerful to withstand and the intellectual capacity to understand the advantages of other alternatives is not necessarily sufficient, either.

Doubtless also present-day Russia is a lot more unpredictable and uncontrolled actor than was the Soviet Union, the stability of which was regarded as axiomatic and the needs of which with respect to Finland were satisfied so well by a policy centred on the Treaty of Friendship, Cooperation and Mutual Assistance that changing the situation there would have been obvious stupidity.

Historically, we are now very close to the situation that obtained in the period between the world wars, more specifically to 1935, when we awoke to the realisation that the international community does not guarantee peace.

In the 1930s we also refused to join a military alliance, but it was apparently imagined that some kind of Germany option existed. A miracle saved the country's independence in the Winter War, but it can be asked what kind of security accepting Germany's guarantees in 1939 would have provided, let alone those offered by the Soviet Union.

A Nation Flat on its Face? – Fenno-Soviet Relations During the Cold War

Sari Autio-Sarasmo, Docent, University of Helsinki, Aleksanteri Institute

It is unlikely that relations between Finland and Russia will ever have been exhaustively researched. New questions, sets of material and perspectives through which the development and status of neighbourly relations are reflected are continually being found. A key reason for the multiplicity of open questions is the complexity of Fenno-Soviet relations and the many levels on which they operated. Relations with our neighbour were maintained not only between the states, but also on the level of organisations, companies, political parties and private persons. There was a linkage between relations with the Soviet Union and powerful national, political, principles-related and personal goals, which gave relations their own distinctive stamp. A neutral analysis of relations between Finland

and the Soviet Union is challenging – our relationship with the Soviet Union still arouses strong opinions and feelings. This continues to influence points of departure in research and the sources on the basis of which the research is done.

In Finland, Fenno-Soviet relations during the Cold War have been examined very largely from the perspective of political history. The generation that lived through the Cold War looks at these relations from a certain perspective and partly frames its questions in a traditional way. The twenty-first century has seen the emergence of a new generation of historical scholars, for whom the Cold War and Fenno-Soviet relations are just one phase in the past among the continuum of other eras and Fenno-Soviet relations one political-economic-social process among many others. This new generation consists of young researchers with no personal experience of the Cold War. Their perception is founded on the picture provided by historical sources. This inevitably shifts the perspective to something different from that of those who base their view on personal experience. It may be that young researchers lack the “vibe” of the era, but all themes are open to them and devoid of predetermined significances. Indeed, it is natural for young scholars to do research that seeks, through different levels, different ways of framing questions and themes that have received less attention, to find a new perspective on the course of developments during the Cold War.

Research into relations between Finland and Russia has traditionally focused on historical analysis of political decision making, whereby the history of relations has become to a very advanced degree a depiction of the actions of President Kekkonen and his closest associates. Analysis of Kekkonen’s role is warranted, because under the Constitution of Finland in force during the Cold War era, the conduct of foreign policy was entrusted to the President. The President was expected to be proactive and demonstrate initiative in the management of foreign policy, something that was clearly emphatically evident in relations with the Soviet Union. However, there are important themes that have remained overshadowed by analysis of political activities, such as economic relations between Finland and the Soviet Union and Finland’s role as a mediator of know-how in the Soviet Union’s modernisation process. The economy has been studied as a part of political relations or from the point of view of companies, but Finland as a part of the international system in the context of the Soviet Union during the Cold War has been the subject of surprisingly little research. Finland as a neutral country in the West that had close relations with the Soviet Union provided also a positive example for many European states of successful action between East and West. Thus it is surprising that Finland’s role as a part of interaction between East and West is a subject that has so far been given quite little attention. New Cold War research has already in its initial stage shown that Finland’s status as a part of the international system in that era differs from the earlier interpretation. As a consequence, also Finland’s actions towards and relations with the Soviet Union are coming into clearer focus as a part of a broader European context.

Looked at from this perspective, Finland’s prostrate position vis-à-vis the Soviet Union is not therefore the whole truth. It is true that relations with the Soviet Union acquired odd features and Soviet influence on Finnish political decision making was exceptionally great. Prioritisation of trade with the Soviet Union influenced economic and political choices made on many levels. That is undeniable, but despite it Finland was a lot more than prostrate. Indeed, now would be a suitable time to familiarise ourselves with what other dimensions there were to Fenno-Soviet relations and how our relationship with the Soviet

Union influenced our status in the international system. When these relations are placed in a broader context, they look very pragmatic indeed from Finland's point of view. Finland played quite a skilful game towards both East and West in the Cold War, something that emerges very clearly from the latest studies examining the Cold War from a new perspective. For most Finnish companies the Soviet market was a means of achieving stable economic growth, develop their R&D dimension and expand their own market area. This was seen especially in Finnish technology exports to the Soviet Union, which took place in understanding with the United States. Finland operated exemplarily between East and West and through that role as a mediator obtained significant support for her own development as a technologically advanced Western country. Looked at from Finland's perspective, trade with and technological exports to the Soviet Union added momentum to Finnish competence and promoted the country's development into a modern state. Finnish products were highly esteemed in the Soviet Union and still enjoy a strong image as high-quality articles in Russia.

Fenno-Russian relations have a long history and we should continue to draw on this. What is needed for historical research that can be taken seriously is, alongside study of political history, a neutral analysis of Finland's role as a mediator between East and West. This analysis could at its best create a foundation for Finland's future role in relation to Russia. Russia will have to modernise its economy to create sustainable development. Finland could have a strong role in this in quite the same way as we were of key importance as a mediator of technology in the Soviet economic modernisation project during the Cold War. Now, once again, Finland could play a mediator's role.

Additional reading

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Economy

The Economy Determining Finnish-Russian Relations?

Doctor Laura Solanko / Bank of Finland (BOFIT)

It is extremely natural for countries that are geographically close to trade with each other. Especially if their relative advantages are mutually complementary. That is also the case between Finland and Russia. However, fluctuations in the political climate have brought a lot of changes in trade between the countries. In the latter half of the 19th century, about 40% of Finnish exports went to the motherland Russia.

The First World War put an end to international trade and Russia's share of our exports soared to nearly 100%. After the war, the border was closed almost completely and there was hardly any trade at all with the Soviet Union. Trade picked up again after the Second World War, but was conducted subject to rules enshrined in strict 5-year plans. The difficulties afflicting the Soviet Union and clearing-based trade led to a brief hiatus, but since the 1990s trade has been, after a pause of nearly a century, based more on the terms of commerce than of politics. Russia currently accounts for about 10% of total Finnish exports.

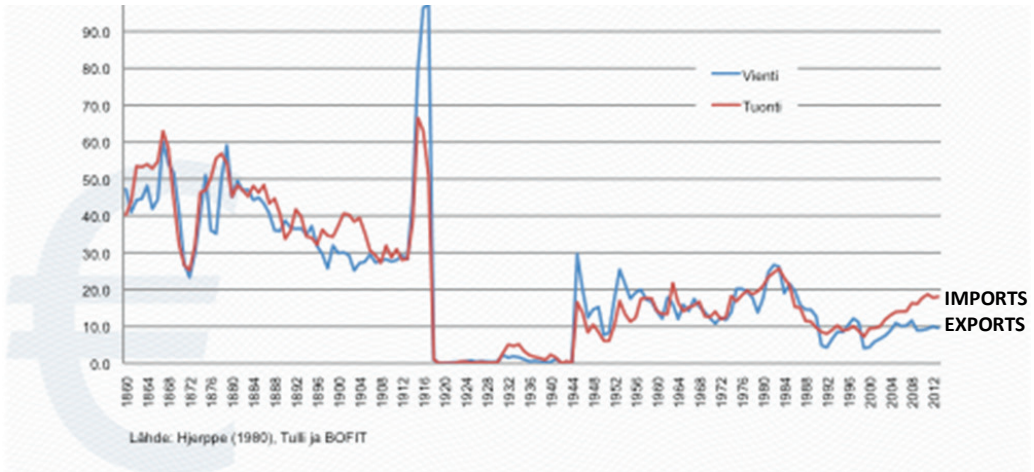
Finland and Finnish companies have certainly benefited from trade with Russia. That was especially so in 2000-2008, when exports to Russia grew faster than our exports on average. The same period saw Russia become a home market for many Finnish companies. The number of people employed by Russia-based subsidiaries of Finnish companies grew from less than 10,000 in 2000 to over 50,000 at its peak in 2008. Finnish companies were able to use the exceptionally rapid growth of a nearby big economy to their own advantage.

Growth in the economies of developing countries is typically variable and swings in economic activity (GDP) are typically steeper than in developed countries. This applies also to Russia, as the financial crisis in 2008-2009 and the Crimean crisis in 2014 have tangibly demonstrated. Companies that have operations in Russia or export to there have to take this into account in their own operations. That is why investments that depend on trade with Russia should preferably be flexible or multi-use and not major fixed ones like truck parks or shopping centres.

More broadly, a possible globalisation-related risk that goes with closer interaction and globalisation is that of Finnish society slipping towards the global average value in matters relating to many of the activities of institutions (e.g. corruption). This is likewise not a matter that relates to Russia only; the same problems can arise in dealings with, e.g., many Asian countries.

Politics guides the economy

Finnish exports to and imports from Russia/Soviet Union 1860-2013, share of all exports/imports, %
(Blue line exports, red line imports)



20.5.2014

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SUOMEN PANKKI - FINLANDS BANK

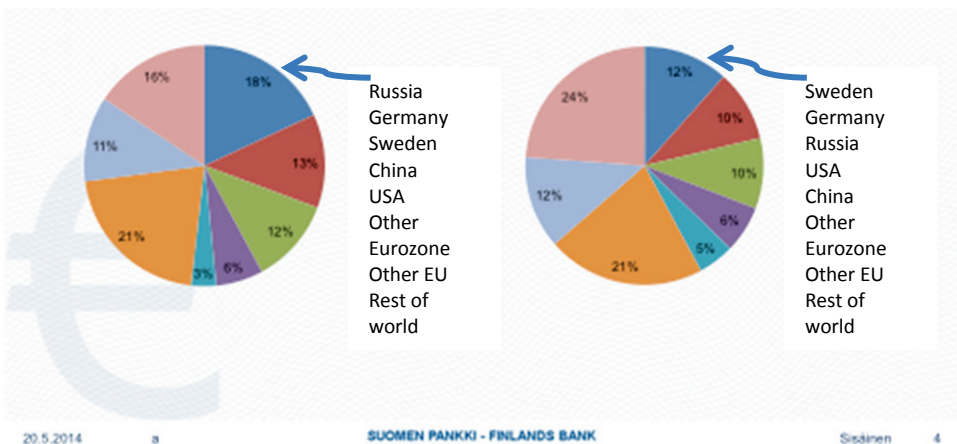
Sisäinen

2

Finland's biggest trade partners

Finnish imports
by group of countries 2013

Finnish exports
by group of countries 2013



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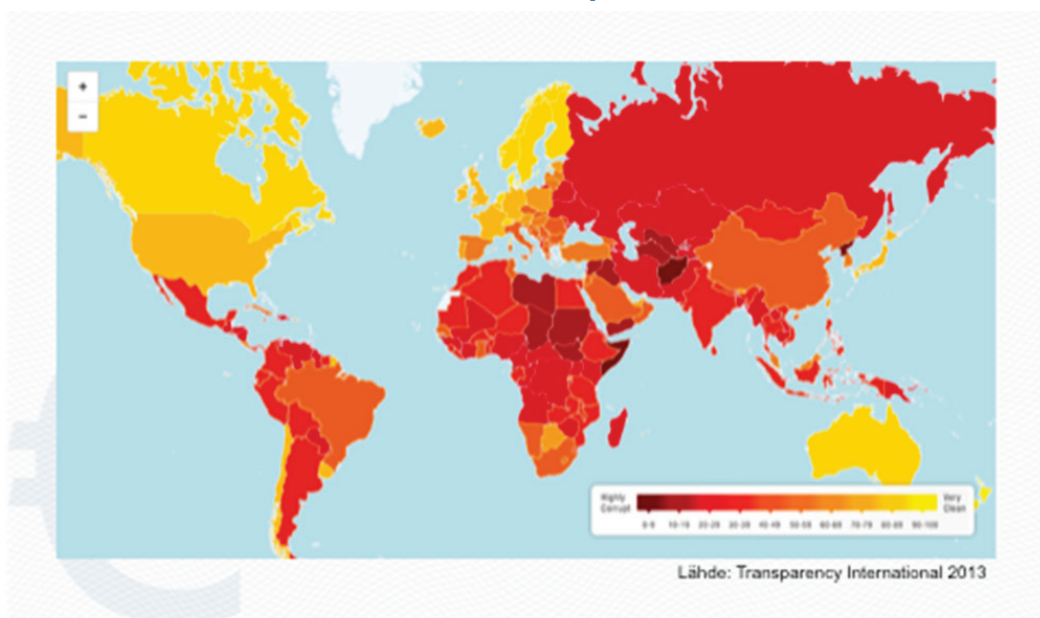
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Sisäinen

4

Shadow sides/risks



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Sisäinen

5

Politics

Finnish Policy on Russia in The EU Era

Teija Tiilikainen, Director, Finnish Institute of International Affairs

Adjusting to the EU's common policy on Russia did not cause problems for Finland when we acceded to membership. As late as the run-up to the referendum on accession, a configuration of conflict between the EU and Russia was seen as a particular risk associated with membership, one against which it would be wise for Finland to shield itself. However, when membership had become a reality, Finland did not strive to adopt any kind of special role in the Union's policy on Russia; instead, we formed an idea of a unitary Union as a key objective from Finland's point of view. Already during the first Finnish Presidency in 1999 we experienced a deterioration of relations between the EU and Russia because of the war in Chechnya. The European Council, chaired by Finland, decided to impose sanctions on Russia.

As a member, Finland has been urging the Union to be united in its policy on Russia – not to feed antagonisms, but rather to promote a common agenda and pragmatic cooperation

between the partners. Finland has, on the one hand, promoted projects suiting this role in the Union's policy, one example being the Northern Dimension programme and the EU's Baltic Sea strategy, and, on the other, striven to strengthen the EU's collective role in regional cooperation in the Baltic and Arctic. Finland's possibilities of promoting a positive agenda in relations between the EU and Russia have come up against limitations just as much in the Union's internal political configuration as in the policy that Russia adopts towards the EU.

Identities and lines of division rooted in history have made it more difficult to build a common EU policy on Russia, because only a small part of the Union's member states have adopted the same approach to Russia as Finland has, from a starting point of the need for pragmatic cooperation. In several other of the countries in the Baltic Sea region, antagonisms inherited from recent history have made it more difficult to promote a common agenda. Secondly, in most of the southern member states, relations with Russia have not been regarded as a key EU priority, and in the cases of those states this has often been reflected as a strength of bilateral relations with Russia bypassing the Union's common policy.

Also Russia's attitude towards the EU has in many respects proved problematic in building a functioning partnership. On the one hand, Russia has disparaged the EU's collective role in key questions of policy and security policy and in these questions preferred to seek bilateral negotiation contacts directly, especially with the large member states. Cooperation has also sometimes faltered when Russia has not obtained the status and opportunities for influence it desires in relation to the Union's internal policy-formulation processes. These difficulties have left their stamp on, for example, cooperation in the field of crisis management or Baltic Sea cooperation between the EU and Russia.

Now that relations between the EU and Russia have plunged into a historic state of deadlock as a consequence of the crisis in Ukraine, Finland's role as a promoter within the EU of a pragmatic policy towards Russia has become more vulnerable than it earlier was. First of all, the civil society interaction that served as the fundament of Finland's bilateral relations with Russia has become more difficult in many sectors, and with the confrontational configuration that has come into being contains the risk of it turning against Finland. This applies first and foremost to commercial cooperation between Finland and Russia, in which both the general ripple effects of the Ukraine crisis on the Russian economy and a possible hardening of the economic sanctions imposed by the West have become a burden on the Finnish economic sector.

Second, the tendencies that the crisis has reinforced in the political atmosphere in Russia – a strengthening of nationalism and accentuation of the monolithic nature of the political agenda – are making it more difficult to find opportunities to interact with Russian civil society. Indeed, one gains the impression that as the crisis drags on, the pragmatic agenda for Finland's relations with Russia will become narrower and the political dependencies associated with it will be accentuated in a way that is awkward for Finland.

When the Ukraine crisis is eventually resolved, relations between the EU and Russia will be in many respects in a new situation, something that is of considerable significance also from Finland's perspective. Politicisation of the EU's neighbourly relations and their transformation into an issue on which the Union and Russia disagree will continue to put

obstacles in the way of the Union's efforts in the sector of eastern partnership. At the same time, however, Russian's actions in the area of great-power politics and a lowering of the threshold to the use of military power require considerably greater unity and credibility on the part of the Union's foreign and security policy in order to reinforce the stability of the region.

Security

Finland's Coping Strategy

Tuomas Forsberg, professor, University of Tampere

Is it possible to give a scientific answer to the questions of our strategy towards relations with Russia or NATO membership? In a certain sense, what is involved in such choices of operational policies and partnerships is the question of identity. Do we feel a closeness to Russia? Is NATO our kind of company? Of course it is the case that also a choice of identity can be justified using arguments and also these can have instrumental dimensions. First an assumption, which I imagine to be in the background to this report, is made. It is assumed that Russia is a threat to Finland. What should Finland do?

Research can help to conceptualise the choice. Traditionally, four different strategies can be distinguished: balance of power either through arming or by concluding an alliance against the threat, entering into an alliance with the party that constitutes the threat, committing to common norms (collective security) and neutrality. In an earlier article I have called these strategies shielding oneself against the bear, taming the bear, and hiding from the bear: what is missing here is making pals with the bear. (The normal way to act when threatened by a bear would probably be to flee from the scene, but territorial states are not able to flee).

Knowledge of implementation of these strategies can be based on general experience of international relations, psychological tendencies and context-specific information concerning the threat. In the opinion of some, knowledge can also be founded on formal conclusion, for example on the basis of a rational choice.

Knowledge of the laws that govern international relations is very weak. It is more anecdotal than systematic. Nevertheless, one strong rule is that democratic countries do not make war against each other. However, this does not tell us about the success of a democratisation strategy itself; all that being subject to rules tells us is that if democratisation is implemented, peace is probable.

Allied states have by no means always obtained security from the alliance that they have joined. But history shows us that neutral states have not gained much greater security from hiding. It is not only that the strategic location of neutral countries would have been such that it would be violated. As the classical Melian dialogue by Thucydides in his History

of the Peloponnesian War showed, war can be waged against a neutral party for the mere reason that the party waging war does not appear weak. Although Finnish neutrality worked well during the Cold War, it was not respected, as is well known, before the Second World War.

Psychological and sociological theories may cast some extra light on strategic choices. An interesting example is Randall Collins' very thorough research into violence. He argues that, contrary to what is supposed, people find it difficult rather than easy to resort to violence. Thus what must be examined is how the threshold to using violence is crossed. According to Collins, violence does not conform to the image that we form of a duel between two equally strong combatants. On the contrary, most violence is always perpetrated by the stronger against the weaker. The subject of interest during the threatening stage is whether the opponent is any good. If the opponent looks equally strong or stronger, the preference is to avoid violence. This psychological tendency supports the theory of deterrence, although what Collins is talking about is "emotional strength" more than material.

Actor-specific knowledge is often, from the point of view of decision makers, the most valuable or at least the most sought. Where Russia is concerned, there is a need to know something both about Putin and the more general system of beliefs on the basis of which the power-wielding elite in that country make strategic decisions. Putin shuns risks and respects power. On the other hand, he also appreciates loyalty and punishes those who have betrayed his trust. These elements can be found also more broadly in the thinking of the Russian political elite and the country's political culture.

Finland's coping strategy has always been and remains a combination of these ideal-type strategies. In the past, a balance of power has been sought also through alliance, but during the Cold War and still now above all by taking care of our own defence. Conformity to norms was represented during the Cold War by Finland's CSCE policy, and afterwards by many cooperation projects with Russia, such as the Northern Dimension. Hiding can be understood as avoiding provocation, which has manifested itself in remaining aloof from military alliances and avoiding delicate themes like the Karelia discussion.

What, then, can be said about the different coping strategies with respect to Russia? Although entering an alliance with Russia nowadays has its own supporters, who are few, but more vocal than their numbers would suggest, this strategy can probably be given less attention, because it is difficult on the basis of the present identity structure to see the kind of compatibility that could be regarded as a "coping strategy". Hiding, in turn, has its own well-known risks, because ultimately we will not be able to conceal ourselves particularly well. Although Finland has tried to avoid provocations, the development in recent years has shown that avoiding them is not enough, because reasons to pin the blame on someone from the Russian point of view can always be found and developed. That is also how it was before the Winter War – a visit by one German submarine was enough to give Russia a reason not to respect the "strict neutrality" that Finland itself observed. We should also wonder whether we can effectively hide from even NATO in the event of the alliance wanting to defend the Baltic States. Although committing to common norms would ideally be the best strategy, after twenty years of trying all that we have achieved in this is to fall backwards. This strategy should never be abandoned completely, but it can hardly be counted on to deliver anything over the short term at least.

What remains is a balance of power. It cannot be considered omnipotent as a strategy or a priori the best coping strategy, but it can be defended on the basis of a contextual analysis. There are two alternatives in this: either we continue to count on our own defence as a deterrent or we create a deterrence by joining an alliance. An alliance constitutes the greater deterrence, presupposing that the alliance is credible. NATO's record as a military alliance has been good relative to the Soviet Union and Russia: armed clashes have been avoided. NATO membership raises the threshold to military intervention, which is perhaps of more essential relevance than the fact that it would help in an actual crisis situation. On the minus side, we know that NATO membership irks Russia and would easily be interpreted as a betrayal. This trade off relationship can be examined against the background that although Finland's non-involvement in a military alliance brings some goodwill, there has been at least as much bad will of varying kinds in the forms of campaigns to denigrate the Ombudsman for Children, foreign ministry human rights reports and arrogant speeches by generals.

Looked at from the perspective of a coping strategy, alliance would seem to be a choice that is at least in some way justified. There may be other aspects, such as identity, because of which we should not join an alliance. But it is more difficult in a strategic analysis to justify non-involvement in a military alliance.

One view from the Finnish youth

Who's afraid of Putin?

Juuso Heinonen, final-year student, Tapiola Senior Secondary School, Espoo

People who want to come to Finland must be a little crazy. It is cold here, no one lives here, and there isn't really anything here except forest. Indeed, Stalin was a bit deranged when he attacked Finland, and Hitler was totally out to lunch when he was conquering Europe. Should we present-day Finns be a little worried about the man who lives next door and strips off his shirt to wrestle bears, Putin?

Putin's Russia is very far from being a democratic state. The risk of military force being used is always accentuated when one person or a very small group of people get hold of too much power, which is the situation in Russia at the present moment. A more democratic state, such as the United States, needs the support of the people to start wars. The United States used the terror strikes against the World Trade Center as justification for starting the war in Iraq, and according to the political rhetoric what was involved was a "war on terror". In any case, the people more or less approved of going to war, whereas on the other hand Putin need not be as worried about what the people think. Russia can attack wherever the dart that Putin throws hits the map.

The United States and Russia have two of the world's three biggest armies, and the heads of state do not keep their forces just twiddling their thumbs. Great powers seem to have a

constant need to interfere in the affairs of others and display their military strength. Russia's attack on Ukraine has weakened relations between Russia and the West and further added to the Finns' fear of Russia. Finland has been a part of Russia, just like Ukraine, and in addition to that Finland and Russia already share a history of war. It is quite easy to condemn both the USA's adventures in Iraq and Russia's attack on Ukraine as wrongful actions. Thus it is understandable that Finland's location as a neighbour of Russia worries many Finns, because it seems that great powers attack on even very frivolous grounds.

The Finns' fears are not at least lessened by the insanity of the political rhetoric that Putin uses. He boasts that Russia is the world's most powerful nuclear state and claims that the United States and the West are behind everything, acting all the time against Russia. Thought of rationally, there would be no benefit for Russia in attacking Finland. It is, namely, the world's biggest state and its problems would therefore hardly be solved by conquering more land. It is more likely that attacking Finland would be a part of Putin's political game, in which he is striving to increase his popularity and bolster his own position of power. Presumably also Putin understands that the risks would be substantially greater than any benefits.

In the present political situation, a Russian attack on Finland would in practice mean the start of a third world war. Finland has been an independent state for getting close to a century and for all of that time has successfully distinguished itself from its former master and developed into a better state. Thus it is self-evident that all states would condemn a Russian attack on Finland. Only a rare few and selected Russians nowadays want Finland back into the Russian empire. Fortunately, it appears that Putin is not included among them after all. In addition, Putin has two good reasons not to start a third world war. First, no moral person wants wars, much less to start a war of aggression, as a consequence of which a world war would be triggered again. The other reason is that Russia would lose. Indeed, the premise that the Russian threat image is founded on anything could be called into question. How is an attack by Russia any more probable than an alliance of the United States, Switzerland and Madagascar against Finland?

Rather than being a military threat, Russia is more a minor economic threat. We are fairly dependent on exports to Russia. In addition, all of Finland's natural gas comes from Russia, and a large proportion of tourists visiting Finland are Russians. The economic sanctions imposed as a consequence of the Ukrainian crisis are weakening the Russian economy and thereby also hitting Finnish exports, whereby the threat is of a weakening of the Finnish economy. Russia has in recent times clearly been hardening its foreign-policy moves, so it could also do something unpredictable with regard to Finland. Ukraine had to experience Russian military might, whereas Finland may suffer from Russia raising the economic ante. Fortunately, it is almost impossible for Russia to disturb the Finnish economy without weakening its own at the same time. In addition, relations between Finland and Russia are good, so Russia hardly has any need to put pressure on us.

Russia has been influencing especially Finnish foreign policy for all of the time that an independent Finland has existed. Since the Kekkonen era, Russia has been thought of as threatening Finland's relations with the West. Finland has been trying to lean as much as possible towards the West, whilst at the same time preserving good relations with Russia. Russia is rather jealous, because it does not like Finland spending time with others.

However, the Finnish Maiden must give some thought to the kind of company she wants to keep. On offer in the West are states that are more democratic, more youthful and function better. Russia is a country that has lagged behind in development, but is nevertheless of great importance for our foreign trade. There is a threat that bowing to Russia will limit Finland's development. It looks like the Finnish Maiden spends time with the violently behaving and middle-aged Putin only because she gets money from him.

Russian foreign policy can be summed up almost completely as the ideas of one person - Vladimir Putin, unlike the actions of, for example, Finland. To find out whether Russia is a threat to Finland, we have to think like Putin. That is, regrettably, a little too much to ask, but nevertheless it is unlikely that Putin will attack Finland. Besides, fortunately, our Border Guard is fully prepared to stop a topless Putin running with a rifle in his hand.

Textbox 2: Brief Background on Finland

Brief background: While Finland was part of Sweden for much of its history, the borderland between these two empires was on Finnish soil and the border itself moved many times by agreement of the two great powers. Finland came under Russian rule in 1809, when it became an autonomous Grand Duchy within the Russian Empire. Finland enjoyed extensive rights to self-rule right up until the end of the century, but then fell foul of the russification policies of tsar Nicholas II. Even before then a Finnish national movement had emerged, but this revolved around asserting the place of Finnish language and traditions against the earlier dominance of Swedish. Finland gained its independence following the Bolshevik Russian Revolution of 1917. This was followed by a short but brutal civil war between the 'Whites' and 'Reds'. While Soviet Russia recognised Finnish independence, it provided some assistance to the Reds in the Civil War and continued to give support to Finnish communists.

In World War II, Finnish forces fought in three conflicts, the Winter War (1939-1940), the Continuation War (1941-1944) and the Lapland War (1944-1945). The first two were against the Soviet Union and the last one against Germany. As an outcome of the war, Finland defended its independence but was forced to cede most of Finnish Karelia, Salla and Petsamo to the Soviet Union. Thus, the country lost about 10% of its land area and 20% of its industrial capacity, as well as losing large numbers of young men as casualties during the war.

During the Cold War, officially neutral Finland was a grey zone between the West and the Soviet Union. Due to the YYA Treaty (Finno-Soviet Pact of Friendship, Cooperation and Mutual Assistance) the Soviet Union had some leverage in Finnish domestic politics. The principle of avoiding statements that could be interpreted as anti-Soviet, was later named "Finlandization" by the German press. Under the presidencies of Juho Paasikivi (1946-1956) and Urho Kekkonen (1956-1982), Finland pursued positive trading and diplomatic relations with the Soviet Union as well as trading with the West. This policy not only reduced security threats to Finland, it meant Finland enjoyed important economic advantages through its unique trading position, while the Soviet Union was able to acquire high technology goods as well as agricultural products.

In the economic sphere, Finland transformed from an agrarian economy to a diversified modern industrial economy during the second half of the 20th century and the country's per capita income grew to one of the highest in Western Europe. Politically neutral Finland remained a Western European market economy and had a free trade treaty with the European Economic Community (EEC) (predecessor of the current EU). At the same time Finnish trade was heavily dependent on the Soviet Union as a single trading partner and the collapse of the Soviet Union in 1991, together with some other circumstances, caused a deep economic recession in the early 1990s. The recession was, however, from 1993 onwards followed by steady economic growth for more than ten years. Finland became a member of the European Union in 1995 when it also joined the Schengen area at the same time. Finland was among the first countries adopting the Euro in 1999.

Finland has never joined NATO, but the topic of possible Finnish membership has been one for lively debate. Finland has a conscript army based on the universal conscription of young men for a period of about a year of training. As well as providing for the defence of the country, the Finnish army plays an important part in Finnish national identity. The army is one of the largest in Europe with around 280 000 in the army at any one time. This includes around 8,900 professional officers and the combat ready size of the armed forces is reckoned at around 34,700 strong.

According to the 2009 Finnish Government Security and Defence Policy report, Russia and its development continue to be a crucial topic for Finland as well as other neighbors because 'When it comes to Finland's security environment, the most important questions relate to Russia's political and economic stability and to the evolution of its international relations. What kind of country Russia is and the development of both its political and economic situation is a major concern for the future of Finland.

Current trends and future scenarios for Russia and her Neighbours

Most recent scenario writing on Russia features the nature of the regime as a key factor, either as a driver of future scenarios or as an output – something which is determined by the actual scenario that is pursued. The scenarios presented below focus in the first place on Russia's international situation, but with each of these a political scenario is developed. Only one of the scenarios involves a loss of both Putin's personal position and the politics he stands for. The other scenarios are based on possible outcomes, each of which have already shown signs of development in the crisis year of 2014, and which are linked to political developments. In the scenarios, these political developments are seen as accompanying or created by the international direction, but this is a complex relationship. The likelihood of one or other scenario developing may depend on the political direction taken by the regime. So it is useful to preface the scenarios with a brief look at some recent characterizations of putinism. If different variants of putinism are decoupled in some ways from the personality of Putin himself, then we can envisage different developments which may or many not depend on the political longevity of Putin himself.

Professor Richard Sakwa has talked about *putinism* as the political system of Putin's Russia. He identifies four phases of putinism – characterizations of the Russian political system under Putin from 2000 to the present. The advantage of this kind of approach for scenario writing is that it does not posit the Putin system as something fixed and immutable. Different variations are possible. Although Sakwa's description is a linear one – each phase builds on the previous ones – there is no reason there should not be some reversion to earlier forms of Putinism. The first Putin system from 2000-2003 was marked by the contrast between the declared goals of the administration, and the means by which its aspirations were implemented. The second phase of Putinite politics was a period of regime consolidation marked by intensified constraints. This period started in

the autumn of 2003 when Mikhail Khodorkovsky was arrested. During the second phase the gap between the regime and the state became increasingly apparent. In the third phase, between 2008 and 2012, Russia was governed by the 'tandem' form of rule. Medvedev shaped a policy that was not anti-Putinite but represented a modification of some of the key features of classic Putinism. The fourth phase Sakwa calls 'developed Putinism', by analogy with the 'developed socialism' proclaimed during the mature phase of the Brezhnev era in the 1970s. One of the key features of Putinism is its adaptability to changing circumstances, in part derived from sensitivity to shifts in the balance of power between the various factions. However this feature, seen as the strength of putinism in the past, has become since 2012 the weakness of putinism, since the responses to the new challenges have not worked out so well and the mechanisms of control have been applied in a heavy handed way in Russian domestic politics.

In the second phase of putinism there were signs that perhaps a stagnation was on its way. At the Kennan Institute seminar in 2009 Lilia Shevtsova provided an analysis of the Russian political situation: 'The key challenge for Russia today is the complacency and intellectual inability of its elites to understand where the system is moving and what the outcomes of its fundamental flaws are. It is unclear whether the present economic crisis in Russia will be a catalyst for change of this mode of behaviour, since the intellectual and political establishment in the country understands that the system is a relic of the 19th century, but so far is not ready or able to start thinking of change.' One well supported analysis of the roots of the current crisis argue that it results from a similar stagnation – the regime has again lost its sense of purpose, and was shaken by large anti-Putin demonstrations in 2011. This led in turn to a move towards traditional values as a new basis for the regime, but one which had significant implications, including in the international arena. Thus the possibility of a backwards trend in Putinism can not be ruled out already, and should certainly be considered in future scenarios.

As discussed in part I, the impact of external shocks on Russia's development has, for the most part, not been factored into scenario writing about Russia. The basic political and economic scenarios that have been offered in the past perhaps do not need to be changed fundamentally, but the Ukraine crisis may make some scenarios now more likely than others. We now propose an alternative set of scenarios, which focus on outputs in line with the approach suggested at the end of part I. But the focus here is on Russia's international orientation, in particular with reference to its neighbours. These orientations do not occur in isolation – some are influenced by the domestic political climate, while some also will have impacts on political developments. So there is a certain degree of interdependence and circularity between outputs (here regarded as foreign policy) and inputs (domestic politics). Thus inputs can become outputs and vice versa. These scenarios draw on the earlier sections of this report as well as the characterisations of the different phases of putinism. Although, as originally described by Richard Sakwa as fitting to particular periods of time, the tumultuous events of 2014 mean that a reversion to a regime typical of an earlier phase can not be ruled out. So fluid have things been in the course of 2014 that signs of each of these developments can be seen, making it especially hard to predict which are more likely to materialise than others. In traditional scenario-writing fashion, therefore, we do not offer opinions as to which of these outcomes is more likely than others, since at the time of writing each seems a real possibility.

Scenario A: Restore Good Relations with the West

Such an outcome is regarded as unlikely by most of our respondents, and most analysts agree that this is not likely to happen in the immediate future. There have been times since the annexation of Crimea that Putin has appeared ready to make peace and restore relations, but each time there has been disappointment and the West has accused Russia of continuing to engage militarily in Eastern Ukraine. One model was provided by the crisis over Georgia in 2008, when the West appeared divided between 'hawks' like the US, the UK, and some East European countries, and 'doves' led by Germany and France. This led to a more or less successful resolution of the crisis, which minimized long-term damage to Russia-EU relations and appeared to confirm that Russia did not have designs on any other neighbouring countries. At the beginning of the crisis over Crimea it appeared that a similar alignment was taking place, but there were not enough conciliatory moves from the Russian side to allow it to be exploited. The key pivotal figure in international relations, German Chancellor Angela Merkel, has grown increasingly frustrated to the point of making quite personal comments about Vladimir Putin. At the same time, key Russian allies like Kazakhstan, China, and at times Belarus have shown growing discomfort at the situation, which threatens international stability and their economic prospects.

On the other hand, there is a wide consensus that good relations with the West are essential if Russia's economy is to recover any of its recent dynamism. The Russian economy has been reliant on Western technology and investment for two decades. Its export earnings from oil and gas are also closely tied to the West. To some extent, China can substitute for these, but not to the same levels and not immediately.

It is difficult to see this scenario occurring as long as Putin is in power or any sort of putinism continues. For this reason, the seemingly remote prospect should not be ruled out of a sufficiently strong coalition of oligarchs – business and political interests – combining to engineer Putin's removal from power, or at least ensuring that he does not continue beyond his current term as president. Even before then, there could be a reversal of the earlier 'tandem' period, where the Prime Minister, currently Dmitry Medvedev, plays a more prominent role in foreign policy and the government of the country, while the President plays a more ceremonial role. Another variation would be that Putin is brought down by a popular movement. This possibility looks even more remote at the moment, but if the economic situation declines even more markedly, discontent is bound to surface. Given the weakness of Russia's liberals politically, however, there is no guarantee that such a movement would lead to a western orientation for Russia, and one of the other scenarios is an equally likely outcome.

Implications: a number of political variants accompany this scenario, ranging from some kind of a tandem arrangement to the outright rejection of Putinism and the Putin legacy. But this scenario brings an end to Putinism, and an end to Putin as a leading political force. In any case it will be accompanied by the loosening of state controls on the media and other sectors, and a general trend of greater democratization. The fortunes of the Russian economy will depend directly on the global economic situation, although a fall in energy prices may lead to short-term problems. Both Russia and the West want to be economic partners, and eventually forms of cooperation over Ukraine and other countries will be developed. Even with a complete change of regime, there will still be problems. The vast

Russian state machine is unwieldy and its different segments do not always fall in line at once.

Elements of Putinism will remain then in certain agencies and regions. This gives rise to some tensions between neighbours, but they are quickly resolved at the national level. Russia's EU (and EU associate) neighbours, including Finland and Norway, have played an important role in bringing about this solution and are the most immediate beneficiaries, in terms of economic relations and increased international prestige. Talks on visa-free travel arrangements move forwards rapidly as both sides recognize that greater cross-border movements will help to reduce the kind of tensions and misunderstandings that are seen as behind the current crisis. Japan will welcome this move and will follow the EU in restoring and expanding trade links. Talks are held on the Kuril Islands. Kazakhstan has also played a mediating role in the process and is able to continue developing its multi-vector policy. Political integration will not proceed but the ECU will develop as an economic organization, but one which coordinates more and makes agreements with the EU. Georgia will benefit from this by restoring all forms of trade with Russia, while being able to pursue EU membership. Some kind of power sharing arrangement based on the Northern Ireland Good Friday Agreement model will be introduced for Abkhazia and South Ossetia, but extremists will cause unrest, including acts of terrorism. The biggest sticking point in a rapprochement with the West is the fate of Crimea, but it is politically impossible even for Russia's new leadership to give back the territory it has won. A new Crimea referendum with the full participation of international observers could confirm its status as part of Russia, a price which the West is willing to pay in return for a more general improvement in relations and in Russia's internal development.

Scenario B. Soviet Empire

Russia adopts an aggressive policy towards all of its neighbours and to the West in general. Direct confrontation with the West will be avoided in the short term, but anti-Western rhetoric will grow and the bullying of small countries like Finland and Kyrgyzstan, already evident in 2014, will reach new levels. Russia will expand its borders, annexing Eastern Ukraine. Russia decides to solve the frozen conflicts once and for all by incorporating South Ossetia and Abkhazia into the Russian Federation. South and North Ossetia become one new region. The loyalty of Azerbaijan is 'brought' by securing that two thirds of Nagorno Karabakh belongs to Azerbaijan and is returned to its control. Armenia has to accept. To compensate for the redrawing of Russia's external borders, the view that Transnistria is an autonomous region inside of Moldova gets Russian approval. Russia accepts Moldova's and a reduced Ukraine's association to Europe. The rest of the post-Soviet space will be more tightly integrated with Russia under the umbrella of the Eurasian Economic Union. There is a real danger that Russia will intervene in any conflicts that emerge in the crises of succession in Kazakhstan, Tajikistan, and Uzbekistan, including possible military action. To get diplomatic clout from the Western side Russia is ready to open talks with Japan on the Kurill Islands and with Canada on the Arctic area. To make sure China will not object to Russia's moves too much, the Russian leadership openly states that Tibet and Taiwan historically belong to China.

Initially Russia respects the red line drawn by NATO in respect to NATO members. But internal pressures to do something about Russians living abroad might lead to a confrontation with, for example, Estonia. The possibility of low-level military conflict between Russia and NATO is not ruled out. Energy wars are a real possibility, with Russia denying supplies to Europe which plunges both economies into crisis. Russia hopes it can continue with business relations and talks on visas and international terrorism, but the West withdraws from these and increases sanctions.

Implications: Domestically, Putin becomes a more and more iconic figure and Putinism reaches new heights. An increasing share of the state budget goes to military needs, while sanctions and declining trade and energy exports lead to a worsening economic situation. Sharply declining living standards lead to some popular protests, but these are most likely suppressed. The Russia-Finland border becomes effectively sealed to most crossings, leading to a reorientation of Finland's economy. Kazakhstan will be subject to the political control of Russia, and may lose its northern territories. Work on developing southern transit routes from China to Europe are blocked. Belarus goes down the path of fuller integration with Russia. China will militarise its borders, and may solve its differences with Japan. A Russo-Chinese conflict over Central Asia can not be ruled out. Russia-Georgia relations reach new lows. In general, the chances of warfare increase markedly.

Scenario C: Focus on the Near Abroad

This is a continuation of putinism with Putin or putinism without Putin, but with Russia withdrawing from global politics. Eastern Ukraine is abandoned but protests are regularly lodged about the position of Russians in Ukraine. This remains at the level of rhetoric, however, as Russia seeks to reopen Ukraine as a trading partner. Ukrainian politics take another turn backwards and Russia's direction is strengthened. Russia could build a new relationship with Georgia by brokering a solution to the South Ossetia and Abkhazia problems. In return, Georgia promises not to pursue EU membership. But the situation in the South Caucasus could equally well remain as it is. The main target of Russian policy is the extension of the Eurasian Economic Union, with concessions made to ensure Armenia and Kyrgyzstan join, followed by Tajikistan. Russia invests heavily in Siberia, and with this in mind develops further its relationship with China. While Russia focuses on the non-EU former Soviet countries, it still needs western investment and technology, and Finland and Norway are both brokers in this process and beneficiaries. In the Western Balkans, the Russia scenario C given in part II emerges, with Russia insufficiently interested to attract allies in the region.

Implications: Putin's regime is secured by satisfying moderate nationalist demands through the focus on traditional spheres of Russian interest. Putinism can survive without Putin in this form, even if the Eurasian reintegration project is closely associated with Putin himself. Some pressure to be more aggressive in relation to the Baltic countries and Ukraine will come from more extreme nationalist elements, but these will be marginalized. The regime pursues the characteristics of developed Putinism. Trade with the West will continue in a business-like way, but investors will lack confidence in Russia and the economy will be left at the mercy of energy prices. The United Nations Security

Council will be an ineffective entity, and the US may play a greater role in the Middle East and other parts of the world, dependant on American political developments. There is a risk that as Russia declines and China continues to grow, conflicts between the two could emerge in Central Asia or the Far East in spite of an initial improvement in relations. Russia may try to intervene in succession crises in Central Asia, but will stop short of military involvement. The biggest challenge for Russia lies with its initial core partners in the Eurasian Economic Union. Kazakhstan will resist political integration and may be disturbed by moves that threaten its multi-vector policy. In Belarus politics are so personalized around the figure of Lukashenko that, if he dies or is removed from power, Belarus's position becomes uncertain. Finland and Norway will continue to trade and develop low-level cooperation projects with Russia, but talks on a visa-free regime will stall. Although some concessions will be made early on, a zero sum approach to international relations will continue to dominate, running some risk of conflict and a slip into scenario B above. The biggest risk is that economic stagnation will lead to popular unrest or a nationalist resurgence, leading into one of the other scenarios. It is also possible that this scenario will stabilize over time, with Russia accepting a reduced role globally in exchange for a dominant one in its immediate neighbourhood.

Scenario D: Pick and mix

Russia will divide its neighbours into friends and enemies. It will pursue more deals with China and Iran, but largely on their terms. Kazakhstan and Belarus will initially be among the friends, but the risks referred to in scenario C above remain. Russia will intervene actively in succession disputes. It will be hard to find any consistency in Russian foreign policy, which will lead to occasional flare-ups and a see-saw relationship with the West. One variation on this scenario is the eastern turn which many Russian academics are calling for, involving the wholesale development of Siberia and a main or exclusive focus on China in international and economic relations. Azerbaijan will be forced to choose an orientation, which will more likely be towards the West. Zero sum thinking will predominate. Russia pursues a divide and rule strategy in the EU, effectively dropping multilateral efforts but stepping up bilateral relations. Both Finland and Norway could benefit from this, but may find themselves in difficult situations with regard to the EU. Scenario B for the Western Balkans (given in section 2) is implemented by Russia, focusing on good relations with Hungary, Bulgaria and Serbia. Georgia is among the enemies and faces continued uncertainty with regard to its disputed territories, while Russia does not see any need to promote a solution to the Transnistria question either. Ukraine will be frozen out for now, but Russia may look to take advantage of a political crisis in the future. Russia will continue to complain loudly about Russian minorities in Estonia and elsewhere, but will not intervene actively.

Implications: This is one scenario where Putinism could survive without Putin. He could choose to retire in return for guarantees of immunity from prosecution, and will be followed by like-minded people. It has some of the characteristics of early Putinism, in both the international and domestic spheres, with a lot of contradictions between rhetoric and reality. The health of the economy is hard to forecast – clever playing of this game may allow Russia to prosper by developing vigorous relationships with selected partners,

but it could backfire if the West is able to present a solid front. As long as good relationships with China are maintained, Kazakhstan will have little choice but to cooperate. If the eastern turn is pursued, this will lead eventually to China's dominance of the Russian economy, but unless China's approach changes radically, this will not lead to political interference. Russia will pursue bilateral talks on visa-free travel and other forms of cooperation, and will present any failures as the fault of the EU. Further abroad, Russia will step up the recent trend to place itself as a leading force among a conservative group of nations in Africa and the Middle East, but will find it hard to reap significant economic benefits from this. Closer ties with India based on common interests are possible, but will depend on developments in Central Asia and Afghanistan.

Scenario E: Isolation

Russia turns in on itself. Nationalism becomes the dominant (or sole) political discourse, and is raised to the level of a state ideology. Russia disengages from most forms of international relations, but a continuing focus on Russians abroad will lead to tensions, and possibly military conflicts. Relations with Kazakhstan, Ukraine and Belarus will be dominated by the Russian question. Nationalist appeals will be made to fellow Slavs, leading to a variant on Scenario C for the Western Balkans (introduced in part II), with Serbia and Bulgaria the main focus of Russian attentions. Relations with China are tense, and difficulties with China, Kazakhstan, Tajikistan and Kyrgyzstan will be exacerbated by hostility towards migrant workers in Russia.

Russia is in an ideological war with the West and first and foremost with the USA. Norway and Finland will see greater controls at their borders.

Implications: Elements of this scenario can be seen in Putin's March 18th speech on the annexation of Crimea. This scenario is most likely if Putin continues in power but recognizes he is unable to pursue broader international ambitions. This is a form of Putin without Putinism, with nationalism reinforcing a personality cult, and differs from all early variants of Putinism. Early aims such as modernization and curbing corruption are abandoned. There will be a growing authoritarianism where there is very little place for opposition or political parties. Party politics is a distant memory and the United Russia party has become a platform that delivers the political leadership's message to the people. Traditionalism and very conservative values drive the accepted debates. Those who dare to speak against Russia are condemned as enemies of Russia. Russia's economy will decline, and trade with the West will turn down, effecting Finland in particular. Talks on all sorts of cooperation will be cut off or drag on without any progress. Investment in the armed forces will slow down and military adventures are unlikely, but can not be ruled out in cases where Russian minorities abroad appear threatened. Belarus could be integrated with Russia. Kazakhstan will face some tensions along its northern border, but will develop a closer relationship with China and with other Central Asian states, among which it will become the leading force. Kazakhstan will seek as far as possible to reduce economic dependence on Russia, which will not be resisted by Russia. Russia disengages with the Western Balkans.

Key drivers/Scenario	Restore Good Relations with the West	Soviet Empire	Focus on the Near Abroad	Pick and mix	Isolation
Economy	Good prospects, Western investment and technology modernise	Sanctions and declining trade lead to a worsening position	Does not modernise and prospects depend on energy prices	Can improve and modernise, but there are risks	Stagnant and in danger of collapse
International Relations	Constructive Russia- West relations; several problems solved	Aggressive and confrontational	Mostly calm but with some crises. Risk of conflict with China	Eastern turn can lead to dependence on China	Russia disengages but some risk of conflict over Russians abroad
Regional Stability	Stable	Russia annexes some territory and threatens disputes elsewhere	Russia groups a number of states around itself and leaves others alone	Stable but with episodes of crisis	Some tensions with nearby countries, but China will dominate in Central Asia and the South Caucasus will lean to Europe
Political System	No Putin, no Putinism; more open Russia	Putinism at new heights, less freedom	Continuation of current system, Putinism with or without Putin	Regime can survive with or without Putin, uncertainty and contradictions remain	Nationalism becomes the dominant political discourse. A new kind of Putinism
Society	Civil society develops, greater democratisation	Falling living standards and greater repression	Falling living standards can lead to popular protests	Tight controls initially but prospects for more openness later on	Any criticism is denounced as disloyal. Living standards fall
Neighbours	Opportunities	Mostly tense, some concessions. Full integration of Belarus	Tensions with Kazakhstan and possibly Belarus. Little progress in visa and other issues with EU, but trade continues	Some will benefit and may see territorial disputes resolved. Interaction with others will fall. Multilateral EU-Russia talks will end	Will begin to form their own associations independent of Russia

Russia scenarios/Finland	Restore Good Relations with the West	Soviet Empire	Focus on the Near Abroad	Pick and mix	Isolation
Economy	Healthy trade and benefits	Finland has to reorientate its economy	Trade continues but does not flourish	Finland can benefit from greater trade and an intermediary position	The border more or less closes to trade with serious consequences
Foreign Policy	Only minor tensions, resolved at national level	Finland will align itself fully with EU policy	Russia pays less attention to Finland. No progress on visas and other cooperation	Russia will seek good relations with Finland but not the EU, which can cause challenges	Russia is disengaged and relations with Finland stay at a formal level, with some tensions over Russian immigrants
Security	Not threatened	Russia is aggressive but leaves Finland alone	While Estonia may be a flashpoint, Finland should not be threatened	Finland will feel safe but some of its allies may not	Finland is not threatened but must maintain high security
Domestic Politics	Visa free regime benefits, Finland gets a prestige boost	Anti-Russian mood increases, leading to some problems over immigrants	No change	Difficult choices if Russia seeks to split Finland from the EU	Anti-Russian politics plays a role

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