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Mr. Chairman,

Thank you for the opportunity to evaluate Russia for the Commission.

Russia is no longer in a post-Soviet transition; that process is pretty much complete. The transition lasted from the Mid Eighties till the late Nineties, roughly the period of Mikhail Gorbachev and Boris Yeltsin. It produced the fairly stable governing system we see today, which is likely to endure for several decades. This is a recurrent pattern in Russian history: stagnation, crisis, collapse, transition, restoration. It occurred twice in the Twentieth Century. Some in this room may live to see it happen again.

Russia today has a ruling elite of shared formative background, generation, political orientation and convictions, plus control of the instruments of state power and dominance of the country's productive economic sectors. This is a prescription for longevity in power, but no guarantee of enlightened governance. What we see in Russia is certainly a disappointment to many, including Russians, who had hoped for better. The reversal of momentum toward participatory and pluralist government, growth of genuine civil society, and rule of law is not good for Russia. However, the alternative to the present ruling system could be something worse. Much worse. The men in charge of Russia today are not extreme nationalists nor irresponsible gamblers on the world stage. Count our blessings.

Russia's ruling elite – today as so often in the past – are believers in derzhavnost, a term difficult to translate into English. It is something like the French etatism on steroids, almost the cult of the great state. In derzhavnost the state and its greatness command all loyalties and resources, including the people, who are not truly citizens but servants of the state. I view this pursuit of state greatness as an inversion of the requirements of a country with myriad problems and limited resources, but I am not Russian.

However, Russia is not intransigent. Frustrated with its place in the world, humiliated by its recent history of imperial collapse, and angry that it has not achieved acceptance by the West: Russia is all these things, but not immune to rational self interest and reasonable compromise. Russia today is undergoing the aftermath of loss of empire and of great power status. In the past century, this was the experience of Spain, Turkey, Germany, Austria-Hungary, Italy, Belgium, the Netherlands, France, Great Britain and Portugal. Russia came comparatively late to this difficult process and has so far made relatively little progress on a long learning curve.

This is a reality requiring some American understanding and patience.

I see no prospect of a new Cold War. If Gorbachev understood the Soviet system of the Eighties could not manage the competition, Russia's leaders today know they cannot. In his recent national speech, President Putin proudly noted the country's progress has lifted it into the ranks of the world's ten largest economies. I recall a similar assertion thirty years ago by Erich Honecker about the former East Germany. Thus, with all Russia's oil and gas revenues, it today has the ranking in the global economic league tables aspired to by the old GDR. Not a basis for a new Cold War.

Russia's internal problems remain immense, and should be the focus of state policy, even if the ultimate goal is restoration of greatness. Many people think Russia's domestic difficulties are the result of the Soviet collapse. This is wrong. The multiple crises which themselves produced the Soviet collapse – the result of decades of wrong policies – plague Russia today. These include the catastrophic legacies of collectivized agriculture, a garrison-state economy, fantastic waste and mismanagement of natural resources and investment, environmental depredation on a huge scale, and the evisceration of civil society and national spiritual life.

Most serious is the combination of the health crisis and demographic decline. I must emphasize these are not new problems. The health crisis dates from at least the 1960s, when infant mortality rates started going up and life expectancy down. The decline in fertility rates in Russia began in 1981, reaching crisis proportions by the end of that decade. Today, Russia is in the second generation of a downward demographic spiral, reducing the country's population in ways which bear no parallel to the "greying" of Western societies. The consequences are dire. For example, the conscription pool for the armed forces peaked about four years ago and will decline at least till the mid-Twenties. The same is true of young women reaching childbearing age, creating the inevitability that the next generation of Russians will be smaller than the current one, and the one after still smaller, unless something systematic is done to slow the spiral. Political rhetoric is inadequate to restore fertility rates now at only half of replacement levels or to rectify chronic bad health across the entire population, but especially critical among Russia's potential parents.

Cannot Russia's revenues from oil and gas be applied to the problems inherited from Soviet misrule? In principle, yes, but it has not happened to a significant degree yet. Thus far, the money has been used to rid Russia of external debt (not a bad thing) and to create a series of vertically-structured economic combines to ensure centralized political control of productive sources of national wealth. President Putin recently announced some ambitious programs to address the country's housing, infrastructure and other physical deficiencies. Hopefully, these will be real programs but, as an experienced Moscow veteran, I remain skeptical. We have yet to see adequate resources devoted to vitamin deficiency childhood diseases, multi-drug resistant tuberculosis, HIV/AIDS, intravenous drug usage, or the biggest killer, cardiovascular stress diseases. These failures are more a threat to Russia than potential external adversaries.

The oil and gas revenues are unfortunately a political intoxicant. Russia resembles a gambler who wins a few rounds after a long losing streak and suddenly imagines he is on top of the world. This is a source of great concern to Russia's trade partners, especially its energy

customers. Moscow tends to see its control of hydrocarbons and of some key pipelines as instruments of national greatness rather than as commercial assets. Moscow's clumsy manipulation of oil and gas supplies will likely continue, and may inspire its major customers to diversify their future sources. However, the looming problem is that there may not be enough oil and gas to meet Russia's growing domestic requirements plus fulfilling its expanding list of export commitments. Many Russian oil fields are seriously depleted, while investment in new gas supplies and pipelines is woefully deficient. Europe, in particular, might worry less about Russian political manipulation of its energy exports than about eroding supplies.

Objectively, Russia is dwarfed by the European Union to its west and China to the east. Russian policy is to punch above the country's actual weight by using its residual roles and influence in selected areas of international relations and to seek primacy among its near neighbors. This is similar to what London and Paris have done in the past half century, with considerable success. Russia benefits in its western policies because the European Union remains a political whole much less than the sum of its economic parts and because major European governments themselves play the game of separate bilateral relationships with Moscow rather than telling their Russian counterparts to talk to Brussels on key issues. For this, the Europeans have none but themselves to blame.

China is a very different case, where the whole is rather greater than the sum of the parts. Some in Russia still speak of "playing the China card", but anyone can see that the locus of power in Eurasia has shifted from Moscow to Beijing, with the latter playing a "Russia card" on occasion (but not often). Russia's supposed strategic partnership with China is based on a shared concern about the primacy of American power rather than on a broad common agenda. After decades of Cold War rivalry with the Soviet Union, China today enjoys a northern frontier which poses no security threat, but Beijing certainly does not view Russia as a model to emulate. China is among the world's leading beneficiaries of globalization and of engagement with America, while Russia is turning increasingly inward and autarchic in its attitudes and policies.

Like other former imperial powers, Russia seeks influence and even primacy within its previous domains. We should recognize that about half the states of the former Soviet Union are themselves fairly comfortable in their current relations with Russia or, at least, more comfortable being subject to Moscow's influence than to that of an alternative, such as Beijing or Washington. This is not unusual, as ex-colonies often maintain privileged relations with the former imperial metropole, not least to maintain the ruling elite of the new state. Many of these countries depend critically on favorable economic ties with Russia, and especially on the financial remittances of millions of their citizens working, legally and not, in Russia. Most of these countries are in no position to pursue true independence, even if they really wanted to. These governments have enjoyed statehood for little more than fifteen years, about where post-colonial Africa was in the mid-Seventies. Real independence takes time.

Three aspects of Russian external policy warrant special comment.

The Baltic republics of Estonia, Latvia and Lithuania are small nations seeking to maintain

their identities among much larger and more powerful states. They are indeed fortunate that the European Union provides a venue in which small countries can both survive and prosper. The essence of their tensions with Russia lies in the unwillingness or inability of Russian elites – including many of the supposed Westernizers – to face candidly a shameful page of Russia’s recent history, that of the forced incorporation of the Baltic states into Stalin’s empire. That history, like many other dark episodes of many countries, will remain an impediment to normal ties until it is acknowledged.

Post-Soviet Ukraine emerged as by far the widest country in Europe, geographically, ethnically and culturally. The essence of Ukrainian politics at the national level is always to reconcile or at least accommodate the country’s western and eastern regional identities. Any effort to impose in Kiev a pro-Russian or anti-Russian policy is doomed to fail, especially if such a policy is directed from outside the country. Short of changing Ukraine’s borders – an expedient of extremists – the country must face both east and west at all times. While it remains difficult for many Russians to think of Ukraine as truly independent of Russia, I believe Moscow has learned from recent events that an effort to manipulate Kiev too overtly is counter-productive, both by inflaming resistance from much of the Ukrainian populace and by encouraging economic elites in the eastern region to adopt a more national identity. I tend to view the peaceful character of Russian-Ukrainian relations over the past sixteen years as one of the wonders of the world. It could have been much different, as Yugoslavia showed. Despite their mutual difficulties, Russia and Ukraine are gradually finding a modus vivendi likely to endure.

Georgia’s current bad blood with Russia is something of an historical anomaly, as for many generations Georgians enjoyed as privileged a position in the Russian imperium as did the Armenians, who today have the most cordial relations with Russia of any of the former Soviet states. However, the bad blood between Georgia and Russia is quite real on both sides. Moscow without doubt has sought to exploit the issues of Abkhazia and South Ossetia, sometimes without carefully considering the potential consequences within the nationalities on Russia’s side of the Caucasus. Nonetheless, it bears pointing out that Russia did not create these two ethnic disputes, whose origins lie with extremist Georgian nationalist policies in the waning days of the Soviet Union, which led the Ossets and Abkhaz to believe (whether correctly or not) that they faced ethnic cleansing or worse. The most effective policy Tbilisi could take to counter Russian meddling in these two regions is to acknowledge candidly, and publicly, this shameful page of Georgia’s recent history. Sadly, neither the Shevardnadze nor Saakashvili governments has been prepared to do so.

Mr. Chairman, I know that some people in this country tend to view contemporary Russia as many Russians might like to be viewed: as a restored neo-imperial power able to have its wicked way on the world stage. I cannot agree. Russia claims a number of supposed “strategic partners” – all of them in reality tactical relationships – but has no allies beyond its neighboring client states. Russia is welcome in various international venues as a second-tier player to balance some (but not much) of the predominance of the United States. When countries share a policy objective with Washington, Moscow drops to third tier. Russia’s transitory hydrocarbon wealth and the surface glitter of its largest cities are not the stuff of real power. An economy dominated by commodity exports and politically-dictated investment

decisions is characteristic of the Third World, not the First. Given its imploding population, some Russian experts worry about their country's ability to hold on to its present territory by mid-century, especially in the Far East and northern Caucasus. An expanding middle class largely composed of government employees is not the same as a true civil society. A political culture obsessed with the pursuit of state greatness rather than with the well-being and health of its inhabitants is more of a danger to them than to us. I firmly believe Russian culture, talent and individual genius will continue to flourish, but perhaps increasingly within the large and growing Russian diaspora.

Mr. Chairman, twenty-five years ago my colleagues and I of the American Embassy in Moscow sat arguing with a team of analysts from Washington who told us the Soviet Union was an economic superpower with living standards equal to those of Great Britain. They had the statistics, while we had the evidence of our daily lives. Within less than a decade, the entire edifice of Soviet power had collapsed. Today, Russian policies are often difficult and even obnoxious for the United States, but I believe we should not exaggerate the challenge Russia poses. Russia remains a country more defined by its problems and weaknesses than by tangible strengths. In pursuit of our national self interest, the United States should be calm and patient in dealing with Russia, and avoid intransigence of our own. There will be opportunities for mutual cooperation with Russia and we should build on them. Our relations are now poor but can, and should, improve.

Mr. Chairman, thank you for the opportunity to appear again before the Helsinki Commission.