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Resetting U.S.–Russian Relations: It Takes Two

President Barack Obama deserves credit for his initial efforts to reverse the deterioration in relations between the United States and Russia. The downward spiral in bilateral ties accelerated by Russia's invasion of Georgia last year has ended for now, but relations are not likely to improve appreciably because of fundamental differences in values, interests, and outlook between the two countries' leaderships. In fact, Russian leaders' actions and rhetoric continue to raise serious doubts about their interest in really resetting relations. The Obama administration, much like the Bush administration before it, is likely to find Moscow the source of endless frustrations and headaches—and few solutions.

After meeting with President Dmitri Medvedev of Russia in April 2009 in London, Obama went to Moscow in July where he and Medvedev issued a number of joint statements and understandings. The most notable ones were on the transit of U.S. equipment across Russian territory for forces needed in Afghanistan and a framework for an arms control treaty. Obama also sat down with Prime Minister Vladimir Putin for the first time, met with leading opposition figures and civil society activists, and delivered a solid speech at the New Economic School.¹ Dismissing the notion that Russia and the United States were destined to be enemies, he demonstrated a desire to develop a new tone in the bilateral dialogue and “reset” relations with Russia. At the same time, in his speech and meetings, Obama also indicated that the United States will not abandon certain fundamental positions that have been the source of disagreement with the Russian leadership in the past, such as recognizing no

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Russian sphere of influence, maintaining an open-door policy for aspiring members of NATO, and prioritizing human rights and democracy.

In controversial comments made as he was returning from a July trip to Georgia and Ukraine, Vice President Joseph R. Biden referred to Russia's looming demographic crisis, its "withering economy," and its difficulty in adjusting to "loss of empire." He noted Russia's interest in negotiating further cuts in nuclear weapons because they cannot afford to maintain even current levels, adding that it is "clinging to something in the past that is not sustainable."² Though arguably indiscreet in his comments, Biden nevertheless spoke the truth about the problems facing Russia. His conclusion that Russia's weakness and problems would induce Moscow to be more in synch with U.S. interests and likely to cooperate on issues such as Iran, however, was widely off the mark.

The problems Biden identified, in fact, make Russia's leaders less, not more, likely to work with the United States on a whole host of issues. They are apt to

Moscow is likely to remain the source of endless frustrations, headaches, and few solutions.

deflect their population's attention from the growing number of difficulties at home by shifting attention onto others, such as neighboring Georgia or Ukraine, or to clamp down even more against the slightest possible threats to their control inside Russia. That kind of Russia will be extremely difficult for the Obama administration to work with on issues such as Iran, missile defense, and the states along Russia's borders.

That kind of Russia will have fewer interests in common with the United States and expose a widening values gap between the two countries. Since Obama's trip to Moscow, provocative visits to Abkhazia and South Ossetia by Medvedev and Putin respectively, Medvedev's renewed threats to target Iskander missiles against the Czech Republic and Poland if U.S. missile defense plans move forward in those two countries, and the murders of human rights activists and charity heads in Chechnya have cast a shadow over the relationship. At the end of the day, Russia's current leadership—corrupt, revisionist, and insecure as it is—will likely decide that perpetuating the image of the United States as a threat is more important to maintaining the Kremlin's grip on power than a new, more positive chapter in U.S.–Russia relations.

Four issues are likely to dominate the relationship for the foreseeable future: policy toward Russia's neighbors, missile defense, strategic challenges such as Iran, and developments inside Russia. Alas, none of these issues offers much promise for building a strong foundation for the bilateral relationship.

The Neighbors

More than any other issue, policy toward Belarus, the Caucasus (Armenia, Azerbaijan, and Georgia), Moldova, Ukraine, and the five Central Asian states (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) will remain the biggest bone of contention between Washington and Moscow. Russian officials, in citing “privileged interests” with their neighbors and a sphere of influence reflecting their zero-sum thinking, view the expansion of U.S. as well as Western interests and presence in the region as a threat.³

In his July 7, 2009 speech in Moscow, Obama rejected a Russian sphere of influence along its borders in crystal clear terms, arguing “In 2009, a great power does not show strength by dominating or demonizing other countries. The days when empires could treat sovereign states as pieces on a chess board are over. . . . The pursuit of power is no longer a zero-sum game—progress must be shared.” In that same speech, Obama voiced support for Georgia and Ukraine’s prospects for NATO membership, if that is what their populations want:

For any country to become a member of an organization like NATO, for example, a majority of its people must choose to; they must undertake reforms; they must be able to contribute to the Alliance’s mission. And let me be clear: NATO should be seeking collaboration with Russia, not confrontation.⁴

Biden’s trip to Georgia and Ukraine two weeks after Obama’s visit to Moscow reaffirmed this position: “The United States also supports Ukraine’s deepening ties to NATO and to the European Union. But again, we recognize they are your decisions, your choices, not ours . . .”⁵ In a speech the next day in Tbilisi, where support for joining the alliance is much stronger, Biden was more explicit: “We understand that Georgia aspires to join NATO. We fully support that aspiration. And, members of Parliament, we will work to help you meet the standards of NATO membership.”⁶

Neither Georgia nor Ukraine will join NATO any time soon, but Obama’s and Biden’s comments made clear that the United States remains supportive of their eventual membership and of keeping an open-door policy for NATO. Such a position is consistent with the April 2008 NATO Summit Declaration in which allies welcomed Georgia’s and Ukraine’s aspirations for membership in NATO: “We agreed today that these countries will become members of NATO.”⁷ Russia, which had argued strongly last year against offers of a NATO membership action plan (MAP) for Georgia and Ukraine, is also firmly against either country’s joining the alliance as full members. In an unprompted and disturbing letter to President Viktor Yushchenko of Ukraine, posted on the Kremlin website on August 11, 2009, Medvedev cited a litany of complaints against Yushchenko’s “anti-Russian” policy, including the pursuit of NATO membership: “Ignoring the views of Ukrainian citizens *as well as Russia’s*

well-known position [emphasis added], the political leadership of Ukraine stubbornly continues to pursue accession to NATO.”⁸ Medvedev’s claim that Russia should have a veto over Ukraine’s (and, by implication, Georgia’s) aspirations to deepen integration with Euro–Atlantic institutions is likely to backfire both inside Ukraine and in the West.

Despite increased Ukrainian–Russian tensions caused by Russian gas cutoffs, disagreements over the future of the Black Sea Fleet, and Medvedev’s August 11 letter, Georgia remains the country where problems with Russia remain most worrisome. Russia’s April 30, 2009 decision to assume responsibility for the de facto borders between Abkhazia and South Ossetia with Georgia places Russian and Georgian troops dangerously closer to each other than they were before last August’s conflict. The exchange of threats involving shipping along the Abkhaz part of the Georgian coast adds to the volatility. Russia continues to violate last year’s ceasefire agreement brokered by President Nicolas Sarkozy of France and has announced plans to build up its military presence in the breakaway regions in

further defiance of that accord. That Nicaragua and Russia (and more recently Venezuela) remain the only countries to have recognized Abkhazia and South Ossetia as independent states represents an embarrassing failure of Russian diplomacy; not even Belarus (so far) has agreed to join them in recognition. Notwithstanding the relatively quiet passing of the anniversary of the August war, tensions

remain high as long as Mikheil Saakashvili remains president of Georgia, given the Russian leadership’s views toward him.⁹

Since its invasion of Georgia, Russia has experienced a general decline in influence with its neighbors and has found itself increasingly isolated.¹⁰ Russian policy toward its neighbors has been a failure, as these states increasingly view Moscow as a threatening, unpredictable, and unreliable bully. After Russia pressured President Kurmanbek Bakiyev of Kyrgyzstan in February to close the Manas air base, vital to U.S. and NATO efforts for the campaign in Afghanistan, Bakiyev reversed himself after winning higher rent from Washington (and, some suspect, U.S. silence over his crackdown against the opposition and a flawed July 2009 election). Russia responded by securing rights to a second military facility in Kyrgyzstan, but this decision generated a strongly negative reaction from Uzbekistan (this second facility will complement Russia’s base near Manas and will be located near the Kyrgyz–Uzbek border in the Fergana Valley).¹¹ Turkmenistan is also interested in opening up more to the West to relieve the chokehold Russia has maintained over its energy export routes. Even President

The problems Biden identified make Russia less, not more, likely to work with the U.S.

Aleksandr Lukashenka of Belarus has been looking to improve ties with the West as his relations with Moscow have deteriorated.¹²

Instead of looking in the mirror to see the cause of their problems, Russian leaders see threats everywhere. If it isn't the United States or NATO posing threats in the region, it is the EU, which came under attack for its innocuous Eastern Partnership initiative unveiled in May 2009 involving Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine.¹³ The foreign ministry of Russia, reflecting its zero-sum approach to the region, criticized the Eastern Partnership, which is designed to deepen the EU's relations with these countries in areas of trade, travel, and good governance,¹⁴ as an effort to lure these countries away from Russia. Foreign Minister Sergei Lavrov voiced his doubts about EU intentions, asking during a visit to Brussels on May 22, 2009: "Is it about pulling countries (away) from the decisions that they are supposed to take freely?"¹⁵ Pursuit of closer ties with the West, in turn, will only reinforce Russian paranoia, leading to a dangerous circular effect. This will heighten the tensions not only between Russia and the United States but also between Russia and its neighbors.

The Obama administration should continue to deepen relations with Russia's (and the EU's) neighbors and stand firm in rejecting any Russian claims of sphere of influence or de facto vetoes. It should maintain an open-door policy on these states' interest in joining Euro–Atlantic institutions, including NATO, while pursuing bilateral relations with these states on their own merits, not through a Russian prism. It should also insist on Russian compliance with existing security agreements, including the Georgia six-point ceasefire and the Treaty on Conventional Armed Forces in Europe (CFE) as a prerequisite for discussions on any new European security architecture. Russia's failure to comply with last year's ceasefire and with the 1999 Istanbul Commitments connected with the Adapted Conventional Armed Forces in Europe Treaty has undermined the trust needed for negotiations on any new agreements. Restoring such trust is vital for progress. Finally, the Obama administration should continue to push for development of multiple pipelines in the area, especially given Russian supply cutoffs in the past which have fed the image of Russia as an unreliable supplier.

Missile Defense and Arms Control

The decision by Obama to abandon the missile defense plans of the Bush administration— involving ten missile interceptors in Poland and a radar site in the Czech Republic—and replace them with a new missile defense arrangement has generated considerable controversy.¹⁶ The administration argues that its new approach involving various phases that would start with deployment of sea-based SM-3 interceptor missiles is more suitable for the threat seen coming from Iran; a

later phase by 2015 or so would entail upgraded SM-3s on the ground in southern and central Europe (including possibly Poland).¹⁷

This is not the place to debate the technical merits of the administration's decision or the way it was rolled out (badly, given that it was announced on the 70th anniversary of the Soviet invasion of Poland and without prior consultation with the Poles or the Czechs). Instead, of interest here is the Russia factor. Obama administration officials denied that Russia was a factor in its decision. "Russia's attitude and possible reaction played no part in my recommendation to the president on this issue," Secretary of Defense Robert Gates wrote. "Of course, considering Russia's past hostility toward American missile defense in Europe, if Russia's leaders embrace this plan, then that will be an unexpected – and welcome – change of policy on their part."¹⁸

Obama similarly rejected a link to Russian concerns. In an interview with CBS's *Face the Nation*, the president said:

Russia had always been paranoid about this but George Bush was right, this wasn't a threat to them. And this program will not be a threat to them. So my task here was not to negotiate with the Russians. The Russians don't make determinations about what our defense posture is If the by-product of it is that the Russians feel a little less paranoid and are now willing to work more effectively with us to deal with threats like ballistic missiles from Iran or nuclear development in Iran [sic], you know, then that's a bonus.¹⁹

Those comments didn't sit too well with Russia's ambassador to the UN, Vitaly Churkin, who responded by saying, "It shows to us that the U.S. continues to be a rather difficult negotiating partner, a partner who is loaded in many ways by a Cold War mentality."²⁰

Warsaw and Prague were disappointed by the decision. In Moscow, by comparison, notwithstanding Churkin's comment above, the reaction was very positive, though that may change if analysts in Russia start focusing on the possibility that Poland will wind up hosting the SM-3 land-based systems after all. Nevertheless, both Medvedev and Putin praised Obama's decision, with Putin calling it a "very right and brave decision."²¹ Russian officials announced that they would no longer target Iskander missiles in Kaliningrad against Poland and the Czech Republic. But they also indicated that further responses from Moscow in light of Obama's decision would not be forthcoming. On the contrary, Putin, after pocketing the missile defense victory, wanted the U.S. to make further concessions by lifting trade restrictions and moving forward on Russia's World Trade Organization accession.

Russia had linked the possible deployment of missile defense sites in Poland and the Czech Republic to conclusion of a post-Strategic Arms Reduction Treaty (START) arms control agreement. From the vantage point of U.S. interests, however, the two should be dealt with separately. While the United States has

an interest in finalizing a good deal, Russia has a much greater need for a post-START arrangement, given that it cannot afford to maintain its aging nuclear weapons nor could it compete with the United States in any new arms race. Russia's nuclear arsenal is already within or moving toward the range for both warheads (1500–1675 per side) and delivery vehicles (500–1100) proposed in the latest negotiations regardless of the levels of U.S. forces. That would seem to provide the U.S. side with more leverage, but the Obama administration, viewing the December 5, 2009 expiration of the START as some fatal deadline, has indicated its strong desire for an agreement by the end of the year to demonstrate that relations are back on track and that larger efforts are being made to move toward global nuclear disarmament. In the process, it has created the impression that the United States is the *demandeur*, forfeiting its leverage.

The Bush administration had rejected linkage between missile defense plans and an arms control agreement. The Obama administration had similarly rejected such linkage but made the mistake of agreeing in Moscow in July 2009 to a last-minute joint statement on missile defense issues and to language on the Joint Understanding on the START Follow-On Treaty. In the latter, Point 5 of the agreement notes: “A provision on the interrelationship of strategic offensive and strategic defensive arms.”²²

In the July 6, 2009 joint press conference with Obama, Medvedev seized on what he perceived to be U.S. acquiescence on this issue by saying, “We have agreed also that the offensive and defensive systems of both countries should be considered together. We have adopted a joint statement on ABM.” In response to a question later in that same press conference, Medvedev emphasized what he saw as an opening in the U.S. position:

In our mutual understanding that has just been signed, we talk about the linkage between offensive and defensive weapons, and this already constitutes a step forward. Some time ago, on this question, we had all – only differences. Now this linkage is being stated and this opens up the opportunity of bringing positions closer to each other.²³

When Obama announced his decision on missile defense, Russian leaders must have been very pleased with their push to make this linkage.

Obama is battling the perception in some circles that he caved on missile defense to placate the Russians in order to secure a post-START agreement, as well as to gain greater Russian cooperation in dealing with Iran. Moreover, his decision will also have a major effect on how the United States is perceived in Central and Eastern Europe. Already in an “open letter” published in July 2009,

The Russian leadership does not share U.S. interests or threat perceptions, much less U.S. values.

22 leading figures from Central and Eastern Europe claim that the region is “no longer at the heart of American foreign policy.”²⁴ Obama’s decision on missile defense has heightened those concerns.

When he entered office, Obama certainly seemed less enamored of missile defense in the Czech Republic and Poland than his predecessor. He clarified his views somewhat in a speech in Prague on April 5, 2009, staking out a position similar to that of Bush:

So let me be clear: Iran’s nuclear and ballistic missile activity poses a real threat, not just to the United States, but to Iran’s neighbors and our allies. The Czech Republic and Poland have been courageous in agreeing to host a defense against these missiles. As long as the threat from Iran persists, we will go forward with a missile defense system that is cost-effective and proven. If the Iranian threat is eliminated, we will have a stronger basis for security, and the driving force for missile defense construction in Europe will be removed.²⁵

This approach, as was the case in the Bush administration, was predicated on the assumption that Russia would have incentives to pressure the Iranians to comply with UN resolutions, thus making the missile defense sites in the Czech Republic and Poland unnecessary. This approach, however, has been consistently rejected by Russian officials.

The Obama administration should de-link a post-START agreement from missile defense (including a possible dispute with Russia over the eventual land-based deployment of SM-3s). It should pursue possible cooperation with Russia at the Gabala radar facility in Azerbaijan and the Armavir site in southern Russia, as proposed by Putin in June 2007, but not in lieu of plans for elsewhere in Europe, whether in the Czech Republic, Poland, or another neighboring state. If Russia is truly interested in an arms control agreement, it should back down from the missile defense linkage and from what has turned into a dangerous game of chicken (in which critics of Obama’s decision would charge that the United States balked first).

Cooperation on Strategic Issues

Backing down on missile defense and focusing on relations with Russia instead of its neighbors are two key points at the heart of recommendations from the so-called realist camp.²⁶ In exchange for this approach of providing Russia with incentives, the realists argue, the United States can secure Russian cooperation on issues that truly matter such as Afghanistan, Iran, and North Korea. Central to this argument is that Russia and the United States have common national interests and can reach common understandings of how to address these challenges. The reality is that the current Russian leadership does not, for the most part, share U.S. interests or threat perceptions, to say

nothing of U.S. values. As long as that is the case, extensive cooperation and significantly improved relations will be difficult to achieve.

Following North Korea's test of a nuclear weapon in late May 2009, Russia did not object to a UN Security Council resolution condemning the Pyongyang regime. When North Korea further defied the international community again by test-firing seven short and medium

range missiles in early July, Russia again joined the chorus condemning Pyongyang's actions. For Russia, North Korea means very little, as it has little trade and economic interests at stake. North Korea is much more important for China, and Russia is not interested in competing with Beijing for influence with Pyongyang. Going along with the United States and the rest of the international community comes at virtually no cost for Moscow, and thus requires no incentive or compromise on other issues.

Iran is a different matter entirely. It is true that Russia would prefer that Iran not become a nuclear weapons state, but Moscow does not share the U.S. threat assessment of Iran's potential danger. Even with agreement in July in Moscow to launch a joint threat assessment of the "ballistic missile challenges of the 21st century, including those posed by Iran and North Korea," as Obama noted,²⁷ one should not expect a meeting of the minds between Russian and U.S. officials. Moreover, Russian officials are not interested in getting tougher toward Tehran (a position they have stated publicly, and unhelpfully, on numerous occasions) and would much prefer the United States to play the role of bad guy. Russia has too much at stake in its relationship with Iran—from maintaining stability in its northern Caucasus to financial interests from arms sales, nuclear reactors, energy, and trade—to risk a tougher approach itself.²⁸ Comments by Medvedev at the UN General Assembly meeting and after a meeting with Obama on September 23, 2009 raised hopes that Russia might join in sanctioning Iran, but the real test will come when the resolution is drawn up and voted on.²⁹ Russia, after all, has supported previous resolutions that were significantly watered down at Moscow's insistence.

Andranik Migranyan, director of the Institute for Democracy and Cooperation in New York (a Kremlin-supported organization designed to promote Russia's image and interests inside the United States) described the possibility of Russian cooperation with the United States in applying further sanctions against Iran as "highly unlikely." According to Migranyan, "It is imperative that our U.S. partners understand that maintaining friendly, mutually advantageous relations with Iran meets the strategic interests of the Russian state." For Russia to go along with sanctions against Iran, Migranyan writes:

For Russia, North Korea means very little, but Iran is a different matter entirely.

... it is no longer enough to give hollow promises that there will be no NATO expansion to the east, that missile-defense systems will not be deployed in the Czech Republic and Poland, that the Georgian army will not be rearmed, that there will be no blunt and unceremonious interference in the internal affairs of the former Soviet republics, and that there will be no support of political forces that are hostile to Russia.³⁰

Russia would have to be “duly compensated” —i.e., bribed.³¹ It is hard to see how such a view represents a merging of national interests.

More cynically, Migranyan notes that Russia would benefit from U.S. or Israeli military action against Iran because “Russia will come out on top”:

In this scenario, America would bypass the UN Security Council and stir up the ire of the entire Muslim world, which would force even moderate Muslim countries to assume a tough stance against the United States. Furthermore, Iran can unleash large-scale terrorist activity against America and its allies, which would destabilize the situation in the Middle East and cause an inevitable immediate upturn in oil prices. The United States would be even more heavily mired in the confrontation with the Islamic world, robbing it of huge resources, energy and opportunities. The upsurge in oil prices would make Russia a major winner, giving it the necessary financial resources to restructure its economy and allow for further economic development and increases in living standards.³²

Migranyan’s views are echoed by Dimitri Simes, president of The Nixon Center, who writes that: “Although Russian officials strongly oppose any military strike against Iran’s nuclear installations, they privately acknowledge that such an attack could benefit Russia by increasing energy prices and creating a global backlash against the United States.”³³ If the Russian leadership sees benefits from such a scenario, it is hard to see what kind of cooperation can exist between Russia and the United States.

Russian leaders could exacerbate the situation themselves if they transfer sophisticated S-300 missiles to Iran. Several years ago, despite U.S. and Israeli protests, Russia sold and transferred to Iran the Tor-M1 surface-to-air missiles, which are less advanced than the S-300 missiles, for a reported \$700 million. Given its current economic crisis, Russia is in less of a position to turn down the nearly one billion dollars the S-300 sale would produce. There is speculation that should Russia transfer the superior S-300s, which can shoot down cruise missiles and aircraft from 120 miles away, the Netanyahu government might strike Iran before Tehran can acquire the protection these missiles would provide. If Simes and Migranyan are to be believed, that scenario may have unintended benefits for Russia. President Shimon Peres of Israel, after meeting with Medvedev in mid-August, reported that Russia would reconsider the deal. A Russian official quoted after the same meeting, however, denied that discussion of the S-300s even occurred.³⁴ A mysterious visit by Prime Minister Benjamin Netanyahu of Israel also probably focused on this issue.

Even on Afghanistan, where Russian and Western interests would logically seem to converge—a stable Afghanistan is in Russia’s interests, after all—Moscow seemed more interested in driving the United States out of neighboring Kyrgyzstan and the important Manas airbase through pressure on Bakiyev than in true

Russia is not a great power; it is a regional power.

cooperation to stabilize the region. The U.S.–Russia transit agreement signed in July is important and will facilitate U.S. and NATO efforts, but it is vital, especially after the experience involving Manas, that allies keep other options open so that Russian leaders can not exploit dependence on routes which overfly their territory. When it comes to cooperation on the Middle East, Russia has yet to demonstrate that it is willing to use its influence, to the extent it exists, over certain countries in the region to push for progress. Russia’s role in the peace process, for example, seems relatively limited.

The Obama administration should work with Russia wherever it can on strategic issues, but it should not expect much help, at least beyond North Korea (where Russia will not necessarily be helpful but at least will not get in the way). Moreover, the administration should reject, in no uncertain terms, suggestions that compromising on other interests—missile defense, Russia’s neighbors—will influence Russia to be more in line with our goals elsewhere. There simply is no evidence to support such a theory. To the contrary, Russia’s leaders are much more interested in driving wedges between and among NATO and EU members, as well as between the United States and Europe, than they are in real cooperation with the United States. To the extent that the Kremlin has a strategy (and the jury is still out on that), it is a counter-, anti-, or negative strategy. That, unfortunately, leaves little to work with to build a strategic partnership.

Russia in Decline—and Increasingly Paranoid

In response to Biden’s July 2009 comments, describing Russia in serious decline, Secretary of State Hillary Rodham Clinton described Russia as a “great power” and reiterated Obama’s hope to see a “strong, peaceful, and prosperous” Russia.³⁵ Russia, however, is not a great power; it is a regional power, albeit one with a serious nuclear weapons arsenal and capable of wreaking havoc within its region and even beyond. Yes, Russia is a permanent member of the UN Security Council and a member of the G-8, but unlike China, which is a rising power, Russia is a power in decline for many of the reasons Biden cited in his interview with the *Wall Street Journal*, and more.

Russia's economic troubles—the World Bank predicts that gross domestic product will decline 7.9 percent this year,³⁶ while unemployment was measured at 6.2 million people or 8.1 percent of the economically active population at the end of August, according to official Russian statistics³⁷—are compounded by its continued dependence on the export of raw materials, such as energy and metals, leaving it vulnerable to outside factors beyond its control. Medvedev has criticized his government for this situation.³⁸ In fact, the most damning indictments of Russia's current state of affairs came from Medvedev himself, in an article he wrote and posted on Gazeta.ru website. "So, an inefficient economy, a semi-Soviet social sphere, an immature democracy, negative demographic trends, an unstable Caucasus," Medvedev writes, "These are very big problems even for such a state as Russia."³⁹

Over the past eight years, despite the bounty from high oil prices, Russia's leaders failed to diversify the economy or invest in its declining infrastructure and energy sector, where production has flattened out and is likely to decline in the next several years. At the same time, Russian corporate debt is estimated at \$440 billion, some \$130 billion of which is due this year.⁴⁰ The Russian state, meanwhile, has announced plans to resume foreign borrowing next year, a sign that it may be running through its significant hard currency reserves at a faster clip than anticipated.⁴¹

Russia's population, meanwhile, has been declining by an average of 700,000 per year. In the worst case scenario, it may reach a low of between 100 million and 110 million by 2050 from roughly 142 million today.⁴² This will have enormous implications for Russia's labor force, its military, and its ability to control restive regions such as the North Caucasus, one of the few places where the population is growing. Tragically, the North Caucasus is in crisis, with murders, suicide bombings, and assassinations occurring on a daily basis and no indication that the situation will get better any time soon. Russia, in other words, faces a very difficult future, made worse by the government's failure to address these challenges in a serious, sustainable manner.

This negligence in part is due to tremendous corruption prevalent throughout the Russian government, from the local levels to the highest rungs of power inside the Kremlin and Russian executive offices. Indeed, Russian decisionmaking is heavily influenced by corrupt, personal interests reflected in opaque, murky, behind-the-scenes deals involving arms sales, the energy sector, and doling out government-backed loans to favored oligarchs.⁴³ The double-hatting of many Russian officials, who in addition to their top government jobs also hold senior positions in Russian companies, raises questions about what motivates officials' decisions and actions. The extent to which corruption plays a role in Russian decisionmaking is hard to quantify, but what seems clear is that the Russian elite pursues its own individual interests, including hanging onto

power and the perks that come with it, at almost any cost and often to the detriment of the country's overall national interests. This, in turn, leads to neglect of the country's most pressing needs and to an ungovernable situation for the country. The August 17 accident at the giant Sayano–Shushenskaya hydroelectric plant in which 75 workers were killed was the latest example of Russia's crumbling and neglected infrastructure.

Russia's sense of wounded pride and its displacement from the world stage as a global power, following the collapse of the Soviet Union, the loss of the Warsaw Pact, and then the chaos and weakness of the Yeltsin years, also explain its leadership's behavior. At the same time, the leadership often stimulates and exploits this issue to distract attention from real problems facing society. In April 2005, Putin famously described the collapse of the Soviet Union as the “greatest geopolitical catastrophe” of the twentieth century.⁴⁴ During his leadership, thanks mostly to the rising price of oil, Russia was able to bounce back from the depths reached in the 1990s, flex its muscles again, and gain the respect of other countries around the world. The crowning achievement marking Russia's return was hosting the G-8 meeting in 2006 and winning the right to host the 2014 Winter Olympics in Sochi (though the corruption involved in developing the necessary facilities in and around Sochi may well become a source of real embarrassment).

Hopes that things would improve under Medvedev have proven to be wishful thinking.

The “comeback” under Putin paradoxically has been accompanied by a deteriorating domestic situation that points to Russia's regression and decline: growing lawlessness and the lack of governability, mixed with a continuing crackdown against regime opponents, human rights activists, and journalists, many of whom face regular harassment, attacks, and even murder. In the North Caucasus, the few journalists and human rights organizations that maintained a presence there began pulling out this past summer.⁴⁵ Meanwhile, murders of journalists, human rights activists, and lawyers elsewhere in Russia, including in Moscow, such as Paul Klebnikov, Anna Politkovskaya, and Stanislav Markelov remain unsolved. This lack of accountability creates an environment in which criminals can literally get away with murder. Even outside of Russia's borders, critics of the leadership are killed, such as Aleksandr Litvinenko who died from polonium poisoning in London in November 2006.

All this has renewed a sense of fear inside the country. Not even the authorities' control of national television—and thus the flow of information for the majority of Russians—can change this perception. From the example made in 2003 of Russia's richest oligarch, Mikhail Khodorkovsky, and elimination of gubernatorial elections in 2004 to authorities' heavy-handed response to

A paranoid Russian leadership makes for a very difficult partner.

any sources of opposition or criticism and efforts to ensure a rubber-stamp parliament, Russia's leadership is moving the country away from the central elements of democratic governance. The United States simply cannot ignore these trends. As four leading Russian liberals argued: "[W]e do

not understand how one can hope for cooperation while ignoring Russia's internal development and the principles on which the state functions."⁴⁶

Hopes that things would change for the better under a Medvedev presidency have proven to be wishful thinking. More than a year into the job as president, Medvedev has acquired a reputation in some circles as being more liberal than Putin, partly because he is not from the KGB, unlike his predecessor. He also likes to talk about his background as a lawyer (Putin has a law degree as well). At the same time, it is important to remember that Medvedev has ridden on Putin's coattails for nearly 18 years, served under him in senior positions in the Kremlin, and completely owes his current position as president to Putin's endorsement of his candidacy in December 2007. (Had Putin endorsed Sergei Ivanov that day, Ivanov would likely be president of Russia today). Medvedev was in the Kremlin and head of Gazprom while Khodorkovsky was being persecuted and his Yukos company was being dismantled and sold off, and Russia's invasion of Georgia in August 2008 occurred with Medvedev in the president's seat (with Putin arguably calling the shots). Even Medvedev's September 10, 2009 critique in *Gazeta.ru* of the handling of Russia's economic policy over the years suffers from the fact that Medvedev himself was in a senior position of power during that time, not simply sitting on the sidelines or in the opposition.

Ahead of his July trip to Moscow, Obama appeared to try to differentiate Medvedev from Putin, suggesting that the latter had "one foot in the old ways of doing business and one foot in the new." Obama further stated that Putin needs to understand that the "old cold war approaches to U.S.-Russian relations is outdated— that it's time to move forward in a different direction."⁴⁷ Not surprisingly, such comments did not go over well in Moscow and were likely counterproductive in trying to create the impression that Medvedev is more amenable to U.S. interests than his predecessor. Medvedev's threats against the Czech Republic and Poland days after meeting Obama, and his visit to South Ossetia a week after Obama's visit to Moscow, should be read as a warning that the current Russian president will be no pushover when it comes to standing up to the United States.

The problem is that not only is Russia moving in the wrong direction domestically, but it is actively opposed to Western efforts to help its neighbors democratize as well. Following the tragedy at Beslan in September 2004, which

killed more than 300 people, Putin saw outside threats looming. In a nationwide address days after the failed rescue ended, he said: “We showed ourselves to be weak. And the weak get beaten. Some would like to tear from us ‘a juicy piece’. Others help them. They help, reasoning that Russia still remains one of the world’s major nuclear powers, and as such still represents a threat to them. And so they reason that this threat should be removed.”⁴⁸ This paranoia was only heightened by the “color” revolutions in Georgia and Ukraine.

At Munich in 2007, Putin elaborated:

One state and, of course, first and foremost the United States, has overstepped its national borders in every way. This is visible in the economic, political, cultural and educational policies it imposes on other nations It results in the fact that no one feels safe. I want to emphasize this – no one feels safe! Because no one can feel that international law is like a stone wall that will protect them. Of course such a policy stimulates an arms race I am convinced that we have reached that decisive moment when we must seriously think about the architecture of global security.⁴⁹

The sentiments reflected in Putin’s Beslan and Munich speeches have not gone away in the minds of today’s Russian leaders, which of course still includes Putin himself. Moreover, the existence of such threats and enemies enables the leadership to justify its anti-democratic measures and to act aggressively against its neighbors out of a sense of self-defense. The West in general, and NATO and the United States in particular, are seen as the greatest source of threats. Medvedev cited the threat from NATO enlargement, for example, when he unveiled his plans for military modernization in March 2009.⁵⁰

A Difficult Partner

A paranoid Russian leadership that sees threats everywhere, but particularly from the United States, makes for a very difficult partner for the Obama administration. It does not mean that there are no areas on which the United States and Russia can cooperate (e.g., North Korea, nonproliferation) or that the United States should give up on the relationship. Until there is real change in Russian behavior and policy, both internally and in its foreign policy, the Obama administration’s efforts to reset relations are not likely to be reciprocated.

Administration officials have said that they have no illusions about the prospects for a real turnaround in relations. Accordingly, they should stick with the broad principle of working with Russia wherever possible, while pushing back on Russian misbehavior whenever necessary. They should also coordinate very closely with allies so that Russia hears the same message from Berlin, London, and Paris as it does from Washington. Finally, the Obama administration should never surrender to Russian threats, whether on missile

defense or policy toward other states in the region. Caving to Russian pressure will only feed the bear's insatiable appetite.

Notes

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3. For an insightful analysis of Russia's interests over influence, see Dmitri Trenin, "Russia's Spheres of Interest, not Influence," *The Washington Quarterly* 32, no. 4 (October 2009): 3–22, http://www.twq.com/09october/docs/09oct_Trenin.pdf.
4. Obama's remarks at the New Economic School Graduation in Moscow.
5. Office of the Press Secretary, The White House, "Remarks by Vice President Biden in Ukraine," Kyiv, Ukraine, July 22, 2009, http://www.whitehouse.gov/the_press_office/Remarks-By-Vice-President-Biden-In-Ukraine/.
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8. Dmitry Medvedev, "Address to the President of Ukraine Victor Yushchenko," President of Russia Web site, August 11, 2009, <http://www.kremlin.ru/eng/text/docs/2009/08/220759.shtml>.
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12. The August 14, 2009 visit to Minsk by Assistant Secretary of State Phillip Gordon marked the latest effort, on top of many visits to Minsk by high-level Europeans, to improve relations with Belarus.

13. See External Relations, “Eastern Partnership,” European Commission, Web site, http://ec.europa.eu/external_relations/eastern/index_en.htm.
14. *Ibid.*
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26. See American Academy of Arts and Sciences, “Designing U.S. Policy Toward Russia,” Web site, <http://www.amacad.org/russiapolicy.aspx>. This is a useful compilation of the realists’ position as well as other viewpoints on U.S.–Russian relations.
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28. See Stephen Sestanovich, “What Has Moscow Done?: Rebuilding U.S.–Russian Relations,” *Foreign Affairs* 87, no. 6 (November/December 2008), pp. 12–28.
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 39. Dmitriy Medvedev, "Forward, Russia!" September 10, 2009, http://www.gazeta.ru/comments/2009/09/10_a_3258568.shtml (in Russian).
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